



July 6, 2015

Sunflower Sustainable Investments Ltd  
Ramat Gan, ISRAEL

**Re: Sunflower Sustainable Investments Ltd. Financial statements as of March 31, 2015**

As the auditors of the company and at your request, we confirm that the translated interim consolidated balance sheet as of March 31, 2015 and the interim consolidated statements of comprehensive loss, changes in equity and cash flows for the three months periods ended on that date (hereinafter – the financial statements), attached herewith and stamped by us for identification purposes, are identical to the financial statements as of March 31, 2015 that were approved and signed by the company on May 26, 2015 and published to the public.

Kind Regards,

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

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**SUNFLOWER SUSTAINABLE INVESTMENTS LTD.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2015**

**(Unaudited)**

*Kesselman & Kesselman*  
for identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2015**

**UNAUDITED**

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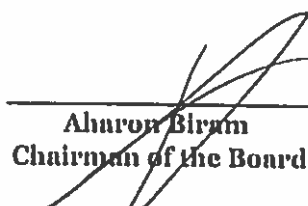
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for identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**INTERIM CONSOLIDATED BALANCE SHEETS**

|                                                                 | <u>March 31</u>         | <u>December 31</u> |
|-----------------------------------------------------------------|-------------------------|--------------------|
|                                                                 | <u>2015</u>             | <u>2014</u>        |
|                                                                 | <u>Unaudited</u>        | <u>Audited</u>     |
|                                                                 | <u>NIS in thousands</u> |                    |
| <b>ASSETS</b>                                                   |                         |                    |
| <b>CURRENT ASSETS:</b>                                          |                         |                    |
| Cash and cash equivalents                                       | 76,434                  | 35,533             |
| Short-term investments                                          | 54,086                  | 74,843             |
| Trade and accrued income                                        | 18,598                  | 19,164             |
| Other accounts receivable                                       | 27,010                  | 22,410             |
|                                                                 | <u>176,128</u>          | <u>157,655</u>     |
| Asset classified as held for sale                               | -                       | -                  |
|                                                                 | <u>176,128</u>          | <u>157,655</u>     |
| <b>NON-CURRENT ASSETS:</b>                                      |                         |                    |
| Accounts receivable                                             | 27,372                  | 26,091             |
| Investments accounted for using the equity method               | 80,808                  | 82,805             |
| Investment in photovoltaic plants                               | 499,654                 | 481,503            |
| Licenses for production of electricity in photovoltaic plants   | 31,356                  | 36,707             |
| Investment in wind technology plants for electricity production | 121,519                 | 75,306             |
| Licenses for production of electricity by wind technology       | 12,697                  | 7,375              |
| Payments on account of renewable energy investments             | 46,053                  | 39,651             |
| Investment property                                             | 92,515                  | 92,382             |
| Property, plant and equipment                                   | 883                     | 1,020              |
| Deferred taxes                                                  | 11,857                  | 9,255              |
|                                                                 | <u>924,714</u>          | <u>852,095</u>     |
|                                                                 | <u>1,100,842</u>        | <u>1,179,308</u>   |

Date of approval of the financial statements: May 26, 2015

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

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

  
 \_\_\_\_\_  
 Rachel Segal  
 CFO

*Kesselman & Kesselman*  
 for Identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**INTERIM CONSOLIDATED BALANCE SHEETS**

|                                                                        | March 31         |                  | December 31      |
|------------------------------------------------------------------------|------------------|------------------|------------------|
|                                                                        | 2015             | 2014             | 2014             |
|                                                                        | Unaudited        |                  | Audited          |
|                                                                        | NIS in thousands |                  |                  |
| <b>LIABILITIES AND EQUITY</b>                                          |                  |                  |                  |
| <b>CURRENT LIABILITIES:</b>                                            |                  |                  |                  |
| Short-term credit and current maturities of long-term loans from banks | 63,797           | 30,199           | 69,439           |
| Current maturities of debentures and convertible debentures            | 100,134          | 60,080           | 102,744          |
| Loans from non-controlling shareholders in subsidiaries                | 13,839           | 11,586           | 14,768           |
| Trade payables                                                         | 5,626            | 6,613            | 7,678            |
| Other accounts payable                                                 | 20,914           | 26,965           | 25,435           |
|                                                                        | <u>204,310</u>   | <u>135,443</u>   | <u>220,064</u>   |
| <b>NON-CURRENT LIABILITIES:</b>                                        |                  |                  |                  |
| Loans from banks and others                                            | 418,421          | 378,050          | 447,353          |
| Convertible debentures                                                 | 95,404           | 92,486           | 95,511           |
| Debentures                                                             | 76,214           | 105,025          | 76,554           |
| Loans from non-controlling shareholders in subsidiaries                | 20,616           | 20,331           | 22,761           |
| Deferred taxes                                                         | 7,173            | 8,022            | 10,894           |
|                                                                        | <u>617,828</u>   | <u>603,914</u>   | <u>653,073</u>   |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:</b>           |                  |                  |                  |
| Share capital                                                          | 32,951           | 32,951           | 32,951           |
| Share premium                                                          | 224,933          | 224,933          | 224,933          |
| Warrants and share-based payment                                       | 8,362            | 8,362            | 8,362            |
| Reserve for share-based payment                                        | 1,130            | 1,130            | 1,130            |
| Capital reserve                                                        | (572)            | (869)            | (572)            |
| Foreign currency translation adjustments                               | (5,708)          | (1,452)          | (1,766)          |
| Retained earnings                                                      | 3,632            | 25,020           | 24,795           |
|                                                                        | <u>264,728</u>   | <u>290,075</u>   | <u>289,833</u>   |
| <b>Non-controlling interests</b>                                       | <u>13,976</u>    | <u>3,078</u>     | <u>16,338</u>    |
| <b>Total equity</b>                                                    | <u>278,704</u>   | <u>293,153</u>   | <u>306,171</u>   |
|                                                                        | <u>1,100,842</u> | <u>1,032,510</u> | <u>1,179,308</u> |

*Kesselman & Kesselman*  
for identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

|                                                                               | <b>Three months ended</b> |                 | <b>Year ended</b>  |
|-------------------------------------------------------------------------------|---------------------------|-----------------|--------------------|
|                                                                               | <b>March 31</b>           |                 | <b>December 31</b> |
|                                                                               | <b>2015</b>               | <b>2014</b>     | <b>2014</b>        |
|                                                                               | <b>Unaudited</b>          |                 | <b>Audited</b>     |
|                                                                               | <b>NIS in thousands</b>   |                 |                    |
| Revenues                                                                      | 22,845                    | 21,752          | 112,401            |
| Cost of revenues                                                              | <u>14,757</u>             | <u>11,555</u>   | <u>55,233</u>      |
| Gross profit                                                                  | 8,088                     | 10,197          | 57,168             |
| Valuation gains of investment property, net                                   | -                         | -               | 5,002              |
| General and administrative expenses                                           | (3,455)                   | (4,210)         | (14,500)           |
| Other income, net                                                             | 474                       | 180             | 347                |
| Share of earnings of investments accounted for using the equity method        | <u>426</u>                | <u>214</u>      | <u>9,454</u>       |
| Operating income                                                              | 5,533                     | 6,381           | 57,471             |
| Finance income                                                                | 807                       | 3,111           | 1,938              |
| Finance costs                                                                 | <u>(33,545)</u>           | <u>(10,485)</u> | <u>(52,542)</u>    |
| Income (loss) before taxes on income                                          | (27,205)                  | (993)           | 6,867              |
| Taxes on income (tax benefits)                                                | <u>(4,180)</u>            | <u>451</u>      | <u>8,553</u>       |
| Loss for the period                                                           | <u>(23,025)</u>           | <u>(1,444)</u>  | <u>(1,686)</u>     |
| Other comprehensive income (loss):                                            |                           |                 |                    |
| Foreign currency translation adjustments                                      | <u>(4,442)</u>            | <u>167</u>      | <u>(226)</u>       |
| Total comprehensive loss for the period                                       | <u>(27,467)</u>           | <u>(1,277)</u>  | <u>(1,912)</u>     |
| loss attributable to:                                                         |                           |                 |                    |
| Equity holders of the Company                                                 | (21,163)                  | (924)           | (1,149)            |
| Non-controlling interests                                                     | <u>(1,862)</u>            | <u>(520)</u>    | <u>(537)</u>       |
|                                                                               | <u>(23,025)</u>           | <u>(1,444)</u>  | <u>(1,686)</u>     |
| Total comprehensive loss attributable to:                                     |                           |                 |                    |
| Equity holders of the Company                                                 | (25,105)                  | (788)           | (1,327)            |
| Non-controlling interests                                                     | <u>(2,362)</u>            | <u>(489)</u>    | <u>(585)</u>       |
|                                                                               | <u>(27,467)</u>           | <u>(1,277)</u>  | <u>(1,912)</u>     |
| <u>loss per share attributable to equity holders of the Company (in NIS):</u> |                           |                 |                    |
| Loss for the period                                                           | <u>(0.64)</u>             | <u>(0.03)</u>   | <u>(0.03)</u>      |

*Kesselman & Kesselman*  
for Identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Attributable to equity holders of the Company**

|                                                                                         | Share<br>capital | Share<br>premium | Warrants     | Share<br>based<br>payment | Retained<br>earnings | Capital<br>reserve | Foreign<br>currency<br>translation<br>adjustments | Total          | Non<br>controlling<br>interests | Total<br>equity |
|-----------------------------------------------------------------------------------------|------------------|------------------|--------------|---------------------------|----------------------|--------------------|---------------------------------------------------|----------------|---------------------------------|-----------------|
|                                                                                         | NIS in thousands |                  |              |                           |                      |                    |                                                   |                |                                 |                 |
| <b>Balance as of January 1, 2015<br/>(audited)</b>                                      | 32,951           | 224,933          | 8,362        | 1,130                     | 24,795               | (572)              | (1,766)                                           | 289,833        | 16,338                          | 306,171         |
| <b>Changes during the three<br/>months period ended March 31,<br/>2015 (unaudited):</b> |                  |                  |              |                           |                      |                    |                                                   |                |                                 |                 |
| Loss for the period                                                                     | -                | -                | -            | -                         | (21,163)             | -                  | -                                                 | (21,163)       | (1,862)                         | (23,025)        |
| Foreign currency translation<br>adjustments                                             | -                | -                | -            | -                         | -                    | -                  | (3,942)                                           | (3,942)        | (500)                           | (4,442)         |
| Total comprehensive loss                                                                | -                | -                | -            | -                         | (21,163)             | -                  | (3,942)                                           | (25,105)       | (2,362)                         | (27,467)        |
| <b>Balance as of March 31, 2015<br/>(unaudited)</b>                                     | <u>32,951</u>    | <u>224,933</u>   | <u>8,362</u> | <u>1,130</u>              | <u>3,632</u>         | <u>(572)</u>       | <u>(5,708)</u>                                    | <u>264,728</u> | <u>13,976</u>                   | <u>278,704</u>  |
| <b>Balance as of January 1, 2014<br/>(audited)</b>                                      | 32,951           | 224,933          | 8,362        | 1,130                     | 25,944               | (869)              | (1,588)                                           | 290,863        | 3,567                           | 294,430         |
| <b>Changes during the three months<br/>period ended March 31, 2014<br/>(unaudited):</b> |                  |                  |              |                           |                      |                    |                                                   |                |                                 |                 |
| loss for the period                                                                     | -                | -                | -            | -                         | (924)                | -                  | -                                                 | (924)          | (520)                           | (1,444)         |
| Foreign currency translation<br>adjustments                                             | -                | -                | -            | -                         | -                    | -                  | 136                                               | 136            | 31                              | 167             |
| Total comprehensive income (loss)                                                       | -                | -                | -            | -                         | (924)                | -                  | 136                                               | (788)          | (489)                           | (1,277)         |
| <b>Balance as of March 31, 2014<br/>(unaudited)</b>                                     | <u>32,951</u>    | <u>224,933</u>   | <u>8,362</u> | <u>1,130</u>              | <u>25,020</u>        | <u>(869)</u>       | <u>(1,452)</u>                                    | <u>290,075</u> | <u>3,078</u>                    | <u>293,153</u>  |

*KPMG*  
for identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Attributable to equity holders of the Company**

|                                                                      | Share capital    | Share premium  | Warrants     | Share based payment | Retained earnings | Capital reserve | Foreign currency translation adjustments | Total          | Non controlling interests | Total equity   |
|----------------------------------------------------------------------|------------------|----------------|--------------|---------------------|-------------------|-----------------|------------------------------------------|----------------|---------------------------|----------------|
|                                                                      | NIS in thousands |                |              |                     |                   |                 |                                          |                |                           |                |
| <b>Balance at January 1, 2014 (audited)</b>                          | 32,951           | 224,933        | 8,362        | 1,130               | 25,944            | (869)           | (1,588)                                  | 290,863        | 3,567                     | 294,430        |
| <b>Changes during the year ended December 31, 2014 (audited):</b>    |                  |                |              |                     |                   |                 |                                          |                |                           |                |
| loss                                                                 | -                | -              | -            | -                   | (1,149)           | -               | -                                        | (1,149)        | (537)                     | (1,686)        |
| Comprehensive income - foreign currency translation adjustments, net | -                | -              | -            | -                   | -                 | -               | (178)                                    | (178)          | (48)                      | (226)          |
| Total comprehensive loss                                             | -                | -              | -            | -                   | (1,149)           | -               | (178)                                    | (1,327)        | (585)                     | (1,912)        |
| Equity conversion component of convertible debentures                | -                | -              | -            | -                   | -                 | 343             | -                                        | 343            | -                         | 343            |
| Acquisition of non-controlling interests                             | -                | -              | -            | -                   | -                 | (46)            | -                                        | (46)           | 13,356                    | 13,310         |
| Total transactions with equity holders                               | -                | -              | -            | -                   | -                 | 297             | -                                        | 297            | 13,356                    | 13,653         |
| <b>Balance as of December 31, 2014 (audited)</b>                     | <u>32,951</u>    | <u>224,933</u> | <u>8,362</u> | <u>1,130</u>        | <u>24,795</u>     | <u>(572)</u>    | <u>(1,766)</u>                           | <u>289,833</u> | <u>16,338</u>             | <u>306,171</u> |

*Korshakova & Korshakova*  
for Identification



**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                                                          | <b>Three months ended</b> |             | <b>Year ended</b>  |
|------------------------------------------------------------------------------------------|---------------------------|-------------|--------------------|
|                                                                                          | <b>March 31</b>           |             | <b>December 31</b> |
|                                                                                          | <b>2015</b>               | <b>2014</b> | <b>2014</b>        |
|                                                                                          | <b>Unaudited</b>          |             | <b>Audited</b>     |
|                                                                                          | <b>NIS in thousands</b>   |             |                    |
| <b><u>Cash flow from operating activities:</u></b>                                       |                           |             |                    |
| Loss for the period                                                                      | (23,025)                  | (1,444)     | (1,686)            |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                           |             |                    |
| Adjustments to the profit or loss items:                                                 |                           |             |                    |
| Finance costs, net                                                                       | 32,738                    | 7,374       | 50,604             |
| Depreciation and amortization                                                            | 9,542                     | 7,443       | 35,878             |
| Valuation gains of investment property, net                                              | -                         | -           | (5,002)            |
| Taxes on income (tax benefits)                                                           | (4,180)                   | 451         | 8,553              |
| Share of losses of investments accounted for using the equity method                     | (426)                     | (214)       | (9,454)            |
|                                                                                          | 37,674                    | 15,054      | 80,579             |
| Changes in asset and liability items:                                                    |                           |             |                    |
| Decrease (increase) in trade and other accounts receivable                               | (8,396)                   | (7,128)     | 195                |
| Increase (decrease) in trade and other accounts payable                                  | (2,510)                   | 2,563       | (176)              |
|                                                                                          | (10,906)                  | (4,565)     | 19                 |
| Cash paid and received during the period for:                                            |                           |             |                    |
| Interest paid                                                                            | (6,777)                   | (6,771)     | (44,363)           |
| Interest received                                                                        | 155                       | 416         | 689                |
| Taxes paid                                                                               | (582)                     | (446)       | (12,850)           |
| Taxes received                                                                           | 50                        | -           | 727                |
|                                                                                          | (7,154)                   | (6,801)     | (55,797)           |
| Net cash provided by (used in) operating activities                                      | (3,411)                   | 2,244       | 23,115             |

*Ernst & Kerselmann*  
for identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                                                                        | <b>Three months ended</b> |                      | <b>Year ended</b>     |
|--------------------------------------------------------------------------------------------------------|---------------------------|----------------------|-----------------------|
|                                                                                                        | <b>March 31</b>           |                      | <b>December 31</b>    |
|                                                                                                        | <b>2015</b>               | <b>2014</b>          | <b>2014</b>           |
|                                                                                                        | <b>Unaudited</b>          |                      | <b>Audited</b>        |
|                                                                                                        | <b>NIS in thousands</b>   |                      |                       |
| <b><u>Cash flow from investing activities:</u></b>                                                     |                           |                      |                       |
| Investment in renewable energy and licenses for production of electricity (includes advances payments) | (44,771)                  | (36,193)             | (141,863)             |
| Purchase of fixed assets                                                                               | (7)                       | (31)                 | (74)                  |
| Investment in investment property                                                                      | -                         | (2)                  | (17)                  |
| Proceeds from sale of investment property                                                              | -                         | -                    | 28,916                |
| Increase in non-current accounts receivable and others                                                 | 1,007                     | (564)                | (4,659)               |
| Purchase of marketable securities                                                                      | (6,987)                   | (7,079)              | (17,099)              |
| Sale of marketable securities                                                                          | 3,585                     | 8,188                | 43,362                |
| Bank deposits                                                                                          | -                         | -                    | (2,682)               |
| Collection of bank deposits                                                                            | 241                       | 5,942                | 5,094                 |
| Repayment of loans to investments accounted for using the equity method, net                           | 150                       | 650                  | 850                   |
| Purchase of consolidated subsidiary (see below)                                                        | -                         | (6,545)              | (12,626)              |
| Net cash used in investing activities                                                                  | <u>(46,782)</u>           | <u>(35,634)</u>      | <u>(100,798)</u>      |
| <b><u>Cash flow from financing activities:</u></b>                                                     |                           |                      |                       |
| Receipt of loans from non-controlling shareholders in subsidiaries                                     | -                         | 1,374                | 9,167                 |
| Repayment of loans from non-controlling shareholders in subsidiaries                                   | (1,089)                   | -                    | (2,276)               |
| Transactions with non-controlling interest in a subsidiary that do not result in loss of control       | -                         | -                    | 13,310                |
| Issue of convertible debentures, net                                                                   | -                         | -                    | 26,272                |
| Issue of debentures, net                                                                               | -                         | -                    | 72,604                |
| Repayment of debentures                                                                                | (2,673)                   | (22,417)             | (103,095)             |
| Receipt of long-term loans from banks and others                                                       | 8,565                     | -                    | 132,066               |
| Repayment of long-term loans from banks and others                                                     | (7,121)                   | (5,675)              | (24,820)              |
| Short-term credit from banks and others, net                                                           | 18                        | (82)                 | (7,577)               |
| Net cash provided by (used in) financing activities                                                    | <u>(2,300)</u>            | <u>(26,800)</u>      | <u>115,651</u>        |
| Translation differences of balances of cash and cash equivalents                                       | <u>(3,564)</u>            | <u>160</u>           | <u>(1,040)</u>        |
| <b>Increase (decrease) in cash and cash equivalents</b>                                                | <b>(56,057)</b>           | <b>(60,030)</b>      | <b>36,928</b>         |
| <b>Cash and cash equivalents at the beginning of the period</b>                                        | <b><u>132,491</u></b>     | <b><u>95,563</u></b> | <b><u>95,563</u></b>  |
| <b>Cash and cash equivalents at the end of the period</b>                                              | <b><u>76,434</u></b>      | <b><u>35,533</u></b> | <b><u>132,491</u></b> |

*Kesselman & Kesselman*  
for Identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                                          | <b>Three months ended</b> |                  | <b>Year ended</b>  |
|--------------------------------------------------------------------------|---------------------------|------------------|--------------------|
|                                                                          | <b>March 31</b>           |                  | <b>December 31</b> |
|                                                                          | <b>2015</b>               | <b>2014</b>      | <b>2014</b>        |
|                                                                          | <b>Unaudited</b>          | <b>Unaudited</b> | <b>Audited</b>     |
|                                                                          | <b>NIS in thousands</b>   |                  |                    |
| <b>(a) Purchase of consolidated subsidiary:</b>                          |                           |                  |                    |
| The subsidiary's assets and liabilities at date of purchase :            |                           |                  |                    |
| Working capital (excluding cash and cash equivalents)                    | -                         | (15)             | (1,029)            |
| Investment in photovoltaic plants and Licenses                           | -                         | -                | (12,270)           |
| Payments on account of wind technology plants for electricity production | -                         | -                | (5,345)            |
| Investment in wind technology plants for electricity production          | -                         | (6,530)          | (6,530)            |
| Non-current accounts receivable and others                               | -                         | -                | (441)              |
| Investments accounted for using the equity method                        | -                         | -                | 3,793              |
| Deferred taxes, net                                                      | -                         | -                | 57                 |
| Non-current liabilities                                                  | -                         | -                | 9,139              |
|                                                                          | -                         | (6,545)          | (12,626)           |
| <b>(b) Significant non-cash transactions:</b>                            |                           |                  |                    |
| Payments on account of solar photovoltaic plants                         | <u>2,432</u>              | <u>2,080</u>     | <u>10,219</u>      |

*Kesselman & Kesselman*  
for Identification