



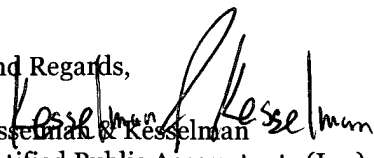
March 21, 2013

Sunflower Sustainable Investments Ltd  
Ramat Gan, ISRAEL

**Re: Sunflower Sustainable Investments Ltd. Financial statements as of December 31, 2012**

As the auditors of the company and at your request, we confirm that the translated consolidated balance sheet as of December 31, 2012 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended on this date (hereinafter – the financial statements), attached herewith and stamped by us for identification purposes, are identical to the financial statements as of December 31, 2012 that were approved and signed by the company on March 21, 2013 and published to the public.

Kind Regards,

  
Kesselman & Kesselman  
Certified Public Accountants (Isr.)  
**PwC Israel**

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*Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 68125, Israel,  
P.O Box 50005 Tel-Aviv 61500 Telephone: +972 -3- 7954555, Fax: +972 -3- 7954556, [www.pwc.com/il](http://www.pwc.com/il)*

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2012**

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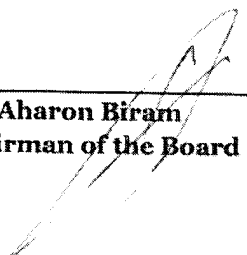
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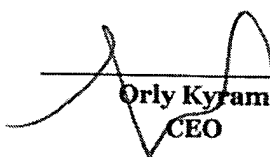
# SUNFLOWER SUSTAINABLE INVESTMENTS LTD

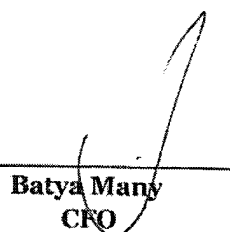
## CONSOLIDATED BALANCE SHEETS

ASSETS	December 31	
	2012	2011
	NIS in thousands	
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	106,463	130,932
Short-term investments	138,366	126,031
Trade and accrued income	13,488	23,196
Other accounts receivable	16,860	12,633
	275,177	292,792
<b>NON-CURRENT ASSETS:</b>		
Accounts receivable	28,558	9,482
Investment in photovoltaic plants	619,850	571,715
Licenses for production of electricity	54,367	48,982
Payments on account of photovoltaic plants	19,734	3,757
Investment property	115,059	109,970
Property, plant and equipment	1,137	1,234
Deferred taxes	7,050	2,503
	845,755	747,643
	1,120,932	1,040,435

Date of approval of the financial statements: March 21, 2013

  
 \_\_\_\_\_  
**Aharon Biram**  
 Chairman of the Board

  
 \_\_\_\_\_  
**Orly Kyram**  
 CEO

  
 \_\_\_\_\_  
**Batya Many**  
 CFO

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED BALANCE SHEETS**

<b>LIABILITIES AND EQUITY</b>	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
	<b>NIS in thousands</b>	
<b>CURRENT LIABILITIES:</b>		
Short-term credit and current maturities of long-term loans from banks	48,256	28,241
Current maturities of debentures	28,227	28,021
Current maturity of loan from shareholder in jointly controlled entity	9,125	10,987
Trade payables	6,932	3,914
Other accounts payable	25,656	41,212
	<u>118,196</u>	<u>112,375</u>
<b>NON-CURRENT LIABILITIES:</b>		
Loans from banks and others	421,135	339,676
Convertible debentures	43,256	63,979
Conversion component of convertible debentures	161	134
Debentures	163,469	176,908
Loans from shareholders in jointly controlled entities	7,784	10,487
Loans from non-controlling shareholders in subsidiaries	10,609	10,558
Employee benefit liabilities	44	35
Deferred taxes	17,211	13,275
	<u>663,669</u>	<u>615,052</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:</b>		
Share capital	32,951	32,951
Share premium	224,933	224,933
Warrants and share-based payment	8,362	8,362
Reserve for share-based payment	776	388
Capital reserve	125	125
Foreign currency translation adjustments	(54)	173
Retained earnings	70,058	45,753
	<u>337,151</u>	<u>312,685</u>
Non-controlling interests	1,916	323
Total equity	<u>339,067</u>	<u>313,008</u>
	<u>1,120,932</u>	<u>1,040,435</u>

# SUNFLOWER SUSTAINABLE INVESTMENTS LTD

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<b>Year ended December 31</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>NIS in thousands</b>		
Revenues	107,801	71,502	36,365
Cost of revenues	<u>47,484</u>	<u>29,904</u>	<u>11,892</u>
Gross profit	60,317	41,598	24,473
Valuation gains of investment property, net	16,418	4,357	1,110
Valuation gains (losses) of photovoltaic plants	(2,875)	2,237	(6,578)
General and administrative expenses	(14,715)	(15,477)	(9,579)
Other income (expenses), net	<u>(1,020)</u>	<u>258</u>	<u>486</u>
Operating income	58,125	32,973	9,912
Finance income	15,206	19,311	11,163
Finance costs	<u>(44,091)</u>	<u>(42,385)</u>	<u>(67,394)</u>
Income before taxes on income	29,240	9,899	(46,319)
Taxes on income (tax benefit)	<u>3,631</u>	<u>6,477</u>	<u>(4,025)</u>
Income (loss) from continuing operations	25,609	3,422	(42,294)
Income from discontinued operation , net	-	12,598	6,947
Net income (loss)	25,609	16,020	(35,347)
Other comprehensive income (loss) (net of tax effect):			
Foreign currency translation adjustments	<u>(244)</u>	<u>878</u>	<u>(660)</u>
Total comprehensive income (loss)	<u>25,365</u>	<u>16,898</u>	<u>(36,007)</u>
Net income (loss) attributable to:			
Equity holders of the Company	24,305	15,765	(35,312)
Non-controlling interests	<u>1,304</u>	<u>255</u>	<u>(35)</u>
	<u>25,609</u>	<u>16,020</u>	<u>(35,347)</u>
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	24,078	16,636	(35,972)
Non-controlling interests	<u>1,287</u>	<u>262</u>	<u>(35)</u>
	<u>25,365</u>	<u>16,898</u>	<u>(36,007)</u>
<u>Net earnings (losses) per share attributable to equity holders of the Company (in NIS):</u>			
Net income (loss) from continuing operations	0.74	0.10	(1.32)
Net income from discontinued operation	<u>-</u>	<u>0.38</u>	<u>0.22</u>
Net earnings (losses)	<u>0.74</u>	<u>0.48</u>	<u>(1.10)</u>

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to equity holders of the Company							Total equity		
	Share capital	Share premium	Warrants	Share-based payment	Retained earnings	Capital reserve	Foreign currency translation adjustments		Total	Non-controlling interests
	NIS in thousands									
<b>Balance at January 1, 2010</b>	27,370	178,646	-	-	65,300	125	(38)	271,403	-	271,403
Loss	-	-	-	-	(35,312)	-	-	(35,312)	(35)	(35,347)
Foreign currency translation adjustments, net	-	-	-	-	-	-	(660)	(660)	-	(660)
Total comprehensive loss	-	-	-	-	(35,312)	-	(660)	(35,972)	(35)	(36,007)
Issue of share capital, net	5,581	46,287	-	-	-	-	-	51,868	-	51,868
Issue of warrants, net	-	-	7,532	-	-	-	-	7,532	-	7,532
Issue of warrants by rights	-	-	830	-	-	-	-	830	-	830
Share based payment	-	-	-	1	-	-	-	1	-	1
<b>Balance as of December 31, 2010</b>	32,951	224,933	8,362	1	29,988	125	(698)	295,662	(35)	295,627
Net income	-	-	-	-	15,765	-	-	15,765	255	16,020
Foreign currency translation adjustments, net	-	-	-	-	-	-	871	871	7	878
Total comprehensive income	-	-	-	-	15,765	-	871	16,636	262	16,898
Share based payment	-	-	-	387	-	-	-	387	-	387
Conversion of loan into subsidiary's equity	-	-	-	-	-	-	-	-	96	96
<b>Balance as of December 31, 2011</b>	32,951	224,933	8,362	388	45,753	125	173	312,685	323	313,008
Net income	-	-	-	-	24,305	-	-	24,305	1,304	25,609
Foreign currency translation adjustments	-	-	-	-	-	-	(227)	(227)	(17)	(244)
Total comprehensive income	-	-	-	-	24,305	-	(227)	24,078	1,287	25,365
Share based payment	-	-	-	388	-	-	-	388	-	388
Conversion of loan into subsidiary's equity	-	-	-	-	-	-	-	-	-	-
<b>Balance as of December 31, 2012</b>	32,951	224,933	8,362	776	70,058	125	(54)	337,151	1,916	339,067

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>NIS in thousands</b>		
<b><u>Cash flow from operating activities:</u></b>			
Net income (loss)	25,609	16,020	(35,347)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Finance costs, net	28,885	25,961	50,395
Depreciation and amortization	34,521	19,395	14,562
Valuation gains of investment property, net	(4,390)	(4,357)	(1,110)
Gain from sale of investments in subsidiary	-	-	(4,397)
Taxes on income	3,631	10,676	(3,465)
Change in employee benefit liabilities, net	9	27	5
	<u>62,656</u>	<u>51,702</u>	<u>55,990</u>
Changes in asset and liability items:			
Decrease (increase) in trade and other accounts receivable	15,119	(20,206)	7,982
Decrease in inventory of buildings and land for sale	-	15,881	61,871
Decrease in trade and other accounts payable	(4,065)	(23,628)	(15,792)
	<u>11,054</u>	<u>(27,953)</u>	<u>54,061</u>
Cash paid and received during the period for:			
Interest paid	(30,467)	(30,390)	(19,732)
Interest received	7,082	5,494	3,795
Taxes paid	(6,962)	(829)	(1,686)
Taxes received	1,292	1,822	3,580
	<u>(29,055)</u>	<u>(23,903)</u>	<u>(14,043)</u>
Net cash provided by operating activities	<u>70,264</u>	<u>15,866</u>	<u>60,661</u>

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>NIS in thousands</b>		
<b><u>Cash flow from investing activities:</u></b>			
Investment in photovoltaic solar plants and licenses for production of electricity (includes advances payments)	(15,423)	(228,200)	(145,853)
Purchase of fixed assets	(106)	(1,067)	(146)
Investment in investment property	(699)	(23)	(50)
Decrease in non-current accounts receivable and others	(16,720)	(2,228)	(250)
Proceeds from sale of part of the investment in jointly controlled entity (b)	-	-	4,015
Sale (purchase) of marketable securities and deposits, net	11,167	98,731	(182,716)
Grant of short-term loans	(20,000)	-	-
Collection of loans from a jointly controlled entity	-	-	3,293
Purchase of consolidated subsidiary (a)	<u>(61,306)</u>	<u>(13,474)</u>	<u>-</u>
Net cash used in investing activities	<u>(103,087)</u>	<u>(146,261)</u>	<u>(321,707)</u>
<b><u>Cash flow from financing activities:</u></b>			
Repayment of loans from shareholders in jointly controlled entity	(4,983)	(5,005)	(24,790)
Receipt of loans from non-controlling shareholders in subsidiaries	155	3,320	6,865
Repurchase of debentures	(8,427)	(16,888)	-
Issue of share capital, net	-	-	51,868
Proceeds from issue of warrants	-	-	8,362
Issue of debentures, net	-	-	179,126
Repayment of debentures	(28,295)	(27,684)	(27,149)
Receipt of long-term loans from banks	76,303	196,343	35,437
Repayment of long-term loans from banks and others	(15,311)	(7,073)	(21,853)
Short-term credit from banks and others, net	<u>(10,964)</u>	<u>11,157</u>	<u>34</u>
Net cash provided by financing activities	<u>8,478</u>	<u>154,170</u>	<u>207,900</u>
Translation differences of balances of cash and cash equivalents	<u>(124)</u>	<u>4,326</u>	<u>(16,286)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(24,469)</b>	<b>28,101</b>	<b>(69,432)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b><u>130,932</u></b>	<b><u>102,831</u></b>	<b><u>172,263</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>106,463</u></b>	<b><u>130,932</u></b>	<b><u>102,831</u></b>



**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Year ended December 31**

**2012                  2011                  2010**

**NIS in thousands**

**(a) Purchase of consolidated subsidiary:**

The subsidiary's assets and liabilities at date of purchase :

Working capital (excluding cash and cash equivalents)	20,074	(3,658)	-
Investment in photovoltaic plants and Licenses	(86,417)	(38,438)	-
Payments on account of photovoltaic plants	(19,003)	-	-
Other accounts receivable	(1,599)	-	-
Deferred taxes	(703)	(691)	-
Non-current liabilities	<u>26,342</u>	<u>29,313</u>	-
	<u>(61,306)</u>	<u>(13,474)</u>	-

**(b) Proceeds from sale of part of the investment in jointly controlled entity:**

The jointly controlled entity's assets and liabilities at date of sale:

Working capital (excluding cash and cash equivalents)	-	-	(362)
Inventory of land	-	-	2,796
Non-current receivables	-	-	477
Non-current liabilities - related party	-	-	(3,293)
Capital gain	<u>-</u>	<u>-</u>	<u>4,397</u>
	<u>-</u>	<u>-</u>	<u>4,015</u>

**(c) Significant non-cash transactions:**

Payments on account of solar photovoltaic plants	<u>3,993</u>	<u>15,540</u>	<u>2,071</u>
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