

B.S.D CROWN LTD.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS OF AND FOR THE
SIX MONTHS ENDED 30 JUNE 2019**

UNAUDITED

IN NIS

B.S.D CROWN LTD.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS OF AND FOR THE
SIX MONTHS ENDED 30 JUNE 2019**

UNAUDITED

IN NIS

INDEX

	<u>Page</u>
Report on Review of Interim Condensed Consolidated Financial Statements	1-2
Interim Condensed Consolidated Statements of Financial Position	3-4
Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income	5
Interim Condensed Consolidated Statements of Changes in Equity	6-8
Interim Condensed Consolidated Statements of Cash Flows	9-10
Notes to Interim Condensed Consolidated Financial Statements	11-19



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, 2019 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, 2019, and of its financial performance and its cash flows for the six-month period then ended in accordance IAS 34.

Tel Aviv, August 22, 2019

Ziv Haft
Accountants

Tel Aviv | Jerusalem | Haifa | Beer Sheva | Bene Berak | Kiryat Shmona | Petach Tikva | Modiin Ilit | Nazareth Ilit | Eilat
+972-3-6386868 | +972-2-6546200 | +972-4-8680600 | +972-77-7784100 | +972-73-7145300 | +972-77-5054906 | +972-77-7784180 | +972-8-9744111 | +972-4-6555888 | +972-8-6339911

Head Office: Amot BDO House, 48 Menachem Begin Road, Tel Aviv 6618001, ISRAEL Email: bdo@bdo.co.il Our Site: www.bdo.co.il

BDO Israel, an Israeli partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms

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

	30 June		31 December
	2019	2018	2018
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	134,499	136,102	139,544
Financial assets at fair value through profit or loss	139,228	154,139	149,402
Trade receivables	128,645	97,339	98,017
Other receivables and prepaid expenses	13,520	6,319	5,217
Loans for others	15,831	-	-
Inventories	57,021	44,695	49,289
Total current assets	488,744	438,594	441,469
NON-CURRENT ASSETS:			
Long term deposits	1,257	1,258	1,277
Right-of-use assets	2,316	-	-
Property, plant and equipment, net	44,676	46,801	46,115
Intangible assets:			
Customer relationships	9,497	11,975	10,736
Supplier relationships	-	2,209	882
Brands	1,601	2,473	2,037
Total non-current assets	59,347	64,716	61,047
Total assets	548,091	503,310	502,516

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
	2019	2018	2018
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	24,195	20,368	16,159
Current lease liability	1,340	-	-
Other accounts payable	27,053	15,166	13,260
Employee benefit liabilities, net	3,010	2,836	2,723
Total current liabilities	55,598	38,370	32,142
NON-CURRENT LIABILITIES:			
Lease liability	985	-	-
Employee benefit liabilities, net	924	1,066	834
Deferred taxes	2,691	4,034	1,751
Total non-current liabilities	4,600	5,100	2,585
EQUITY:			
Share capital	1,349	1,349	1,349
Share premium	1,690,591	1,690,591	1,690,591
Treasury shares	(126,747)	(126,747)	(126,747)
Reserve from transactions with non- controlling interests	(3,433)	(3,307)	(3,664)
Reserve from translation of financial statements of foreign operation	793	599	600
Reserve from benefit employee	(265)	(397)	(265)
Adjustments arising from initial translation of the Company financial statements	85,279	85,279	85,279
Accumulated deficit	(1,413,201)	(1,423,555)	(1,420,256)
Equity attributable to Company's equity holders	234,366	223,812	226,887
Non- controlling interests	253,527	236,028	240,902
Total equity and non- controlling interests	487,893	459,840	467,789
Total liabilities and equity	548,091	503,310	502,516

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

22 August 2019	Joseph Williger	Shlomo Wertheim	Moran Attar-Yossef
Date of approval of the financial statements	Executive Chairman	Chairman of the Audit Committee	CFO

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
	2019	2018	2018
	NIS in thousands		
	Unaudited	Audited	
Revenues	208,798	171,781	338,245
Cost of sales	(148,829)	(126,225)	(242,826)
Gross profit	59,969	45,556	95,419
Selling expenses	29,022	22,578	47,188
General and administrative expenses	11,826	11,689	21,591
Other (income) loss	3,158	-	(1,182)
Total operating expenses, net	44,006	34,267	67,597
Operating income	15,963	11,289	27,822
Financial income	12,571	5,262	14,038
Financial expense	(1,507)	(816)	(14,895)
Income before taxes on income	27,027	15,735	26,965
Taxes on income	(6,488)	(3,181)	(6,436)
Net income for the period	20,539	12,554	20,529
<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	193	(56)	(55)
<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	-	-	331
Total other comprehensive income, net of tax	193	(56)	276
Total comprehensive income	20,732	12,498	20,805
Net income attributable to:			
Equity holders of the Company	7,055	3,982	7,281
Non- controlling interests	13,484	8,572	13,248
	20,539	12,554	20,529
Total comprehensive income attributable to:			
Equity holders of the Company	7,248	3,926	7,358
Non- controlling interests	13,484	8,572	13,447
	20,732	12,498	20,805
Basic and diluted income per share (in NIS):			
Net gain per share	0.05	0.03	0.06

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 interests	Reserve from translation of financial statements of foreign operation	Reserve from benefit employee	Aadjustments arising from initial translation of the Company financial statements	Accumulated deficit	Total	Non-controlling interests	Total equity
NIS in thousands											
Unaudited											
Balance as of 1 January 2019	1,349	1,690,591	(126,747)	(3,664)	600	(265)	85,279	(1,420,256)	226,887	240,902	467,789
Net income	-	-	-	-	-	-	-	7,055	7,055	13,484	20,539
Other comprehensive loss:											
Exchange differences on translating foreign operation	-	-	-	-	193	-	-	-	193	-	193
Total comprehensive loss	-	-	-	-	193	-	-	7,055	7,248	13,484	20,732
Transaction with non-controlling interest-purchase shares of subsidiary	-	-	-	231	-	-	-	-	231	(859)	(628)
Balance as of 30 June 2019	<u>1,349</u>	<u>1,690,591</u>	<u>(126,747)</u>	<u>(3,433)</u>	<u>793</u>	<u>(265)</u>	<u>85,279</u>	<u>(1,413,201)</u>	<u>234,366</u>	<u>253,527</u>	<u>487,893</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 interests	Reserve from translation of financial statements of foreign operation	Reserve from benefit employee	Aadjustments arising from initial translation of the Company financial statements	Accumulated deficit	Total	Non-controlling interests	Total equity
NIS in thousands											
Unaudited											
Balance as of 1 January 2018	1,349	1,692,120	(126,747)	(3,307)	655	(397)	85,279	(1,427,537)	221,415	227,456	448,871
Net income	-	-	-	-	-	-	-	3,982	3,982	8,572	12,554
Other comprehensive loss:											
Exchange differences on translating foreign operation	-	-	-	-	(56)	-	-	-	(56)	-	(56)
Total comprehensive loss	-	-	-	-	(56)	-	-	3,982	3,926	8,572	12,498
Proceeding from treasury shares	-	(1,529)	-	-	-	-	-	-	(1,529)	-	(1,529)
Balance as of 30 June 2018	<u>1,349</u>	<u>1,690,591</u>	<u>(126,747)</u>	<u>(3,307)</u>	<u>599</u>	<u>(397)</u>	<u>85,279</u>	<u>(1,423,555)</u>	<u>223,812</u>	<u>236,028</u>	<u>459,840</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	Equity-settled employee benefits reserve	Reserve from translation of financial statements of foreign operation	Initial translation financial statements reserve	Accumulated deficit	Total	Non-controlling interests	Total equity	
NIS in thousands											
Audited											
Balance as of 1 January 2018	1,349	1,692,120	(126,747)	(3,307)	(397)	655	85,279	(1,427,537)	221,415	227,456	448,871
Net income	-	-	-	-	-	-	-	7,281	7,281	13,248	20,529
Other comprehensive (loss) income:											
Exchange differences on translating foreign operation	-	-	-	-	-	(55)	-	-	(55)	-	(55)
Remeasurement loss from defined benefit plans	-	-	-	-	132	-	-	-	132	199	331
Total comprehensive (loss) income	-	-	-	-	132	(55)	-	7,281	7,358	13,447	20,805
Transaction with non-controlling interest-purchase shares of subsidiary	-	-	-	(357)	-	-	-	-	(357)	(1)	(358)
Proceeding from Treasury shares	-	(1,529)	-	-	-	-	-	-	(1,529)	-	(1,529)
Balance as of 31 December 2018	1,349	1,690,591	(126,747)	(3,664)	(265)	600	85,279	(1,420,256)	226,887	240,902	467,789

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
	2019	2018	2018
	Unaudited		Audited
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Income (loss) for the period	20,539	12,554	20,529
Adjustments to reconcile loss from continuing operations to net cash provided by (used in) operating activities:			
Gain on disposal of discontinued operation	(3,248)	-	-
Gain from investments in foreign bonds	-	(3,970)	(3,970)
Depreciation and amortisation and right-of-use assets	5,226	4,967	9,867
Gain on disposal of fixed assets	-	-	(69)
Increase (decrease) employee benefit liabilities, net	86	(57)	43
Change in financial assets at fair value through profit or loss	(9,717)	4,483	14,229
Exchange rate difference on short term deposits	25	(23)	-
Finance expenses for lease liabilities	52	-	-
Increase (decrease) in deferred tax	940	(1,510)	(3,793)
Current tax expenses	5,458	4,541	10,229
	(1,178)	8,431	26,536
Changes in asset and liability items:			
Increase in inventories	(7,732)	(4,796)	(9,390)
Increase in trade receivables	(30,627)	(11,397)	(12,075)
Increase in receivables and prepaid expenses	(9,213)	(12)	(527)
Increase in trade payables, other payables and accrued expenses	21,843	9,151	4,474
	(25,729)	(7,054)	(17,518)
Cash received (paid) during the period:			
Interest received (paid)	(4)	91	(47)
Income taxes paid, net	(839)	(353)	(4,344)
	(843)	(262)	(4,391)
Net cash (used in) provided by operating activities	(7,211)	13,669	25,156

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

	<u>Six months ended</u> <u>30 June</u>		<u>Year ended</u> <u>31 December</u>
	<u>2019</u>	<u>2018</u>	<u>2018</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
<u>Cash flows from investing activities:</u>			
Loans for other	(21,650)	-	-
Proceeds from loans to other	5,819		
Proceeds from sale of property and equipment	-	-	415
Purchase of property and equipment	(587)	(587)	(2,149)
Investment in short-term and long-term deposits	-	(423)	(424)
Proceeds from sale of (investment in) financial assets at fair value through profit or loss	19,891	(16,901)	(21,911)
Proceeds from foreign bonds	-	3,970	3,970
Net cash used in investing activities from continuing operations	<u>3,473</u>	<u>(13,941)</u>	<u>(20,099)</u>
<u>Cash flows from financing activities:</u>			
Repurchase shares from non-controlling interest of subsidiary	(628)	-	(358)
Payments of lease liabilities	(679)	-	-
Issue of treasury shares	-	1,486	(43)
Net cash used in (provided by) financing activities from continuing operations	<u>(1,307)</u>	<u>1,486</u>	<u>(401)</u>
Net (decrease) increase in cash and cash equivalents	(5,045)	1,214	4,656
Cash and cash equivalents at the beginning of the period	139,544	134,888	134,888
Cash and cash equivalents at the end of the period	<u>134,499</u>	<u>136,102</u>	<u>139,544</u>
a. Non-cash transactions:			
Issue of treasury shares	-	(1,529)	-

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 address of its registered office is 7 Menachem Begin Road, Ramat Gan 5268102, Israel. The Company's shares are listed on the Official List of the London Stock Exchange on the Standard List ("LSE") under the symbol BSD. The Company is engaged in managing its investments that comprise mainly an investment in a subsidiary which imports markets and distributes food products (see sub-section (B) below). Since 5 May 2017 the Companies are controlled by Mr. Joseph Williger.
- B.** In May 2014 the Company completed an acquisition of shares (approximately 62%) of Willi-Food Investments Ltd. ("WFI") for an aggregate cash consideration of NIS 287 million (the "Acquisition"). WFI controls G.Willi-Food International Ltd ("WFINT") and together with its subsidiaries are engaged in the import, marketing and distribution of food products, mainly in Israel. The financial statements of WFI and its subsidiaries (the "WFI Group") have been consolidated in these consolidated financial statements.
- C.** On 12 December 2018 the Company Board of Directors resolved to enter into a new business activity of import and distribution of commodities to the food industries. For further information see Note 4(A).
- D.** On 14 November 2018, WFINT's Board of Directors decided to enter into the field of non-bank credit ("extending credit"). These activities will be funded out of WFINT's own resources and will be carried out in parallel to WFINT's existing activities of import, marketing and distribution of food products. For further information see Note 4(A).
- E.** The interim condensed consolidated financial statements for the six month periods ended 30 June 2019 should be read with the audited consolidated financial statements for the year ended 31 December 2018 and which were published on 28 March 2019.

NOTE 2 - BASIS OF PREPARATION AND CHANGES TO THE GROUP'S 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 2019 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 2018.

B. 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.

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Cont.)

C. New standards, interpretation and amendments adopted by the Group:

The Company adopted IFRS 16 'Leases', which replaced IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease', with effect from 1 January 2019. IFRS 16 provides a new model for lessee accounting in which the majority of leases are accounted for by the recognition on the balance sheet of a right-of-use asset and a lease liability.

Agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases. A lease liability is recognized at the present value of future lease payments over the reasonably certain lease term. Variable lease payments that do not depend on an index or a rate are not included in the lease liability. The right-of-use asset is recognized at a value equivalent to the initial measurement of the lease liability adjusted for lease prepayments, lease incentives, initial direct costs and any restoration obligations. The subsequent amortization of the right-of-use asset and the interest expense related to the lease liability are recognized in the income statement over the lease term.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment losses.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The effect of adoption IFRS 16 is as follows:

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

Lease assets	Right-of-use asset	Current lease liabilities	Lease liabilities
	NIS in thousands		
Motor vehicles	2,446	1,242	1,204
Property	512	317	194
Total	<u>2,958</u>	<u>1,559</u>	<u>1,398</u>

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 2 - BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Cont.)

C. New standards, interpretation and amendments adopted by the Group: (Cont.)

Impact on the statement of financial position (increase/(decrease)) as at 30 June 2019:

Lease assets	Right-of-use asset	Current lease liabilities	Lease liabilities
	NIS in thousands		
Motor vehicles	1,961	1,027	946
Property	355	313	39
Total	2,316	1,340	985

Set out below, are the amounts recognized in profit or loss for the six months ended on 30 June 2019:

Lease assets	Rent expenses	Depreciation expenses of right-of-use asset	Increase in Operating income	Increase in Financial expenses	Decrease in Tax expenses	Decrease in Net income for the period
	NIS in thousands					
Motor vehicles	(501)	485	16	28	6	(6)
Property	(182)	158	24	24	-	-
Total	(683)	643	40	52	6	(6)

At Adoption date the Company recognized the right-of-use assets based on the amount equal to the lease liability.

The lease liability was measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the Motor vehicles is 2.7% and for the property is 3.58%.

NOTE 3 - 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		31 December
2019	2018	2018
Unaudited		Audited
Level 1	Level 1	Level 1
NIS in thousands		

Financial assets at fair value through profit or loss:

Financial asset at fair value through profit or loss	139,228	154,139	149,402
---	---------	---------	---------

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 4 - OPERATING SEGMENTS

A. General:

The Group adopted IFRS 8- Operation Segment. In accordance with the provisions of IFRS 8, operating segments are identified on the basis of the internal reporting of the Group's components, which are regularly reviewed by the Group's chief operating decision maker ("CODM"), for allocating resources and evaluating the performance of the operating segments.

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

On 14 November 2018, WFINT's Board of Directors decided to enter into the field of non-bank credit ("Credit Activity"). During the six month ended 30 June 2019, WFINT extended several loans through W.F.D. (Import, Marketing and Trading) Ltd., a fully-owned and controlled subsidiary of WFINT, which is expected to take charge of the Credit Activity. The Board authorized the WFINT management to take required actions to obtain a license for Credit Activity under the Supervision of Financial Services Law (Regulated Financial Services), 5776-2016 under the Israeli law.

On 12 December 2018 the Company Board of Directors decided to enter into the field of import and distribution of commodities to the food industries.

As of 1 January 2019, the Group active in two Operations Segments. Each Operations Segment is managed separately and has its own strategic. Each Operations Segment requires a different operational and marketing policy. The reported activities as Operations Segments are the following:

- Import, marketing and distribution of food products to retail chains ("**Import Food**")
- Credit activity-providing loans to others ("**Credit Activity**")

B. Reporting segments:

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2019:

	<u>Import Food</u>	<u>Credit Activity</u>	<u>Other</u>	<u>Total</u>
	<u>NIS in thousands</u>			
Revenues	197,574	360	10,864	208,798
Operating gain (loss)	19,210	230	21	19,461
Other loss(*)				(3,498)
Financial income				12,571
Financial expenses				(1,507)
Income before taxes on income				27,027

(*) Other includes mainly unallocated corporate general and administrative expenses.

For the six months ended 30 June 2018:

	<u>Import Food</u>	<u>Other</u>	<u>Total</u>
	<u>NIS in thousands</u>		
Revenues	171,781	-	171,781
Operating gain (loss)	13,768	(2,479)	11,289
Financial income			5,262
Financial expenses			(816)
Income before taxes on income			15,735

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 4 - OPERATING SEGMENTS (Cont.)

B. Reporting segments: (Cont.)

The following tables present assets and liabilities information for the Group's operating segments for the six months ended 30 June 2019:

	Import Food	Credit Activity	Other(*)	Total
	NIS in thousands			
Assets	504,971	18,432	24,688	548,091
Liabilities	(42,827)	(57)	(17,311)	(60,195)

(*) Others includes mainly assets, liabilities and loss net from Company's activity.

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

	Six months ended 30 June				Year ended 31 December	
	2019		2018		2018	
	Unaudited				Audited	
	NIS in thousands	%	NIS in thousands	%	NIS in thousands	%
Customer A	29,398	14	25,672	15	50,439	15

D. Revenues from main products (as percentage of the total revenue):

	Six months ended 30 June				Year ended 31 December	
	2019		2018		2018	
	Unaudited				Audited	
	NIS in thousands	%	NIS in thousands	%	NIS in thousands	%
Canned vegetables	32,231	15.4	28,191	16.4	57,333	17.0
Dairy and dairy substitute products	68,326	32.7	69,214	40.3	116,083	34.4
Canned fish	30,063	14.4	26,307	15.3	52,573	15.5
Grain- rice and pasta	26,359	12.6	17,425	10.1	47,064	13.9
Non-bank credit	360	0.2	-	-	-	-
Sesam	10,864	5.2	-	-	-	-
Other	40,595	19.5	30,644	17.9	65,192	19.2
Total	208,798	100	171,781	100	338,245	100

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS

- A.** On 19 July 2019 the Company received a decision of the Israeli Central District Court, in which the Court accepted partially the claims against the Company and certain of its former directors in respect of a claim that was filed in connection with the bankruptcy of Mr. Eli Reifman, one of the founders and a former director of the Company, by its creditors. According to the Court decision, the Company and its officer, together and separately, are obliged to pay the total amount of NIS 12,370,290 linked to the CPI + interest from the date on which the claim was filed plus NIS 1,840,000 to cover legal expenses of the parties.

Based on the arrangement between the Company and its Directors & Officers insurer, Company's share is 50%, NIS 6,185,145 linked to the CPI + interest from the date on which the claim was filed plus NIS 920,000 to cover legal expenses of the parties. A provision was recognized in the current financial statements. The other (income) loss in the current profit or loss statement includes an expense of NIS 6.2 million following the above provision.

On 15 August 2019 the Court accept Company's request to delay the execution of the foregoing court decision until filing an appeal with the Israeli the Supreme Court.

- B.** On June 17, 2018, the Company filed a Statement of Claim pursuant to Derivative Claim (Central District Court) Iram v. B.G.I Investments (1961) Ltd. On August 2, 2018, the Court handed down a decision according to which the claim would be heard in a separate proceeding. Accordingly, the abovementioned file was opened on August 6, 2018.

In the Statement of Claim, the Company sues the amount of approximately NIS163 million from its former controlling shareholder (Israel 18 B.V., hereinafter: "Israel 18"), the former members of its Board of Directors, its former CEO and CFOs, foreign banks, its former auditors and insurance companies which insured the officers' professional liability.

The claim deals with two matters: the first deals with the Defendants' negligence in transferring approximately USD 46 million to banks with speculative rating in Austria and Azerbaijan; The second deals with a negligent decision to step into the shoes of the former controlling shareholder of the Company in a transaction for the purchase of car dealerships and negligence in transferring the Company's funds in respect of this transaction.

In addition to the monetary relief, the Court was requested in the Statement of Claim to grant declaratory relief regarding the breach of the duty of care by the directors and the CFOs; the controlling shareholders' violation of the duty of care and the duty of trust towards the Company; and that the Company does not owe the foreign banks any funds.

On November 22, 2018, the Statements of Defense of 17 of the 20 Defendants in this proceeding were submitted. On December 18, 2018, the Company submitted a response to these Statements of Defense. On 27 March 2019, the Statement of Defense of a foreign defendant, Meind Bank AG, was submitted. On 15 May 2019 the Company submitted a response to this Statement of Defense.

In view of the preliminary stage of the proceeding, Company's legal advisers are unable to estimate the chances of the claim.

C. 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 ("Defendants"). The WFI 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

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS (Cont.)

C. (Cont.)

1) Cont.

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.

On 16 August 2018, WFINT filed a notice whereby it intends to lodge a lawsuit against the office holders in connection with the events which are the subject matter of the derivative action and therefore it is no longer needed to discuss the motion to approve a derivative action. On 4 October 2018, the said motion was stricken out and the case was closed.

Further to above, on November 4, 2018 WFINT filed a NIS 4 million lawsuit against the Company's former controlling shareholder, Mr. Gregory Gurtovoy and against five (former) WFINT directors and senior office holder, Israel Joseph Schneerson, Pavel Buber, Iram Ephraim Graiver, Ilan Menachem Admon and Zalman Vigler (hereafter jointly: the "Defendants"). According to WFINT, the Defendants conspired to cause the use of WFINT's funds as collaterals to loans extended to foreign private companies related to the Company's controlling shareholders on dates which are relevant to the lawsuit without obtaining the required approvals from the WFINT's organs and without issuing the required report to Company's shareholders.

The lawsuit is based on the claim that an agreement signed by WFINT, whereunder it has allegedly invested in the bonds of a Czech company, is not a genuine agreement; rather, it is claimed, the purpose of the agreement was to assist the controlling shareholders (Gregory Gurtovoy and others) to secure private loans extended by the Austrian bank Meisl, while using WFINT's funds for their concealed and inappropriate purposes.

WFINT demands that the Defendants compensate it for the funds that were not refunded to WFINT (in NIS values) plus a compensation at the rate of the alternative yield and a compensation equal to the amounts paid by WFINT to enable the refund of the funds.

On 24 January 2019 the Defendants filed statements of defense, various motions (to dismiss in limine and/or delay the proceedings) and a counterclaim against WFINT and against the WFI as part of this proceeding.

In their counterclaim the Defendants claims that they are entitled for funding of their legal defense and/or for indemnification and exemption from WFINT in respect of the lawsuit and request the Court to order the WFINT to fund their legal defense against the WFINT's lawsuit. On 13 May 2019 a preliminary hearing was held and a hearing was settled for 28 November 2019.

In view of the preliminary stages of the proceedings WFINT's chances of prevailing in the lawsuit could not be assessed.

- 2) On 23 July 2017 a labor claim was filed by Mr. Iram Graiver, former CEO of WFINT and president of WFINT, against WFINT to the Regional Labor Court in Tel-Aviv in the amount of approximately NIS 2.4 million with respect to the termination of his employment on 5 July 2017. On 27 July 2017 WFINT filed a counterclaim against the employee in the amount of approximately NIS 1.7 million. On 26 November 2017 Mr. Graiver filed a statement of defence. Preliminary hearing was held on 7 March 2018. The parties are currently at the stage of documents disclosure. Evidence hearing was settled for 18 December 2019 and 15 January 2020. In accordance with the above, WFI's management stipulates that the registration in WFI's Financial Statements and in Notes to the Financial Statements with respect to the proceeding matters above, is sufficient.
- 3) On 26 March 2018, a lawsuit was filed to the Tel-Aviv District Court together with an application to approve the lawsuit as a class action against WFINT for allegedly breaching consumer protection obligations in connection with one of its products, thereby allegedly misleading the consumers. At this stage, the amount claimed is NIS 2.7 million since the party that filed the application does not have data as to the extent of the damage. On 16 July 2019 the Court approved the settlement agreements between the parties in immaterial amounts to WFINT.

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS (Cont.)

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

- 4) A lawsuit and an application to approve the lawsuit as a class action was filed on 22 July 2018 to the Jerusalem District Court against Gold Frost, a company wholly owned by WFINT (hereafter – “Gold Frost”), and eight other companies, for allegedly not complying with the food labelling regulations in connection with one of its products thereby allegedly misleading consumers. At this stage, the amount specified in the lawsuit is NIS 4 million. On 17 April 2019 the Court approved the settlement agreements between the parties in immaterial amounts to WFINT.
- 5) On 14 November 2018, WFINT’s Board of Directors decided to enter into the field of non-bank credit. For further information see Note 4(A)
- 6) On 29 October 2009, WFINT and its subsidiary Gold-Frost Ltd. (hereafter: the “Companies”) filed to the Rishon-LeZion Magistrates Court a lawsuit demanding the refund of import permit fees at the total amount of approximately NIS 1.3 million. The fees were paid to the Ministry of Health in respect of early registration for food import permits with the national food service between the years 2002-2009; the Companies claim that those fees were collected unlawfully.

In a ruling issued on 13 May 2015, the Rishon-LeZion Magistrates Court accepted the position of the Companies to the effect that the fees in respect of early registration for food import permits were collected unlawfully and that the Companies and other food importers have an independent cause to demand the repayment of the fees that were paid, by virtue of the Unjust Enrichment Law, 1979 (hereafter: the “Law”). In addition, a partial exemption from refund was determined in accordance with Section 2 of the Law in respect of an amount equivalent to 30% of the amounts of fees claimed and proven, due to the Ministry of Health’s mechanism for regulating imported food, which granted the Companies protection from criminal and civil lawsuits in respect of damage caused to consumers from damaged imported food. As a result of the ruling, the WFINT received in 2015 a total of approximately NIS 1.1 million.

After the Ministry of Health appealed against the ruling, on 19 April 2017 a partial ruling was issued that upholds the rulings of the Magistrates Court unchanged in connection with the refund of fees and the rate of fees to be refunded; however, the question relating to the threshold for proving the damage remained outstanding.

On 15 November 2015, the Companies filed a second lawsuit against the Ministry of Health for the refund of early registration fees for food import permits at the total amount of approximately NIS 2 million, which were paid by the Companies in 2009-2016. This lawsuit is pending until the appeal against the ruling in the first lawsuit is resolved.

On 1 December 2013, the Companies filed to the Rishon-LeZion Magistrates Court a lawsuit against the Ministry of Health, demanding the refund of customs clearance fees at the total amount of approximately NIS 2.1 million. The fees were paid to the Ministry of Health in respect of clearance of food products from the port, which, according to the Companies, was in effect carried out by the Customs Authorities and therefore the fees were collected unlawfully.

The parties agreed to enter into a mediation process on all issues included in the appeal and the three pending lawsuits. In December 2018, the mediator sent to the parties a suggested compromise plan. As of the date of publication of this report, the Companies are negotiating the compromise according to the plan issued by the mediator together with other importers of food products, which lodged lawsuits against the Ministry of Health in respect of the issue in question.

In the opinion of the Companies legal advisors, even if a compromise is not reached by the parties as part of the mediation process, the WFINT’ chances of prevailing in the lawsuit are higher than 50%.

As of the date of this report, WFINT did not recognize a contingent asset in its financial statements regarding the lawsuits aforementioned.

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - SUPPLEMENTARY INFORMATION AND SUBSEQUENT EVENTS (Cont.)

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

7) On 22 April 2019 announce WFINT it has signed two separate memorandums of understanding which are independent of each other (the "MOU's" and the "Transactions", as the case may be).

7.1) Memorandums of understanding for an investment in Bikurei Hasadeh North 1994 Ltd. ("Bikurei Hasadeh"), a private company engaged in the import, distribution and marketing of fresh fruits and vegetables to the retail and institutional market in Israel. Subject to the signing of a definitive agreement to be agreed between the parties which will be based on the principles set out in the Bikurei Hasadeh MOU, and the fulfillment of all the conditions precedent set out in in such definitive agreement, Bikurei Hasadeh will issue to WFINT 41% of its issued share capital on a fully diluted basis, for consideration of NIS 70 million (the "Issuing"). Simultaneously with the execution of the Issuing, the founding shareholders of Bikurei Hasadeh will sell to WFINT 10% of the issued share capital of Bikurei Hasadeh (the "Sale"). After the Issuing and Sale, WFINT would hold 51% of the share capital of Bikurei Hasadeh, on a fully diluted basis. The Bikurei Hasadeh MOU includes conditions precedent which are customary in agreements of this kind, including the completion of a due diligence within 90 days of the signing of the Bikurei Hasadeh MOU. On 7 July 2019 WFINT announce that in light of discussions between the parties, it was decided at this stage to delay the negotiations and the due diligence process, and it was agreed that the parties would resume discussions in a few months.

7.2) Memorandums of understanding for an investment in Miki Food Industries Fish and Salads (1992) Ltd. ("Miki" and the "Miki MOU", respectively), a private company engaged in the production of a wide range of salads, fish salads and smoked fish products. Subject to the signing of a definitive agreement to be agreed between the parties which will be based on the principles set out in the Miki MOU, and the fulfillment of all the conditions precedent set out in such definitive agreement, WFINT and Miki will establish a new company (the "NewCo"), which will acquire and receive from Miki, by way of assignment, all of the assets and activities of Mickey (other than land rights) which are related to its business activities and are transferrable (the "Purchased Assets").

Upon the completion of such Transaction, if and to the extent completed, WFINT will hold 70% of NewCo's share capital (on a fully diluted basis) and Miki will hold 30% of NewCo's share capital (on a fully diluted basis). In consideration for the Purchased Assets, NewCo will pay NIS 10 million, plus VAT. In addition, WFINT will extend to NewCo a shareholders' loan in the amount of NIS 5 million. The Miki MOU includes conditions precedent which are customary in agreements of this kind, including the completion of a due diligence within 90 days of the signing of the Miki MOU. There is no guarantee that any of the Transactions will be completed and/or what will be the final terms of the Transactions, if and to the extent completed.