



March 29, 2015

Sunflower Sustainable Investments Ltd  
Ramat Gan, ISRAEL

**Re: Sunflower Sustainable Investments Ltd. Financial statements as of December 31, 2014**

As the auditors of the company and at your request , we confirm that the translated consolidated balance sheet as of December 31, 2014 and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the year 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 December 31, 2014 that were approved and signed by the company on March 16, 2015 and published to the public.

Kind Regards,

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

---

*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, 2014**

**INDEX**

	<u>Page</u>
Consolidated Balance Sheets	2 - 3
Consolidated Statements of Comprehensive Income (loss)	4
Consolidated Statements of Changes in Equity	5
Consolidated Statements of Cash Flows	6-8

-----

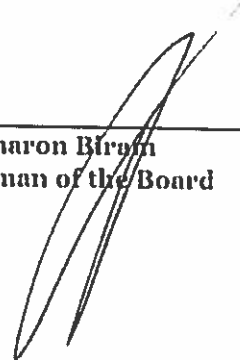
*Kesselman & Kesselman*  
for Identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED BALANCE SHEETS**


	December 31	
	2014	2013
	NIS in thousands	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	132,491	95,563
Short-term investments	51,382	81,803
Trade and accrued income	18,600	16,734
Other accounts receivable	22,410	23,226
	224,883	217,326
Asset classified as held for sale	-	22,760
	224,883	240,086
<b>NON-CURRENT ASSETS:</b>		
Accounts receivable	29,358	25,370
Investments accounted for using the equity method	88,885	82,048
Investment in photovoltaic plants	543,986	484,612
Licenses for production of electricity in photovoltaic plants	34,738	37,016
Investment in wind technology plants for electricity production	131,696	31,238
Licenses for production of electricity by wind technology	13,560	3,064
Payments on account of renewable energy investments	6,830	46,227
Investment property	92,515	92,380
Property, plant and equipment	923	1,032
Deferred taxes	11,934	8,747
	954,425	811,734
	1,179,308	1,051,820

Date of approval of the financial statements: March 16, 2015

  
 \_\_\_\_\_  
 Aharon Biran  
 Chairman of the Board

  
 \_\_\_\_\_  
 Orly Kyrum  
 CEO

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

  
 for Identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED BALANCE SHEETS**

	<b>December 31</b>	
	<b>2014</b>	<b>2013</b>
	<b>NIS in thousands</b>	
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term credit and current maturities of long-term loans from banks	69,439	30,020
Current maturities of debentures and convertible debentures	102,744	80,242
Loans from non-controlling shareholders in subsidiaries	14,768	10,515
Trade payables	7,678	4,609
Other accounts payable	25,435	22,880
	<b>220,064</b>	<b>148,266</b>
<b>NON-CURRENT LIABILITIES:</b>		
Loans from banks and others	447,353	381,917
Convertible debentures	95,511	92,358
Debentures	76,554	107,294
Loans from non-controlling shareholders in subsidiaries	22,761	19,600
Deferred taxes	10,894	7,955
	<b>653,073</b>	<b>609,124</b>
<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	1,130	1,130
Capital reserve	(572)	(869)
Foreign currency translation adjustments	(1,766)	(1,588)
Retained earnings	24,795	25,944
	<b>289,833</b>	<b>290,863</b>
<b>Non-controlling interests</b>	<b>16,338</b>	<b>3,567</b>
<b>Total equity</b>	<b>306,171</b>	<b>294,430</b>
	<b>1,179,308</b>	<b>1,051,820</b>

*Kesselman & Kesselman*  
for identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

	<b>Year ended December 31</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>NIS in thousands</b>		
Revenues	112,401	99,910	82,780
Cost of revenues	<u>55,233</u>	<u>43,863</u>	<u>34,962</u>
Gross profit	57,168	56,047	47,818
Valuation gains of investment property, net	5,002	21	16,418
Valuation losses of photovoltaic plants	-	-	(2,195)
General and administrative expenses	(14,500)	(14,493)	(13,723)
Other income (loss), net	347	403	(1,020)
Share of earnings (losses) of investments accounted for using the equity method	<u>9,454</u>	<u>(33,904)</u>	<u>564</u>
Operating income	57,471	8,074	47,862
Finance income	1,938	11,701	17,939
Finance costs	<u>(52,542)</u>	<u>(49,250)</u>	<u>(37,290)</u>
Income (loss) before taxes on income	6,867	(29,475)	28,511
Taxes on income	<u>8,553</u>	<u>7,069</u>	<u>2,902</u>
Net income (loss)	(1,686)	(36,544)	25,609
Other comprehensive income (loss):			
Foreign currency translation adjustments	<u>(226)</u>	<u>(1,660)</u>	<u>(244)</u>
Total comprehensive income (loss)	<u>(1,912)</u>	<u>(38,204)</u>	<u>25,365</u>
Net income (loss) attributable to:			
Equity holders of the Company	(1,149)	(37,114)	24,305
Non-controlling interests	<u>(537)</u>	<u>570</u>	<u>1,304</u>
	<u>(1,686)</u>	<u>(36,544)</u>	<u>25,609</u>
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	(1,327)	(38,648)	24,078
Non-controlling interests	<u>(585)</u>	<u>444</u>	<u>1,287</u>
	<u>(1,912)</u>	<u>(38,204)</u>	<u>25,365</u>
<u>Net income (loss) per share attributable to equity holders of the Company (in NIS):</u>			
Net income (loss)	<u>(0.03)</u>	<u>(1.13)</u>	<u>0.74</u>

*Kesselman & Kesselman*  
for identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**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 2012</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
Comprehensive loss - foreign currency translation adjustments, net	-	-	-	-	-	-	(227)	(227)	(17)	(244)
Total comprehensive income (loss)	-	-	-	-	24,305	-	(227)	24,078	1,287	25,365
Transactions with equity holders:										
Share based payment	-	-	-	388	-	-	-	388	-	388
Conversion of loan into subsidiary's equity	-	-	-	-	-	-	-	-	306	306
Total transactions with equity holders	-	-	-	388	-	-	-	388	306	694
<b>Balance at December 31, 2012</b>	32,951	224,933	8,362	776	70,058	125	(54)	337,151	1,916	339,067
Net income (loss)	-	-	-	-	(37,114)	-	-	(37,114)	570	(36,544)
Comprehensive loss - foreign currency translation adjustments, net	-	-	-	-	-	-	(1,534)	(1,534)	(126)	(1,660)
Total comprehensive income (loss)	-	-	-	-	(37,114)	-	(1,534)	(38,648)	444	(38,204)
Transactions with equity holders:										
Share based payment	-	-	-	354	-	-	-	354	-	354
Equity conversion component of convertible debentures	-	-	-	-	-	213	-	213	-	213
Dividend	-	-	-	-	(7,000)	-	-	(7,000)	-	(7,000)
Acquisition of non-controlling interests	-	-	-	-	-	(1,207)	-	(1,207)	1,207	-
Total transactions with equity holders	-	-	-	354	(7,000)	(994)	-	(7,640)	1,207	(6,433)
<b>Balance as of December 31, 2013</b>	32,951	224,933	8,362	1,130	25,944	(869)	(1,588)	290,863	3,567	294,430
Loss for the year	-	-	-	-	(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</b>	32,951	224,933	8,362	1,130	24,795	(572)	(1,766)	289,833	16,338	306,171

*Keeselman & Keeselman*

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>NIS in thousands</b>		
<b>Cash flow from operating activities:</b>			
Net income (loss)	(1,686)	(36,544)	25,609
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Finance costs, net	50,604	37,549	19,351
Depreciation and amortization	35,878	28,417	24,188
Valuation gains of investment property, net	(5,002)	(21)	(4,390)
Taxes on income	8,553	7,069	2,902
Change in employee benefit liabilities, net	-	354	388
Share of losses (earnings) of investments accounted for using the equity method	(9,454)	33,904	(564)
	<u>80,579</u>	<u>107,272</u>	<u>41,875</u>
Changes in asset and liability items:			
Decrease in trade and other accounts receivable	195	8,187	14,260
Increase (decrease) in trade and other accounts payable	(176)	564	(2,192)
	<u>19</u>	<u>8,751</u>	<u>12,068</u>
Cash paid and received during the period for:			
Interest paid	(44,363)	(37,509)	(28,408)
Interest received	689	2,758	8,299
Taxes paid	(12,850)	(9,523)	(7,132)
Taxes received	727	94	1,292
	<u>(55,797)</u>	<u>(44,180)</u>	<u>(25,949)</u>
Net cash provided by operating activities	<u>23,115</u>	<u>35,299</u>	<u>53,603</u>

*Kesselman & Kunitzberg*  
for identification

**SUNFLOWER SUSTAINABLE INVESTMENTS LTD**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year ended December 31</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</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)	(141,863)	(56,868)	(14,883)
Purchase of fixed assets	(74)	(78)	(106)
Investment in investment property	(17)	(60)	(699)
Proceeds from sale of investment property, net	28,916	-	-
Increase in non-current accounts receivable and others	(4,659)	(6,893)	(16,640)
Purchase of marketable securities	(17,099)	(15,571)	(65,337)
Sale of marketable securities	43,362	49,250	79,904
Bank deposits	(2,682)	-	(6,833)
Collection of bank deposits	5,094	5,796	2,457
Repayment (Grant) of short-term loans	-	20,000	(20,000)
Repayment of loans to investments accounted for using the equity method, net	850	-	7,561
Purchase of consolidated subsidiary (see below)	(12,626)	(123,499)	(61,306)
Net cash used in investing activities	<u>(100,798)</u>	<u>(127,923)</u>	<u>(95,882)</u>
<b><u>Cash flow from financing activities:</u></b>			
Receipt of loans from non-controlling shareholders in subsidiaries	9,167	22,899	155
repayment of loans from non-controlling shareholders in subsidiaries	(2,276)	(3,629)	-
Transactions with non-controlling interest in a subsidiary that do not result in loss of control	13,310	-	-
Repurchase of debentures	-	-	(8,427)
Issue of convertible debentures, net	26,272	70,548	-
Issue of debentures, net	72,604	-	-
Repayment of debentures	(103,095)	(28,511)	(28,295)
Receipt of long-term loans from banks and others	132,066	71,587	76,017
Repayment of long-term loans from banks and others	(24,820)	(18,146)	(9,688)
Short-term credit from banks and others, net	(7,577)	(17,817)	(10,404)
Dividend payment	-	(7,000)	-
Net cash provided by financing activities	<u>115,651</u>	<u>89,931</u>	<u>19,358</u>
Translation differences of balances of cash and cash equivalents	<u>(1,040)</u>	<u>(3,498)</u>	<u>(230)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>36,928</b>	<b>(6,191)</b>	<b>(23,151)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b><u>95,563</u></b>	<b><u>101,754</u></b>	<b><u>124,905</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>132,491</u></b>	<b><u>95,563</u></b>	<b><u>101,754</u></b>

*Kesselman & Kesselman*  
for identification



# SUNFLOWER SUSTAINABLE INVESTMENTS LTD

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2014	2013	2012
	NIS in thousands		
<b>(a) Purchase of consolidated subsidiary:</b>			
The subsidiary's assets and liabilities at date of purchase :			
Working capital (excluding cash and cash equivalents)	(1,029)	(13,137)	20,074
Investment in photovoltaic plants and Licenses	(12,270)	(72,351)	(88,016)
Payments on account of wind technology plants for electricity production	(5,345)	(3,319)	(19,003)
Investment in wind technology plants for electricity production	(6,530)	(34,302)	-
Non-current accounts receivable and others	(441)	-	-
Investments accounted for using the equity method	3,793	-	-
Deferred taxes, net	57	(769)	(703)
Non-current liabilities	9,139	379	26,342
	(12,626)	(123,499)	(61,306)
<b>(b) Significant non-cash transactions:</b>			
Payments on account of solar photovoltaic plants	10,219	2,067	3,993

*Kesselman & Kesselman*  
for identification