



August 17, 2015

Sunflower Sustainable Investments Ltd
Ramat Gan, ISRAEL

Re: Sunflower Sustainable Investments Ltd. Financial statements as of June 30, 2015

As the auditors of the company and at your request, we confirm that the translated interim consolidated balance sheet as of June 30, 2015 and the interim consolidated statements of comprehensive loss, changes in equity and cash flows for the six and 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 June 30, 2015 that were approved and signed by the company on August 13, 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 JUNE 30, 2015

(Unaudited)

Kesselman & Kesselman
for identification

SUNFLOWER SUSTAINABLE INVESTMENTS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2015

UNAUDITED

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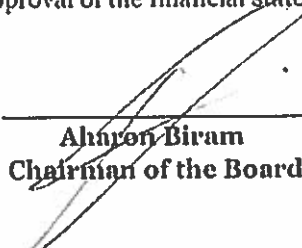
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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

INTERIM CONSOLIDATED BALANCE SHEETS

	June 30		December 31
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	37,948	25,019	132,491
Short-term investments	38,889	44,174	51,382
Trade and accrued income	26,412	25,491	18,600
Other accounts receivable	19,568	33,664	22,410
	<u>122,817</u>	<u>128,348</u>	<u>224,883</u>
Asset classified as held for sale	-	22,760	-
	<u>122,817</u>	<u>151,108</u>	<u>224,883</u>
NON-CURRENT ASSETS:			
Accounts receivable	25,865	25,748	29,358
Investments accounted for using the equity method	77,692	86,579	88,885
Investment in photovoltaic plants	486,293	505,625	543,986
Licenses for production of electricity in photovoltaic plants	30,525	35,404	34,738
Investment in wind technology plants for electricity production	114,986	74,347	131,696
Licenses for production of electricity by wind technology	12,050	7,137	13,560
Payments on account of renewable energy investments	94,364	52,555	6,830
Investment property	92,515	92,397	92,515
Property, plant and equipment	839	983	923
Deferred taxes	12,466	9,512	11,934
	<u>947,595</u>	<u>890,287</u>	<u>954,425</u>
	<u>1,070,412</u>	<u>1,041,395</u>	<u>1,179,308</u>

Date of approval of the financial statements: August 13, 2015


 Aharon Biram
 Chairman of the Board


 Orly Kyram
 CEO


 Rachel Segal
 CFO

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

INTERIM CONSOLIDATED BALANCE SHEETS

	June 30		December 31
	2015	2014	2014
	Unaudited		Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term credit and current maturities of long-term loans from banks	77,423	23,498	69,439
Current maturities of debentures and convertible debentures	100,409	80,196	102,744
Loans from non-controlling shareholders in subsidiaries	13,351	14,100	14,768
Trade payables	5,605	6,417	7,678
Other accounts payable	13,787	14,864	25,435
	<u>210,575</u>	<u>139,075</u>	<u>220,064</u>
NON-CURRENT LIABILITIES:			
Loans from banks and others	408,698	388,606	447,353
Convertible debentures	95,317	92,876	95,511
Debentures	55,932	85,195	76,554
Loans from non-controlling shareholders in subsidiaries	20,697	24,880	22,761
Deferred taxes	7,019	9,741	10,894
	<u>587,663</u>	<u>601,298</u>	<u>653,073</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
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)	(915)	(572)
Foreign currency translation adjustments	(6,085)	(1,875)	(1,766)
Accumulated earnings (deficit)	(1,668)	20,184	24,795
	<u>259,051</u>	<u>284,770</u>	<u>289,833</u>
Non-controlling interests	<u>13,123</u>	<u>16,252</u>	<u>16,338</u>
Total equity	<u>272,174</u>	<u>301,022</u>	<u>306,171</u>
	<u>1,070,412</u>	<u>1,041,395</u>	<u>1,179,308</u>

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	<u>Six months ended</u>		<u>Three months</u>		<u>Year ended</u>
	<u>June 30</u>		<u>June 30</u>		<u>December 31</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
	<u>Unaudited</u>				<u>Audited</u>
	<u>NIS in thousands</u>				
Revenues	56,592	53,788	33,747	32,036	112,401
Cost of revenues	<u>30,113</u>	<u>25,767</u>	<u>15,356</u>	<u>14,212</u>	<u>55,233</u>
Gross profit	26,479	28,021	18,391	17,824	57,168
Valuation gains of investment property, net	-	-	-	-	5,002
General and administrative expenses	(7,374)	(9,210)	(3,919)	(5,000)	(14,500)
Other income, net	531	455	57	275	347
Share of earnings of investments accounted for using the equity method	<u>1,170</u>	<u>5,050</u>	<u>744</u>	<u>4,836</u>	<u>9,454</u>
Operating income	20,806	24,316	15,273	17,935	57,471
Finance income	1,372	1,775	566	250	1,938
Finance costs	<u>(53,886)</u>	<u>(27,453)</u>	<u>(20,342)</u>	<u>(18,554)</u>	<u>(52,542)</u>
Income (loss) before taxes on income	(31,708)	(1,362)	(4,503)	(369)	6,867
Taxes on income (tax benefits)	<u>(2,542)</u>	<u>4,992</u>	<u>1,638</u>	<u>4,541</u>	<u>8,553</u>
Loss for the period	<u>(29,166)</u>	<u>(6,354)</u>	<u>(6,141)</u>	<u>(4,910)</u>	<u>(1,686)</u>
Other comprehensive loss:					
Foreign currency translation adjustments	<u>(4,831)</u>	<u>(364)</u>	<u>(389)</u>	<u>(531)</u>	<u>(226)</u>
Total comprehensive loss for the period	<u>(33,997)</u>	<u>(6,718)</u>	<u>(6,530)</u>	<u>(5,441)</u>	<u>(1,912)</u>
loss attributable to:					
Equity holders of the Company	(26,463)	(5,760)	(5,300)	(4,836)	(1,149)
Non-controlling interests	<u>(2,703)</u>	<u>(594)</u>	<u>(841)</u>	<u>(74)</u>	<u>(537)</u>
	<u>(29,166)</u>	<u>(6,354)</u>	<u>(6,141)</u>	<u>(4,910)</u>	<u>(1,686)</u>
Total comprehensive loss attributable to:					
Equity holders of the Company	(30,782)	(6,047)	(5,677)	(5,259)	(1,327)
Non-controlling interests	<u>(3,215)</u>	<u>(671)</u>	<u>(853)</u>	<u>(182)</u>	<u>(585)</u>
	<u>(33,997)</u>	<u>(6,718)</u>	<u>(6,530)</u>	<u>(5,441)</u>	<u>(1,912)</u>
<u>loss per share attributable to equity holders of the Company (in NIS):</u>					
Loss for the period	<u>(0.80)</u>	<u>(0.17)</u>	<u>(0.16)</u>	<u>(0.15)</u>	<u>(0.03)</u>

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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	Accumulated earnings (deficit)	Capital reserve	Foreign currency translation adjustments	Total	Non controlling interests	Total equity
	NIS in thousands									
Balance as of January 1, 2015 (audited)	32,951	224,933	8,362	1,130	24,795	(572)	(1,766)	289,833	16,338	306,171
Changes during the six months period ended June 30, 2015 (unaudited):										
Loss for the period	-	-	-	-	(26,463)	-	-	(26,463)	(2,703)	(29,166)
Foreign currency translation adjustments	-	-	-	-	-	-	(4,319)	(4,319)	(512)	(4,831)
Total comprehensive loss	-	-	-	-	(26,463)	-	(4,319)	(30,782)	(3,215)	(33,997)
Balance as of June 30, 2015 (unaudited)	<u>32,951</u>	<u>224,933</u>	<u>8,362</u>	<u>1,130</u>	<u>(1,668)</u>	<u>(572)</u>	<u>(6,085)</u>	<u>259,051</u>	<u>13,123</u>	<u>272,174</u>
Balance as of January 1, 2014 (audited)	32,951	224,933	8,362	1,130	25,944	(869)	(1,588)	290,863	3,567	294,430
Changes during the six months period ended June 30, 2014 (unaudited):										
loss for the period	-	-	-	-	(5,760)	-	-	(5,760)	(594)	(6,354)
Foreign currency translation adjustments	-	-	-	-	-	-	(287)	(287)	(77)	(364)
Total comprehensive loss	-	-	-	-	(5,760)	-	(287)	(6,047)	(671)	(6,718)
Transactions with equity holders: Acquisition of non-controlling interests	-	-	-	-	-	(46)	-	(46)	13,356	13,310
Balance as of June 30, 2014 (unaudited)	<u>32,951</u>	<u>224,933</u>	<u>8,362</u>	<u>1,130</u>	<u>20,184</u>	<u>(915)</u>	<u>(1,875)</u>	<u>284,770</u>	<u>16,252</u>	<u>301,022</u>

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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	Accumulated earnings (deficit)	Capital reserve	Foreign currency translation adjustments	Total	Non controlling interests	Total equity
	NIS in thousands									
Balance as of April 1, 2015 (unaudited)	32,951	224,933	8,362	1,130	3,632	(572)	(5,708)	264,728	13,976	278,704
Changes during the three months period ended June 30, 2015 (unaudited):										
loss for the period	-	-	-	-	(5,300)	-	-	(5,300)	(841)	(6,141)
Foreign currency translation adjustments	-	-	-	-	-	-	(377)	(377)	(12)	(389)
Total comprehensive loss	-	-	-	-	(5,300)	-	(377)	(5,677)	(853)	(6,530)
Balance as of June 30, 2015 (unaudited)	32,951	224,933	8,362	1,130	(1,668)	(572)	(6,085)	259,051	13,123	272,174
Balance as of April 1, 2014 (unaudited)	32,951	224,933	8,362	1,130	25,020	(869)	(1,452)	290,075	3,078	293,153
Changes during the three months period ended June 30, 2014 (unaudited):										
loss for the period	-	-	-	-	(4,836)	-	-	(4,836)	(74)	(4,910)
Foreign currency translation adjustments	-	-	-	-	-	-	(423)	(423)	(108)	(531)
Total comprehensive loss	-	-	-	-	(4,836)	-	(423)	(5,259)	(182)	(5,441)
Transactions with equity holders:										
Share based payment	-	-	-	-	-	(46)	-	(46)	13,356	13,310
Balance as of June 30, 2014 (unaudited)	32,951	224,933	8,362	1,130	20,184	(915)	(1,875)	284,770	16,252	301,022

Kerenman & Kerenman

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									
Balance at January 1, 2014 (audited)	32,951	224,933	8,362	1,130	25,944	(869)	(1,588)	290,863	3,567	294,430
Changes during the year ended December 31, 2014 (audited):										
loss	-	-	-	-	(1,149)	-	-	(1,149)	(537)	(1,686)
Comprehensive loss - 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
Balance as of December 31, 2014 (audited)	<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>

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Three months ended		Year ended
	June 30		June 30		December
	2015	2014	2015	2014	31
	<u>Unaudited</u>				<u>2014</u>
<u>Audited</u>					
<u>NIS in thousands</u>					
<u>Cash flow from operating activities:</u>					
Loss for the period	(29,166)	(6,354)	(6,141)	(4,910)	(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	52,514	25,678	19,776	18,304	50,604
Depreciation and amortization	19,977	16,622	10,435	9,179	35,878
Valuation gains of investment property, net	-	-	-	-	(5,002)
Taxes on income (tax benefits)	(2,542)	4,992	1,638	4,541	8,553
Share of income of investments accounted for using the equity method	(1,170)	(5,050)	(744)	(4,836)	(9,454)
	<u>68,779</u>	<u>42,242</u>	<u>31,105</u>	<u>27,188</u>	<u>80,579</u>
Changes in asset and liability items:					
Decrease (increase) in trade and other accounts receivable	(8,001)	(17,011)	395	(9,883)	195
Decrease in trade and other accounts payable	(13,048)	(2,635)	(10,538)	(5,198)	(176)
	<u>(21,049)</u>	<u>(19,646)</u>	<u>(10,143)</u>	<u>(15,081)</u>	<u>19</u>
Cash paid and received during the period for:					
Interest paid	(21,744)	(20,708)	(14,967)	(13,937)	(44,363)
Interest received	215	524	60	108	689
Taxes paid	(3,321)	(6,274)	(2,739)	(5,828)	(12,850)
Taxes received	1,756	697	1,706	697	727
	<u>(23,094)</u>	<u>(25,761)</u>	<u>(15,940)</u>	<u>(18,960)</u>	<u>(55,797)</u>
Net cash provided by (used in) operating activities	<u>(4,530)</u>	<u>(9,519)</u>	<u>(1,119)</u>	<u>(11,763)</u>	<u>23,115</u>

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Three months ended		Year ended
	June 30		June 30		December 31
	2015	2014	2015	2014	2014
	Unaudited				Audited
	NIS in thousands				
<u>Cash flow from investing activities:</u>					
Investment in renewable energy and licenses for production of electricity (includes advances payments)	(85,988)	(88,195)	(41,217)	(52,002)	(141,863)
Purchase of fixed assets	(9)	(43)	(2)	(12)	(74)
Investment in investment property	-	(17)	-	(15)	(17)
Proceeds from sale of investment property	-	-	-	-	28,916
Decrease (increase) in non-current accounts receivable and others	706	(3,507)	(301)	(2,943)	(4,659)
Purchase of marketable securities	(8,883)	(7,079)	(1,896)	-	(17,099)
Sale of marketable securities	21,552	39,472	17,967	31,283	43,362
Bank deposits	-	(1,183)	-	(2,030)	(2,682)
Collection of bank deposits	(662)	5,094	(903)	-	5,094
Repayment of loans to investments accounted for using the equity method, net	2,882	650	2,732	-	850
Purchase of consolidated subsidiary (see below)	-	(12,039)	-	(5,494)	(12,626)
Net cash used in investing activities	(70,402)	(66,847)	(23,620)	(31,213)	(100,798)
<u>Cash flow from financing activities:</u>					
Receipt of loans from non-controlling shareholders in subsidiaries	-	9,569	-	8,195	9,167
repayment of loans from non-controlling shareholders in subsidiaries	(1,089)	(725)	-	(725)	(2,276)
Transactions with non-controlling interest in a subsidiary that do not result in loss of control	-	13,310	-	13,310	13,310
Issue of convertible debentures, net	-	-	-	-	26,272
Issue of debentures, net	-	-	-	-	72,604
Repayment of debentures	(22,673)	(22,417)	(20,000)	-	(103,095)
Receipt of long-term loans from banks and others	8,565	25,333	-	25,333	132,066
Repayment of long-term loans from banks and others	(14,103)	(11,316)	(6,982)	(5,641)	(24,820)
Short-term credit from banks and others, net	14,417	(7,600)	14,399	(7,518)	(7,577)
Net cash provided by (used in) financing activities	(14,883)	6,154	(12,583)	32,954	115,651
Translation differences of balances of cash and cash equivalents	(4,728)	(332)	(1,164)	(492)	(1,040)
Increase (decrease) in cash and cash equivalents	(94,543)	(70,544)	(38,486)	(10,514)	36,928
Cash and cash equivalents at the beginning of the period	132,491	95,563	76,434	35,533	95,563
Cash and cash equivalents at the end of the period	37,948	25,019	37,948	25,019	132,491

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SUNFLOWER SUSTAINABLE INVESTMENTS LTD

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Three months ended		Year ended
	June 30		June 30		December 31
	2015	2014	2015	2014	2014
	Unaudited				Audited
	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)	-	(193)	-	(178)	(1,029)
Investment in photovoltaic plants and Licenses	-	-	-	-	(12,270)
Payments on account of wind technology plants for electricity production	-	(11,846)	-	(5,316)	(5,345)
Investment in wind technology plants for electricity production	-	-	-	-	(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
	-	(12,039)	-	(5,494)	(12,626)

(b) Significant non-cash transactions:

	-	-	-	-	-
Payments on account of solar photovoltaic plants	765	1,980	765	1,980	10,219

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