

## אנרג'יקס - אנרגיות מתחדשות בע"מ

Quarterly Report for the Period Ended September 30, 2018





**Energix - Renewable Energies Ltd.**  
**Condensed Consolidated Interim Financial Statements**  
**As of September 30, 2018**  
**(Unaudited)**

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**Energix - Renewable Energies Ltd. ("Company")****Board of Directors' Report on the State of the Company's Affairs**

The Company's Board of Directors is pleased to submit its report on the state of the Company's affairs for the nine months ended September 30, 2018 ("**Reporting Period**" and "**Reporting Date**", respectively), The information that is set forth in this report also constitutes an update in accordance with Regulation 39A of Securities Regulations (Periodic and Immediate Reports), 1970 ("**Regulations**") and additional information as of November 18, 2018 ("**Report Approval Date**").

**Any reference to the "Company" or the "Group" in this report, means the Company and/or the Company through its wholly owned subsidiary companies and/or partnerships.**

The Directors' report and related updates have been prepared assuming that the reader has read the Company's 2017 Periodic Report, which was approved on March 12, 2018 (reference number 2018-01-023407) ("**Annual Report**") and in particular, Part C of the annual report – financial statements ("**Annual Financial Statements**").

**Part A - The Board of Directors' Explanation of the Company's Business Situation:****1. Summary description of the Company's operations:**

Energix - Renewable Energies Ltd.<sup>1</sup> ("**Energix**" or "**Company**") was incorporated in Israel on December 7, 2006 as a private company. In May 2011, the Company became a public company and its securities were listed for trading on the Tel Aviv Stock Exchange ("**Stock Exchange**"). Alony Hetz Properties and Investments Ltd. ("**Alony Hetz**") has been the Company's controlling interest since the Company's founding.

As of the Reporting Date and as of Report Approval Date the Company has two operating segments:

**1.1. Generation of electricity using photovoltaic technology ("Photovoltaic Segment")** - The Company is involved in the initiation, development, construction, financing, management and operation of photovoltaic systems, with the intent of holding such systems as owner, over the long term. As of Report Approval Date the Company has operations in the photovoltaic segment, which are both wholly-owned and jointly-owned through joint ventures in Israel and in the United States.

**1.1.1. Israel:** As of the Report Approval Date, the Company owns Photovoltaic Systems in commercial operation, with a total capacity of approximately 85MWp (of which the Company's share is approximately 78.5MWp). Furthermore, as of Report Approval Date the Company also holds/owns Photovoltaic systems under construction, with a capacity of approximately 54MWp (the Company share: <sup>2</sup>94%), and the Company is preparing for the construction of additional projects with a capacity of approximately 52MWp (Company share: 70%<sup>3</sup>). The Company has other projects in various stages of initiation in Israel with a capacity of over 300MWp, and is working non-stop to expand its portfolio of initiated projects in Israel, which are directed towards additional tenders, that are expected to be published in 2018-2019.

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<sup>1</sup> The Company was incorporated in 2006 under the Amot Mikbatzim Ltd. name, which was subsequently changed to Amot Energy Ltd. in 2009, and later to Energix - Renewable Energies Ltd. in 2011.

<sup>2</sup> As part of the Company's policy, the Company offered land owners to co-participate in an investment for construction of the projects, at a rate of 26% of the project's ownership. The Company's share of projects in which the land owners exercised their rights decreased accordingly.

<sup>3</sup> See footnote 2. The Company's share of projects in this quota may decrease, according to the rate of the land owners who choose to exercise their right to invest in the project.



**1.1.2. The United States:** The Company, through a joint venture, which it founded along with a local US partner in December 2017, has exclusivity over a series of projects, which are in various stages of initiation and development of photovoltaic systems, with a total capacity of hundreds of MWp. During the reporting period and up to Report Approval Date the Company has been continuing to progress entrepreneurial and development activity for the backlog of projects in the United States, with an emphasis on four projects that are located in Virginia, with an overall capacity of approximately 80MWp (the Company's share: 60%), which are at a stage immediately before the financial closure.

For information regarding the Company's photovoltaic activity, see Section 4.1 below and Note 7A to the consolidated financial statements.

**1.2. Electricity generation through wind turbines ("Wind Energy Segment"):** - The Company is involved in the initiation, development, construction, financing, management and operation of wind farms for electricity generation with the intent of holding such systems as owner over the long term. As of Report Approval Date the Company has activities in the wind energy segment which are wholly-owned and jointly-owned with partners in Israel and in Poland.

**1.2.1. Poland:** As of Report Approval Date, the Company has full ownership of wind farms in commercial operation in Poland, with a total capacity of approximately 119MW along with two additional, which are ready for construction, with a capacity of approximately 120MW.

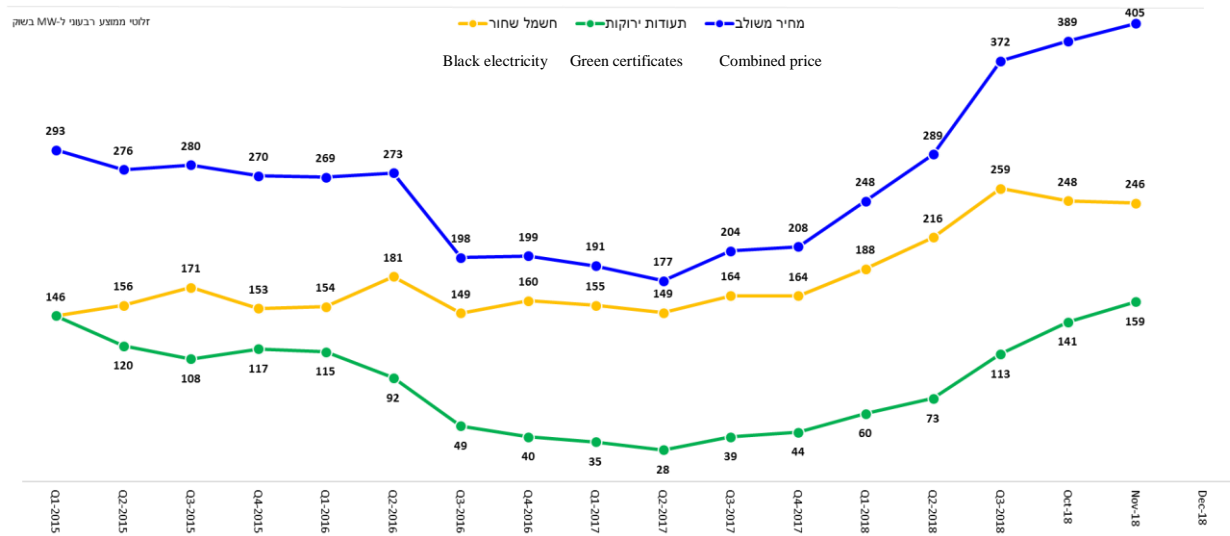
**1.2.2. Israel:** As of Report Approval Date, the Company continues the initiation of its leading wind project – the Clean Wind Energy Wind Farm with a capacity of approximately 152MW. The Company also has other projects which are in various stages of initiation.

For information regarding the Company's operations in the Wind Energy Segment, see Section 4.2 below and Note 7B to the consolidated financial statements.

**1.3. Material events during the reporting period and as of Report Approval Date:**

**1.3.1. Increase in the prices of electricity and green certificates in Poland** – In the reporting period and up to Report Approval Date the trend of a sharp increase in the prices of electricity in Poland has continued, which has been the case for both the black electricity and also for the price of the green certificates. In light of this, the Company executed transactions in the reporting period in order to fix the selling price of the electricity in the projects where the Company has commercial operations in Poland and it has updated its forecasts, as set forth below. See Note 7B(2)(a) to the consolidated financial statements for details regarding transactions for the fixing of the price in Poland.

### The following are the prices of the electricity and the green certificates:



**1.3.2. The updating of the forecasts and the presentation of the Company's forecasts for the year 2019** – Against the background of the continuation of the trend of an increase in the prices of electricity and the green certificates in Poland and the increase in the Company's revenues as a result thereof, the Company has updated upwards the operating results of its connected systems for the year 2018. Furthermore, for the first time, the Company has included its forecasts in relation to expectations regarding the operating results of its connected systems for the year 2019 within the context of the report of the Board of Directors. See Section 1.4 of the report for additional details.

**1.3.3. The construction of photovoltaic projects in Israel** – As of the date of the approval of the financial statements, the Company is in the last stretch of the construction and the connection of photovoltaic facilities as part of its winning of a tender that was published by the Electricity Authority for an assured tariff for an allocation of 90MWp. Within this context, the Company has completed the construction of 7 photovoltaic projects (out of 9 in total), of which the connection of 4 projects to the electricity network, with capacity of approximately 36MWp has been completed. All of the other projects are expected to be connected to the electricity network by the end of 2018, in accordance with the timetable in the tender. In addition, the Company is continuing with its preparations for the start of the construction works on additional projects within the context of its winning of the second tender that was published by the Electricity Authority with an allocation of capacity of approximately 52MWp. See Note 7A(1) to the consolidated financial statements for additional details regarding the Company's activity in the photovoltaic field in Israel and the financing of the construction.

**1.3.4. The initiation of projects in the United States** – The Company is acting to complete the array of agreements and approvals, which are required for the purpose of constructing four projects with a capacity of 89MWp (the Company's share: 60%) in the State of Virginia during 2019, which as of the reporting date is situated just before the financial closure, which is being done as part entrepreneurial and development activity of the joint venture that has been founded in the United States, together with a local partner. See Section 4.1.2 below and Note 7A(2) to the consolidated financial statements for additional details.

- 1.3.5. Clean Wind Energy (ARAN) Wind Farm** - During the reporting period, the Company continued its intensive efforts towards the promotion and development of its clean wind energy wind farm with an estimated capacity of approximately 152MW - the Company's leading project in the Wind Energy Segment in Israel. The Company believes that the National Infrastructure Committee's final approval regarding the submission of the plan for remarks and objections, as part of the plan deposit process will be received in the coming years. See Section 4.2.1 below and Note 7B(1)(a) to the consolidated financial statements for additional details.
- 1.3.6. Purchase of the partners' rights (25% of the Ilawa project in Poland (13.2MW)** – In May 2018, the Company recorded a non-recurring financing profit of approximately NIS 6.9 million, as a result of a transaction for the purchase of the rights held by the minority shareholders in shares and loans that had been made available to the Ilawa project. See Section 4.2.2 below and Note 7B(2)(b) to the financial statements for additional details regarding the purchase transaction.

**Forward-looking statements** - The Board of Directors' report contains forward-looking statements and information. Any use in this report of the term forward-looking statements ("**forward-looking statements**"), refers to a forecast, estimate, approximation or other information, which also refers to future events or matters, the materialization of which is uncertain and is not under the sole control of the Company and/or the Group, and, therefore, such information meets the definition of forward-looking statements pursuant to Section 32A of Securities Law, 1968. Such information is based on the information available to the Company or to the Group as of Report Approval Date and includes assessments of the Company, or intentions pertaining to the Company and/or the Group, as of the reporting date. It should be noted that actual results with respect to such information may be materially different than the results which have been estimated on the basis of the information, or are implied by such information, and which are included in this report.

#### **1.4. Primary data regarding the Company's operations:**

The Company owns systems that are connected to a power grid that generate and sell the electricity generated, as well as projects in various stages of initiation.

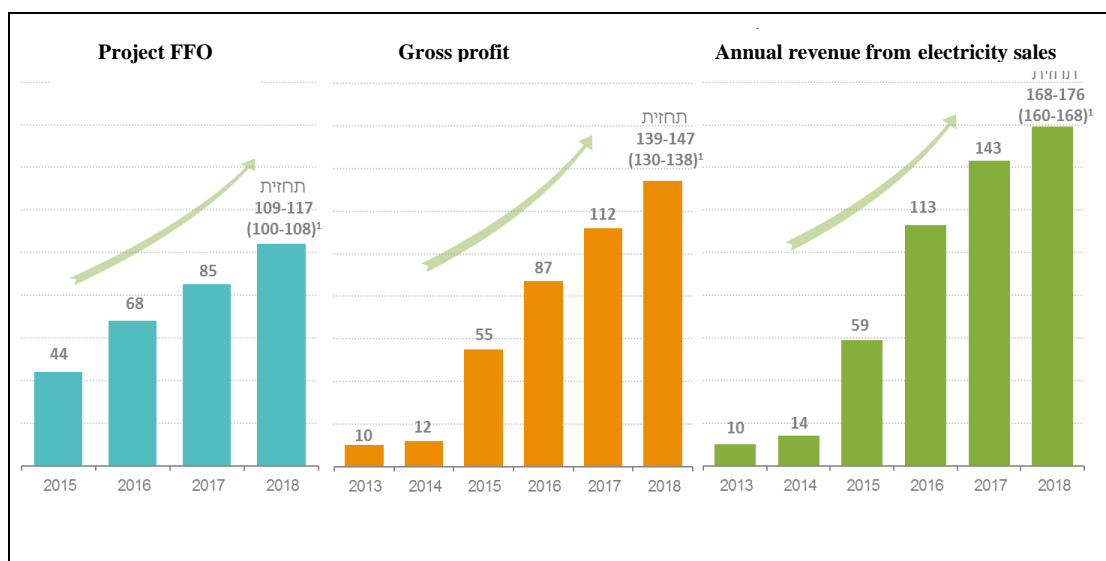
**Primary data regarding the Company's connected systems as of the reporting date (in the photovoltaic and wind energy segments):**

Connected systems as of the reporting date	Installed capacity (megawatts) (**)	The Company's share in the systems (megawatts)	Actual results in the nine-month period ended September 30, 2018 (Company share, in NIS millions)			
			Actual income (*)	Gross Profit (*)	FFO (*)	Net cash flows after debt servicing
<b>Total connected systems</b>	<b>168.3</b>	<b>164.1</b>	<b>120.3</b>	<b>99.3</b>	<b>77.5</b>	<b>44.9</b>

(\*) Actual income, gross profit and FFO include the sale of inventory of green certificates at a price which is greater than its book value, by approximately NIS 6.1 million.

- (\*\*) The total installed capacity does not include facilities that have been connected to the electricity network after the reporting date, with overall capacity of approximately 36MWp. See Section 1.3.3. above of the report for additional details.

The following are the Company's results and updated forecasts in respect of the connected systems which it owns (in the photovoltaic and wind energy segments) as of Report Approval Date in NIS millions:



–The information in relation to the fourth quarter of 2018 is forward-looking statements, within the definition of that term in this report. The actual results may be significantly different from the estimated results or from which is implicit from that information, whether wholly or partially.

**Comments on the graph:**

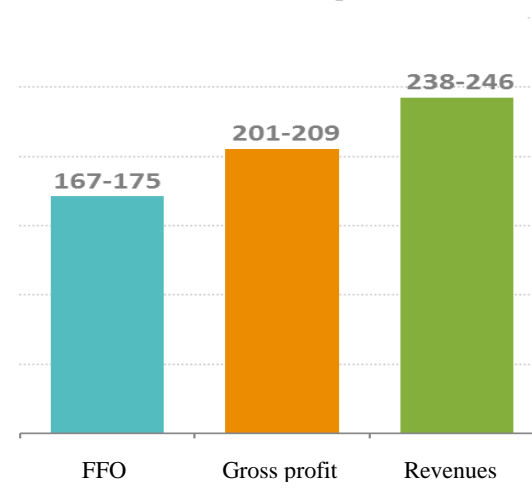
1. The Company has updated its forecasts for the year 2018, following the continuation of the trend of an increase in the prices of black electricity and green certificates in the reporting period and based on transactions for fixing the price of the black electricity up to the end of the year. The numbers in brackets are the expectation for the Company's revenues and expenses as published in its reports for the second quarter of 2018. The expectations for revenues and expenses for projects in Poland for the fourth quarter of 2018 are based on the Company's assessment in relation to the expected average output (P50) and an overall price per 1MWh generated (electricity + green certificate) of 346 PLN (revenues and expenses for the reporting period are presented in accordance with the actual results). The exchange rate that has been used as a basis for the calculation of the forecast is PLN 0.97 to NIS 1.
2. The Company's actual revenue from the Wind Farm operations in Poland are directly affected by changes in (i) the prices of electricity and green certificates, which are determined according to prices on the relevant power exchanges in Poland, and are directly affected by legislative activity and market powers in Poland (relative to un-hedged transactions); (ii) the NIS/PLN exchange rates; (iii) the weather conditions and wind quality in the areas of the wind farms; and (iv) the availability and functionality of the turbines in the electricity generation wind farms. Changes in revenue from wind farms in Poland may have a significant impact on the Company's forecasts and expectations, as presented in this report.



3. The Company's results are presented on a proportional consolidation basis, including its share in companies that are presented at equity, excluding initiation costs and the Company's general and administrative expenses, which are not attributed to projects. The projected data for 2018 are in accordance with the Company's work plan, which includes the connection of the winning projects with a capacity of 90Mwp in the course of the fourth quarter of the year.

**The following are the Company's forecasts for the year 2019 in relation to connected systems that it owns in the photovoltaic and wind energy field, as of Report Approval Date in NIS millions**

Forecast revenues and expenses - 2019



#### **Sensitivity analysis for revenues and expenses that are expected in 2019:**

The Company's forecasts may change in accordance with various variables, of which the main ones are the weather conditions and the production capacity, the prices of the electricity and the green certificates in the market as well as changes in the exchange rates. The following is a partial sensitivity analysis in relation to those variables (each in relation to itself alone and without cross-changes), which the Company has prepared

- A change of PLN 20 per 1MWh in the price of black electricity would have an impact of approximately NIS 2 million on the Company's revenues and results.
- A change of PLN 20 per 1MWh in the price of green certificates would have an impact of approximately NIS 4 million on the Company's revenues and results.
- In the event that the annual output in Poland were to be lower than the average annual output by approximately 10% (as expected in the year 2019), the Company's revenues and results would be lowered by approximately NIS 13 million.
- A change of 3 Agorot in the exchange rate of the PLN against the NIS would have an impact of approximately NIS 4 million on the Company's revenues and results.

- The forecast revenues, gross profit and FFO data for the year 2019 are forward-looking statements, within the definition of that term in this report.

**The actual results may be materially different from the estimates or from what is implicit from that information, whether wholly or partially.**

**Comments on the graph:**

1. The Company's forecast for the year 2019 is based on the expected revenues from photovoltaic projects compared to the expected average output (P50). The expected revenues and expenses for the projects in Poland are based on the Company's assessment regarding the expected average output (P50) and an overall price per 1MWh generated (electricity + green certificate) of approximately 400 PLN for suppliers for output for which no price-fixing transactions have been executed, taking note that the Company has fixed the selling price of the black electricity and the green certificates for approximately 75% and approximately 50% of the expected average capacity for that year, respectively. For capacity for which price-fixing has been executed, see Note 7B(2)(a) to the consolidated financial statements. The exchange rate that has been used as a basis for the calculation of the forecast is 0.97 PLN to NIS 1.
2. **The Company's actual revenue from the Wind Farm operations in Poland are directly affected by changes in (i) the prices of electricity and green certificates, which are determined according to prices on the relevant power exchanges in Poland, and are directly affected by legislative activity and market powers in Poland (relative to un-hedged transactions); (ii) the NIS/PLN exchange rates; (iii) the weather conditions and wind quality in the areas of the wind farms; and (iv) the availability and functionality of the turbines in the electricity generation wind farms. Changes in revenue from wind farms in Poland may have a significant impact on the Company's forecasts and expectations, as noted in this report.**
3. The Company's results are presented on a proportional consolidation basis, including its share in companies that are presented at equity, excluding initiation costs and the Company's general and administrative expenses, which are not attributed to projects. The projected data for 2019 are in accordance with the Company's work plan, which includes the connection of the winning projects with a capacity of 90Mwp in the course of the fourth quarter of the year.

**1.5. Dividend:**

In accordance with the Company's expectation, according to which it will require significant investments in the initiation and construction of new projects in 2018, the Company's Board of Directors resolved, on March 12, 2018, not to distribute any dividends in 2018.

**1.6. Stock exchange indices:**

The Company's shares are listed for trading on the Tel Aviv Stock Exchange. As of Report Approval Date 145,813 shares are included in the Tel Aviv 125 Index. Other stock exchange indices that include the Company's shares are the TA Blue Tech, TA Tech-Elite and TA Technology indices.

## 2. The Board of Directors' explanation of the Company's business situation, results of operations, shareholders' equity, cash flows and other matters:

### 2.1. Operating results:

Following is a summary of operating results, in NIS thousands:

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2018	2017	2018	2017	2017
	NIS, thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b><u>Revenues:</u></b>					
Revenues from the sale of electricity	89,462	88,682	30,513	29,977	121,189
Revenues from generation and green certificates	22,959	9,296	9,791	3,672	15,580
Adjustment of the fair value of green certificates, net of tax (*)	600	2,046	600	2,046	-
Other revenue, net (**)	6,277	2,318	2,677	7,605	4,598
	<u>119,298</u>	<u>102,342</u>	<u>43,581</u>	<u>43,300</u>	<u>141,367</u>
<b><u>Expenses:</u></b>					
Rent	5,099	4,926	1,665	1,688	6,529
Maintenance of systems and other	23,014	18,002	12,770	5,955	25,244
Initiation expenses	982	1,792	556	342	1,953
Payroll and related expenses	6,505	6,131	2,328	2,184	8,303
Administrative, headquarters and other	8,254	7,309	2,568	2,373	10,467
	<u>43,854</u>	<u>38,160</u>	<u>19,887</u>	<u>12,542</u>	<u>52,496</u>
<b>Income before financing, taxes on income, depreciation, and amortization</b>	75,444	64,182	23,694	30,758	88,871
Depreciation and amortization	(32,114)	(31,202)	(10,384)	(10,309)	(41,688)
<b>Income before financing and taxes on income</b>	43,330	32,980	13,310	20,449	47,183
Financing income	1,809	1,740	526	670	1,748
Financing expenses	(26,191)	(21,129)	(8,360)	(7,558)	(29,390)
Gain on the acquisition of loans	6,907	-	-	-	-
Financing expenses, net	(17,475)	(19,389)	(7,834)	(6,888)	(27,642)
<b>Income after financing, net</b>	25,855	13,591	5,476	13,561	19,541
Company's share in the results of equity-accounted investees	1,174	1,352	499	532	1,537
<b>Income before taxes on income</b>	27,029	14,943	5,975	14,093	21,078
Taxes on income	(7,181)	(3,026)	(1,367)	(2,414)	(5,058)
<b>Income for the period</b>	<u>19,848</u>	<u>11,917</u>	<u>4,608</u>	<u>11,679</u>	<u>16,020</u>
<b>Income for the period attributed to the shareholders in the Company</b>	20,303	12,663	4,522	11,661	17,055
Income (loss) for the period, attributed to non-controlling interests	(455)	(746)	86	18	(1,035)
<b>Total income for the period</b>	<u>19,848</u>	<u>11,917</u>	<u>4,608</u>	<u>11,679</u>	<u>16,020</u>

(\*) The adjustment of the fair value of the green certificates has not been included in the Company's results in the financial statements, in which the inventory has been recorded at cost and not at fair value.

(\*\*) Maintenance of systems and others includes impairment in the value of green certificates.

Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
2018	2017	2018	2017	2017
(Unaudited)		(Unaudited)		(Audited)

**Earnings per share:**

Income per share (*)	0.32	0.29	0.12	0.11	0.40
Gross earnings per share (*) (**)	0.26	0.23	0.09	0.10	0.31
FFO per share (*) (**)	0.21	0.17	0.08	0.08	0.24
Earnings (loss) per share - basic	0.05	0.03	0.01	0.03	0.04

(\*) According to the data presented in Section 1.4.

(\*\*) Not including initiation costs and the Company's general and administrative expenses which are not attributed to projects.

(\*\*\*) According to the data presented in Section 2.1.

**Results of the business operations (in NIS thousands):**

During the reporting period, the Company recorded income attributed to the shareholders in the Company of approximately NIS 19.7 million (excluding the adjustment of the value of the inventory of green certificates to fair value, in an amount of approximately NIS 0.6 million) as compared with income of approximately NIS 11 million in the corresponding period last year (not including the adjustment of the value of the inventory of green certificates to fair value in an amount of NIS 2 million). The following are the main items that affected the operating results:

**Revenues from the sale of electricity** – amounted to approximately NIS 89.5 million in the reporting period, compared with revenue of approximately NIS 88.7 million in the corresponding period last year, which was against the background of a significant increase in the selling prices of electricity in Poland, despite wind conditions that were less good than had been expected.

**Revenue from the green certificates** –, the Company reported revenue from the production of green certificates of approximately NIS 23 million in the reporting period, compared with revenue from the production of green certificates of approximately NIS 9.3 million in the corresponding period last year, an increase of 147%. The change derived from the continuing trend of an increase in the certificate prices as from the last quarter of 2017 and in the course of 2018, which has increased the revenues from green certificates.

**Other income, net** – included primarily income from the sale of inventory of green certificates, at approximately NIS 6.1 million in excess of its carrying value in the accounting records. In the corresponding period last year, other expenses included primarily a income from the sale of inventory of green certificates, at approximately NIS 1.6 million in excess of its carrying value in the accounting records and from income of approximately NIS 0.6 million from the cancellation of impairment in value, which had been recorded in previous periods.

**Systems maintenance and other expenses** – amounted to approximately NIS 23 million in the reporting period, compared with approximately NIS 18 million in the corresponding period last year. The increase is due primarily to a non-recurring provision in respect of land tax in Poland for the year 2017 alone, in an amount of approximately NIS 6.3 million. See Note 7C(3) to the consolidated financial statements for additional details. On the other hand, there has been a decrease following savings of approximately NIS 1.2 million. in the operating expenses in the Neot Horav project.

**Financing expenses** – amounted to approximately NIS 26.2 million during the reporting period, compared with approximately NIS 21.1 million in the corresponding period last year. During the Reporting Period, financing expenses with respect to loans from financial institutions increased by approximately NIS 3.4 million, primarily as a result of amounts that were drawn down from the financing facilities after the corresponding period last year. In addition, there has been an increase of approximately NIS 1.7 million in linkage expenses on liabilities to financial institutions as a result of the increase in the index.

**Financing income from the acquisition of loans** - amounted, during the reporting period, to approximately NIS 6.9 million with respect to the acquisition of loans of the Company's partners in the Ilawa project, by 25% before the acquisition.

**Equity** – as of the reporting date, the Company's shareholders' equity amounted to approximately NIS 704.8 million, compared with shareholders' equity attributed to shareholders in the Company of approximately NIS 667.4 million as of September 30, 2017. The increase in the shareholders' equity was due primarily to income of approximately NIS 26.2 million and from movements of approximately NIS 11 million in capital reserves and share premium.



**2.2. Cash flows, liquidity and financing sources:****2.2.1. Cash flows:**

The Group's balance of cash and cash equivalents increased by approximately NIS 1.4 million during the reporting period.

The following table summarizes the sources and uses of cash flows:

	<b>Nine-month period ended September 30</b>		<b>Three-month period ended September 30</b>		<b>Year ended December 31</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>NIS, millions</b>				
	<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>(Audited)</b>
Operating activities	56.0	41.3	20.9	12.0	81.6
<b>Sources:</b>					
Long-term loan received from financial institutions	149.4	155.5	44.2	155.5	155.5
Short-term loans received from banking institutions	3.3	-	-	-	-
Consideration from issuance of shares	-	127.9	-	44.7	127.9
Consideration from exercise of share options	7.7	1.9	1.8	0.9	3.3
Investment of capital by non-controlling interests in consolidated companies	1.8	-	-	-	-
Consideration from sale of fixed assets	-	-	-	-	0.1
Repayment of loans to equity-accounted investees	1.9	1.4	0.6	0.5	2.3
	<u>164.1</u>	<u>286.7</u>	<u>46.6</u>	<u>201.6</u>	<u>289.1</u>
<b>Uses:</b>					
Investment in electricity generation systems	(246.2)	(52.9)	(59.3)	(13.4)	(94.4)
Decrease (increase) in pledged deposit and restricted cash, net	73.6	(10.0)	(5.9)	(10.0)	(103.0)
Repayment of long-term loans from financial institutions	(33.2)	(26.7)	(13.1)	(12.2)	(37.4)
Costs of credit	(0.4)	(1.5)	-	(0.6)	(3.9)
Investment in other fixed assets	(0.6)	(0.9)	(0.1)	(0.7)	(1.4)
Settlement of financial instruments	(5.1)	(5.0)	-	(5.2)	(6.6)
Transaction with non-controlling interests	-	(1.0)	-	-	(1.0)
Payment with respect to the acquisition of loans	(3.5)	-	-	-	-
Return of capital to minority interests in a consolidated company	-	(0.2)	-	-	(0.2)
Repayment of short-term loans from banking institutions	(3.3)	(65.5)	-	-	(65.5)
	<u>(218.7)</u>	<u>(163.7)</u>	<u>(78.4)</u>	<u>(42.1)</u>	<u>(313.4)</u>
<b>Total excess of sources over uses (uses over sources):</b>	1.4	164.3	(10.9)	171.5	57.3
Balance of cash and cash equivalents, at the beginning of the period	96.4	39.1	108.7	31.9	39.1
Balance of cash and cash equivalents, at the end of the period	<u>97.8</u>	<u>203.4</u>	<u>97.8</u>	<u>203.4</u>	<u>96.4</u>

**2.2.2. Cash, cash equivalents and credit facilities**

As of Reporting Date, the balance of the Company's liquid means stood at approximately NIS 97.8 million. In addition, the Company has deposits for guarantees for the first photovoltaic center in an amount of approximately NIS 21 million, which are expected to be released in the fourth quarter of 2018, upon the connection of the facilities to the electricity network. Furthermore, the Company expects that the completion of the construction of the photovoltaic projects within the framework of the first tender, a liquid amount of approximately NIS 56 million will be added to the Company's liquid means in the fourth quarter of 2018, which are sourced in the financing transaction for the project. Furthermore, the also has an amount of approximately NIS 43 million, the use of which is restricted, primarily including amounts on deposit in debt service reserve funds as collateral for repayments of the Group's loans.

As of the Reporting Date, the Company has used its credit facility to provide bank guarantees in an amount of approximately NIS 55.2 million, which are required for its operating activities alone. See Notes 7C(2) and 7E to the consolidated financial statements for additional details.

**2.2.3. Financing sources:**

- A. As of Report Approval Date the Group's activities are financed by its equity and by loans which have been provided to the Group within the framework of project financing transactions to which the Group is party. See Section 4.4.3 in Part B of the annual report, and Note 7A(1)(b) to the consolidated financial statements for additional details.
- B. On April 8, 2018, approval was received from the Israel Securities Authority for an extension of the validity of the Company's shelf prospectus, up to May 29, 2019, under which the Company may raise additional funds, insofar as it may have the need to do so, to finance its operations.

**2.2.4. Pledged assets:**

See Note 7C to the consolidated financial statements for details regarding pledges and guarantees provided by the Company as of Reporting Date and Report Approval Date.

**Part B - Exposure to Market Risks and the Management Thereof:**

Mr. Asa Levinger, the Company's Chief Executive Officer, also serves as its Chief Risk Officer.

There has been no material change in the type of market risks which were reported in Part B of the Annual Report – the Board of Directors' Report, and in the Company's policy for managing such risks during the reporting period.

**3. The Company's policy for managing market risks:**

See Note 31B(3) to the annual financial statements and Note 6A to the consolidated financial statements. For information regarding the Company's policy for managing market risks and implementation of the hedging policy that has been adopted by the Board of Directors

**3.1. Linkage bases report:**

See **Appendix A** below for a linkage bases report as of September 30, 2018 and December 31, 2017.

**3.2. Sensitivity tables for sensitive instruments:**

See **Appendix B** below for sensitivity tables for sensitive instruments according to changes in market factors as of September 30, 2018.

**3.3. Liabilities according to payment date:**

See **Appendix C** below for information regarding liabilities according to payment dates.

**Part C – Corporate Governance Aspects and Updates Regarding the Company's Activities:****4. Material events during the reporting period in the Company's operating segments:****4.1. Details on material events in the Photovoltaic Segment in the reporting period and up to Report Approval Date:****4.1.1. Update On the photovoltaic field in Israel**

- A. Construction and financing of projects in the Photovoltaic Segment** - For details regarding the construction of projects in the photovoltaic segment, see Section 1.3.3 of the Report above, Section 4.1.2 below, and Note 7A(1) to the consolidated financial statements.

As of Report Approval Date, part of the Company's preparation for the construction of the projects within the framework of the second quota, with a capacity of approximately 52 MWp, the Company is now in the final stages of finalizing a financing transaction for the receipt of external financing in an amount of up to NIS 145 million, for the construction of those projects.

- B.** Following is financial information regarding projects under construction and approaching construction:

	First tender 90MWp	Second tender 52MWp	Total
Company's share	94%	70%	
Guaranteed tariff	NIS 0.199	NIS 0.1978	
Total expected scope of investment (NIS millions)	270	140-170	410-440
Expected project financing (NIS millions)	240	145	385
Expected revenue (NIS millions)	32-34	16-19	48-53
Expected EBITDA (NIS millions)	24-27	13-15	37-42
Expected project FFO (NIS millions)	18-21	10-12	28-33
Net cash flows after debt service - Company's share (NIS millions)	6-9	2-3.5	8-12.5
Construction	In 2018	Up to 2019/Q3	

See Note 7A to the consolidated financial statements for additional details.

**Except with respect to the guaranteed tariff, all information noted above constitutes a "forward-looking statement" which depends, inter alia, on the scale of and the capacity for generation of facilities which will actually be built, and on the signing of a binding financing agreement for the second tender.**

#### **4.1.2. Update on the photovoltaic field in the United States**

Further to the Company's reports regarding the setting up of a joint venture with an American entrepreneur for the progression of a backlog of photovoltaic projects in various stages of initiation and development in the United States, with overall capacity of hundreds of Megawatts, in the reporting period and as of Report Approval Date the Company is continuing to progress entrepreneurial and development activity for the backing of products in the United States.

Within the framework of the entrepreneurial activity, the Company has made preparations for the construction of four projects, which are located in Virginia, with capacity of approximately 80MWp (the Company's share- 60%) during 2019, which as of the date of the approval of the report are located just before their financial closure and they are in possession of the main permits and approvals. As part of this, the Company has signed on a memorandum of understanding and is conducting advanced negotiations for the signing of binding agreements with one of the leading financial institutions in the world for the signing of a long-term agreement (for a period of 13 years) for the sale of the electricity that will be generated from the four projects and all of the green certificates that will be allocated to it<sup>4</sup>. The sale of the electricity will be made by way of the hedging of the price of the electricity relative to the price of electricity in the market.

In addition to a commitment for the sale of the electricity, the Company is taking action for a commitment with a tax partner.

See Section 7.1.3 of Part A of the annual report for details regarding the regulatory framework and the operating structure in the market for the sale of electricity in the United States (including the commitment with a tax partner). See Note 7A(2) to the consolidated financial statements and Note 4A(4) to the annual consolidated financial statements for details regarding the joint venture and the main points of the agreements between the parties.

#### **4.1.3. Strategic cooperating with First Solar for the purchase of panels and additional services.**

Within the framework of the strategic cooperation between the Company and First Solar, the leading manufacturer of photovoltaic panels in the world, which assures a supply of photovoltaic panels for the Company for its operations in the photovoltaic field in the years 2019 – 2021. Furthermore, within the framework of the commitment, First Solar provides the Company with additional ancillary services, which assist the Company to penetrate the market in the United States and the parties are examining the expansion of the cooperations into additional fields as well, which are connected to the Company's operations in the photovoltaic field in the United States. The Company paid an overall amount of approximately 3.9 million dollars in October 2018 as an advance payment for the purchase of the panels.

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<sup>4</sup> Green certificates are certificates that are awarded to facilities that generate electricity from renewable energy and they constitute a source of revenue that is additional to the sale of the electricity.

#### **4.2. Details on material events in the Wind Energy Segment in the Reporting Period up to The date of the approval of the report :**

##### **4.2.1. Updates regarding the wind energy segment in Israel:**

**A clean wind energy project with a capacity of approximately 152MW:** The Company is continuing its intensive development activities to promote the clean wind energy project. As part of said, at the end of July 2018, a decision was reached by the National Infrastructure Committee, according to which the National Infrastructure Committee intends to continue promoting the plan towards a deposit, subject to coordination vis-à-vis the defense establishment. As of Report Approval Date in accordance with information that has been presented to the Company, the coordinations with the defense establishment have been completed except for the fixing of the source of financing for the technological solution which is required for the Ministry of Defense as a result of the construction of a wind farm in Israel.

For additional information regarding the Company's wind energy activity in Israel and the initiation of additional projects, see Section 1.3.5 above and Note 14B(1) to the annual financial statements.

##### **4.2.2. Updates regarding the Wind Energy Segment in Poland:**

- A. Transactions to fix the price of the electricity and the green certificates in the reporting period and in relation to future transactions** Against the background of the significant increase in the prices of the electricity and of the green certificates in Poland, the Company has executed transactions in the reporting period in order to fix the selling price of the electricity of part of the expected electricity generation and of the green certificates in the Company's projects with commercial activity in Poland in relation to the years 2018 – 2020.

For additional information regarding the Company's wind energy activity in Israel and the initiation of additional projects, see Section 1.3.5 above and Note 14B(1) to the annual financial statements.



- B. Amendment to the Renewable Energies Law and the regulation of the tariff tenders** - In June 2018, an amendment was published to the Renewable Energies Law. Under this amendment, the Polish Government is expected to resume the construction of renewable energy generation projects, and in particular, projects in the wind energy segment. The updated regulation is based on guaranteed tariff tenders vis-à-vis the scope of annual electricity generation which the entrepreneur is obligated to sell to the power grid, for a period of 15 years<sup>5</sup>. Within this context, the regulator has published its first tender for the construction of new facilities for the generation of electricity from wind and photovoltaic energy sources with a capacity of approximately 1,000 MW, which was held in November 2018, in which the Company also participated. As of the date of the publication of the report, the results of the tender have not yet been published, however to the best of the Company's knowledge, the tariff offers that have been submitted within the framework of the tender contained electricity prices that were significantly lower than the current electricity prices in the market in Poland and accordingly, the offers reflected yield rates that are lower than the yield that the Company has defined for itself for the purpose of the construction of additional wind farms in Poland. It should be clarified that additional tenders may also be published during 2019.
- C. The construction of additional wind farms in Poland:** The Company has two wind farms with an overall capacity of up to 120 MW, which have completed the initiation and development stage and which are ready for construction, including entitlement to participate in tenders that are published within the framework of the regulation of the tariff tenders. In light of the positive trend which is currently taking place in Poland, the Company is evaluating the construction of the wind farms or of some of them, whilst selling the electricity under market terms, within the framework of long-term agreements for the sale of electricity or as part of tenders, which may be published within the framework of the regulation of the tariff tenders, all of which is dependent upon the actual situation in the market, whilst maintaining yield levels that are appropriate for the activity and for the Company's objectives.
- D. Acquisition of the partners' rights (25%) in the Ilawa project in Poland** - Further to what is stated in Section 1.3.6 above, see the Company's Immediate Report dated May 23, 2018 (reference number 2018-01-041373), which is presented herein in its entirety, by way of reference, for additional details.
- E.** See Section 1.3.1 above for additional details regarding changes in the prices of black electricity and green certificates, and transactions which the Company has closed to fix the price of black electricity and green certificates in relation to the wind farms in Poland,
- F.** See Section 7C(3) to the consolidated financial statements for additional details regarding a non-recurring provision for land tax in 2017 alone.
- G.** See Sections 6.2 and 7.2.3 of Part A - Description of the Corporation's Business, and Note 14B(2) to the annual consolidated financial statements for additional details regarding the renewable energy market in Poland, and the terms if the old regulation, which was based on green certificates.

<sup>5</sup> As opposed to the regulation which was in effect with respect to facilities that were built up to the end of June 2016, which was based on the sale of electricity and green certificates at market prices.

For additional details on the Company's operations and the projects which it owns and is developing, see Section 7 in Part A of the Annual Report - "Description of the Company's Business", Note 9 to the annual financial statements, and Notes 7A and 7B to the consolidated financial statements.

**5. Update regarding transactions with controlling interests, bonuses, and engagements with officers in the reporting period and up to the date of the approval of the report:**

- 5.1. For details regarding said transactions, see Notes 7D and 7G to the consolidated financial statements.
- 5.2. Decisions of the general meeting - for details regarding resolutions passed in the Company's general meeting of May 2, 2018, within the context of which, inter alia, approval was given for transactions with the controlling interest, or in which the controlling interest has a personal interest, see the amended meeting agenda report dated March 27, 2018 (reference number 2018-01-030193) ("**The summons report**"), and the report regarding the results of the meeting which was held on May 2, 2018 (reference number 2018-01-044005) ("**Reports on the results of the meeting**"), which are presented herein, in their entirety, by way of the reference.

**6. The Company's Board of Directors - directors with the requisite accounting and financial expertise:**

As of Report Approval Date, the Company's Board of Directors comprises 6 directors, 5 of whom have requisite accounting and financial expertise.

On May 1, 2018, Ms. Dorit Ben Simon concluded her tenure as an independent director in the Company. On May 2, 2018, Ms. Miriam Gez began her tenure as a director in the Company (for additional details regarding Ms. Miriam Gez in accordance with Regulation 26, see the Immediate Report dated May 2, 2018 (reference number 2018-01-044011), which is presented herein in its entirety by way of reference).

**7. Effectiveness of the internal control over financial reporting and disclosure, pursuant to Regulation 38C(a):**

See Appendix D below for information regarding the quarterly report regarding the effectiveness of the internal control over financial reporting and disclosure, pursuant to Regulation 38C(a).

**8. Disclosure requirements in connection with the Corporation's financial reporting:**

Changes in accounting policies, changes in estimates or the correction of errors in the reporting period:

Preparation of the financial statements requires the Company's management to make use of estimates or assessments regarding transactions or matters the final impact of which on the financial statements cannot be determined accurately at the time of their preparation.

See Note 2F to the annual financial statements and Notes 2B and 3 to the consolidated financial statements for the critical estimates which apply to the Company and for additional details.

**9. Additional information and events subsequent to Reporting Date:**

See Sections 1.1.1, 1.3, 1.3.3 and 4.2.2 above, as well as Notes 7A(1)(a) and 7B(2)(a) to the consolidated financial statements for information regarding events subsequent to reporting date,

**The Company's Board of Directors thanks the holders of its securities for their confidence in the Company**

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**November 19, 2018**

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**Date of the signing of  
the interim financial  
statements**

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**Nathan Hetz  
Chairman of the  
Board of Directors**

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**Asa Levinger  
Chief Executive  
Officer**

***Appendices to the Board of Directors' Report on the state of the Company's affairs:***

- Appendix A** – Linkage Base Report for Monetary Balances.
- Appendix B** – Sensitivity Tables for Sensitive Instruments as of September 30, 2018, in Accordance with Changes in Market Factors.
- Appendix C** – The Corporation's Liabilities, by Payment Dates.
- Appendix D** – Quarterly Report Regarding the Effectiveness of the Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 38C(a).

### Appendix A – Linkage Base Report for Monetary Balances

As of September 30, 2018:

	EUR	PLN	USD (*)	Unlinked NIS	CPI-linked NIS	Non- financial assets (liabilities)	Total
	NIS thousands						
<b>Current assets:</b>							
Cash and cash equivalents	997	25,766	402	70,628	-	-	97,793
Pledged deposit	-	-	-	20,746	-	-	20,746
Trade receivables	-	5,331	-	6,261	-	-	11,592
Green certificates	-	-	-	-	-	9,409	9,409
Receivables and debit balances	-	-	-	2,356	-	25,374	27,730
Hedging financial instruments	-	1,075	-	-	-	-	1,075
	997	32,172	402	99,991	-	34,783	168,345
<b>Non-current assets:</b>							
Long-term pledged deposit and restricted cash	-	17,385	-	25,323	-	-	42,708
Prepaid land lease expenses	-	-	-	-	-	24,279	24,279
Connected electricity generation systems	-	-	-	-	-	1,036,219	1,036,219
Systems under construction and inventory	-	-	-	-	-	336,322	336,322
Fixed assets	-	-	-	-	-	2,972	2,972
Investment in equity-accounted investees	-	-	-	-	-	13,437	13,437
Other receivables	-	-	-	-	4,493	1,304	5,797
Long-term financial instruments	-	-	-	-	-	-	-
Deferred taxes, net	-	-	-	-	-	12,491	12,491
	-	17,385	-	25,323	4,493	1,427,024	1,474,225
<b>Total assets</b>	997	49,557	402	125,314	4,493	1,461,807	1,642,570
<b>Current liabilities:</b>							
Current maturities of long-term loans	-	18,945	-	-	32,186	(1,144)	49,987
Trade payables, other payables and credit balances	7,025	7,243	30	18,256	580	13,016	46,150
Hedging financial instruments	-	5,615	-	-	-	-	5,615
	7,025	31,803	30	18,256	32,766	11,872	101,752
<b>Non-current liabilities:</b>							
Liabilities for employee severance benefits	-	-	-	-	-	417	417
Loans from financial institutions	-	290,504	-	-	506,867	(10,604)	786,767
Other long-term liabilities	-	-	3,627	7,228	-	7,569	18,424
Hedging financial instruments	-	8,594	-	-	-	-	8,594
Deferred taxes	-	-	-	-	-	15,002	15,002
	-	299,098	3,627	7,228	506,867	12,384	829,204
<b>Total liabilities</b>	7,025	330,901	3,657	25,484	539,633	24,256	930,956
<b>Total excess of assets over liabilities</b>	(6,028)	(281,344)	(3,255)	99,830	(535,140)	1,437,551	711,614
<b>Financial derivatives</b>	-	(315,706)	2,711	312,995	-	-	-
<b>Surplus of financial assets over financial liabilities (financial liabilities over financial assets)</b>	(6,028)	(597,050)	(544)	412,825	(535,140)	1,437,551	711,614
<b>Distribution of non-monetary assets (liabilities), net - by linkage base</b>	-	744,470	26,603	666,478	-	(1,437,551)	-
<b>Excess of assets over liabilities (liabilities over assets)</b>	(6,028)	147,420	26,059	1,079,303	(535,140)	-	711,614

(\*) Includes cash balances in other currencies, in negligible amounts.

(\*\*) For details regarding the Company's forward transactions to hedge its exposure to the US Dollar exchange rate, see Note 25B to the annual financial statements.



As of December 31, 2017:

	EUR	PLN	USD (*)	Unlinked NIS	CPI-linked NIS	Non-financial assets (liabilities)	Total
	NIS thousands						
<b>Current assets:</b>							
Cash and cash equivalents	39,471	34,478	75	22,420	-	-	96,444
Pledged deposit	-	3,199	-	90,009	-	-	93,208
Trade receivables	-	8,565	-	3,416	-	-	11,981
Green certificates	-	-	-	-	-	8,218	8,218
Receivables and debit balances	-	-	-	3,030	-	9,129	12,159
	<u>39,471</u>	<u>46,242</u>	<u>75</u>	<u>118,875</u>	<u>-</u>	<u>17,347</u>	<u>222,010</u>
<b>Non-current assets:</b>							
Long-term restricted cash	-	17,366	-	25,657	-	-	43,023
Prepaid land lease expenses	-	-	-	-	-	25,469	25,469
Connected electricity generation systems	-	-	-	-	-	1,073,645	1,073,645
Systems under construction	-	-	-	-	-	126,952	126,952
Fixed assets	-	-	-	-	-	2,998	2,998
Investment in equity-accounted investees	-	-	-	-	-	14,200	14,200
Other receivables	-	-	-	-	4,087	2,078	6,165
Long-term financial instruments	-	261	-	-	-	-	261
Deferred taxes, net	-	-	-	-	-	12,765	12,765
	<u>-</u>	<u>17,627</u>	<u>-</u>	<u>25,657</u>	<u>4,087</u>	<u>1,258,107</u>	<u>1,305,478</u>
<b>Total assets</b>	<u><b>39,471</b></u>	<u><b>63,869</b></u>	<u><b>75</b></u>	<u><b>144,532</b></u>	<u><b>4,087</b></u>	<u><b>1,275,454</b></u>	<u><b>1,527,488</b></u>
<b>Current liabilities:</b>							
Current maturities of long-term loans	-	18,437	-	-	26,241	(1,181)	43,497
Trade payables, other payables and credit balances	3,019	10,419	37,444	7,275	1,435	8,007	67,599
Trade payables, other payables and credit balances	-	5,449	1,526	-	-	-	6,975
	<u>3,019</u>	<u>34,305</u>	<u>38,970</u>	<u>7,275</u>	<u>27,676</u>	<u>6,826</u>	<u>118,071</u>
<b>Non-current liabilities:</b>							
Liabilities for employee severance benefits	-	-	-	-	-	417	417
Loans from financial institutions	-	307,503	-	-	379,023	(10,341)	676,185
Other long-term liabilities	-	10,013	3,467	7,185	-	7,473	28,138
Other long-term liabilities	-	9,432	-	-	-	-	9,432
Deferred taxes	-	-	-	-	-	10,651	10,651
	<u>-</u>	<u>326,948</u>	<u>3,467</u>	<u>7,185</u>	<u>379,023</u>	<u>8,200</u>	<u>724,823</u>
<b>Total liabilities</b>	<u><b>3,019</b></u>	<u><b>361,253</b></u>	<u><b>42,437</b></u>	<u><b>14,460</b></u>	<u><b>406,699</b></u>	<u><b>15,026</b></u>	<u><b>842,894</b></u>
<b>Total excess of assets over liabilities</b>	<u><b>36,452</b></u>	<u><b>(297,384)</b></u>	<u><b>(42,362)</b></u>	<u><b>130,072</b></u>	<u><b>(402,612)</b></u>	<u><b>1,260,428</b></u>	<u><b>684,594</b></u>
<b>Financial derivatives</b>	<u>-</u>	<u><b>(348,363)</b></u>	<u><b>98,026</b></u>	<u><b>250,337</b></u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of financial assets over financial liabilities (financial liabilities over financial assets)</b>	<u><b>36,452</b></u>	<u><b>(645,747)</b></u>	<u><b>55,664</b></u>	<u><b>380,409</b></u>	<u><b>(402,612)</b></u>	<u><b>1,260,428</b></u>	<u><b>684,594</b></u>
<b>Distribution of non-monetary assets (liabilities), net - by linkage base</b>	<u><b>548</b></u>	<u><b>773,287</b></u>	<u><b>19,804</b></u>	<u><b>466,789</b></u>	<u>-</u>	<u><b>(1,260,428)</b></u>	<u>-</u>
<b>Excess of assets over liabilities (liabilities over assets)</b>	<u><b>37,000</b></u>	<u><b>127,540</b></u>	<u><b>75,468</b></u>	<u><b>847,198</b></u>	<u><b>(402,612)</b></u>	<u>-</u>	<u><b>684,594</b></u>

(\*) Primarily comprised of balances in USD.

**Appendix B –Sensitivity Tables for Sensitive Instruments as of September 30, 2018, According to Changes in Market Factors**

**Following is an analysis of the Group's sensitivity to foreign currency:**

The following table details the impact of a 5% change in the exchange rate on income/loss in respect of financial assets and liabilities that are exposed to risk, as noted above (before tax effect):

	<b>As of September 30, 2018,</b>		
	<b>Increase of 5%</b>		<b>Decrease of 5%</b>
	<b>Income (loss)</b>	<b>Carrying amount</b>	<b>Income (loss)</b>
	<b>NIS thousands</b>		
<b>In EUR:</b>			
Cash and cash equivalents	50	997	(50)
Trade payables, other payables and credit balances	(351)	(7,025)	351
<b>In PLN:</b>			
Cash and cash equivalents	1,288	25,766	(1,288)
Trade receivables, receivables and debit balances	267	5,331	(267)
Long-term pledged deposit and restricted cash	869	17,385	(869)
Hedging financial instruments	(657)	(13,134)	657
Short and long-term loans from financial institutions	(15,472)	(309,449)	15,472
Trade payables, other payables and credit balances	(362)	(7,243)	362
<b>In USD:</b>			
Cash and cash equivalents	20	402	(20)
Trade payables, other payables and credit balances	(2)	(30)	2
Other long-term liabilities	(181)	(3,627)	181

**Following is an analysis of the Group's sensitivity to the Consumer Price Index (CPI):**

	<b>As of September 30, 2018,</b>		
	<b>Increase of 2%</b>		<b>Decrease of 2%</b>
	<b>Income /loss</b>	<b>Carrying amount</b>	<b>Income/loss</b>
	<b>NIS thousands</b>		
Loans from financial institutions (*)	(10,781)	(539,053)	894

(\*) The impact of a decrease in the CPI on some of the abovementioned loans is restricted to the amount of the base index.

**Following is an analysis of the Group's sensitivity to interest rate changes:**

The Company is exposed to changes in short and long-term interest rates on the international markets in which it operates. The Company's loans at variable interest are denominated in PLN, and as of September 30, 2018, amount to approximately NIS 77,388 thousand (\*).

The following table presents sensitivity tests to the value of fixed rate loans, according to changes in the interest rates (in NIS thousands):

	As of September 30, 2018,				
	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
	Income (loss) from the changes			Income (loss) from the changes	
	(before tax effect)		Fair value	(before tax effect)	
Sensitive instruments			NIS thousands		
<b>Fixed rate instruments</b>					
CPI-linked loans in NIS	11,508	5,801	540,348	(5,896)	(11,888)
Loans in PLN (*)	6,046	3,052	232,164	(3,110)	(6,280)
<b>Total</b>	<u>17,554</u>	<u>8,853</u>	<u>772,512</u>	<u>(9,006)</u>	<u>(18,168)</u>

(\*) The Company's loan in PLN bears a variable interest rate. According to the financing agreement, the Company is required to fix 75% of the loan to a fixed rate by means of hedging instruments, and accordingly the hedged part of the loan is reported as a fixed rate instrument.

### **Appendix C – The Corporation's Liabilities by Payment Dates**

**Following are the Group's liabilities that are payable after September 30, 2018:**

	<b>Loans from financial institutions</b>	<b>Percentage</b>
Current maturities	51,198	6%
Second year	54,882	6%
Third year	56,696	7%
Fourth year	58,554	7%
Fifth year and thereafter	627,172	74%
Total payments	848,502	100%
Balance of loan discount	(11,748)	
<b>Total financial debt</b>	<b>836,754</b>	

As of September 30, 2018, the total off-balance sheet liabilities in respect of guarantees amounted to approximately NIS 75.1 million (of which NIS 22.2 million constitutes guarantees that have been provided to subsidiaries companies and partnerships).

**Appendix D - Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure, Pursuant to Regulation 38C(a) for the Third Quarter of 2018**

Management, under the supervision of the Board of Directors of Energix Renewable Energies Ltd. ("Corporation"), is responsible for designing and maintaining adequate internal control over financial reporting and disclosure.

In this respect, the members of management are:

1. Asa Levinger, Chief Executive Officer
2. Elad Cohen, Chief Financial Officer

Internal control over financial reporting and disclosure includes controls and procedures in place in the Corporation, which were planned by the Chief Executive Officer and the most senior finance officer or under their supervision, or by whoever actually performs such duties, under the supervision of the Corporation's Board of Directors, with the aim of providing reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with law, and to assure that the information the Corporation is required to disclose in the financial statements it issues according to law, has been collected, processed, summarized and reported at the time and in the manner required by law.

Internal control includes, inter alia, controls and procedures that were designed in order to assure that the information the Corporation is required to disclose is collected and transferred to management of the Corporation, including the Chief Executive Officer and the most senior finance corporate officer or to whoever performs such duties, so that timely decisions may be made concerning the disclosure requirement.

Because of its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute certainty that a misstatement or omission of information will be prevented or detected.

In the quarterly report regarding the effectiveness of internal control over financial reporting and disclosure which was attached to the quarterly report for the period ended June 30, 2018 ("Latest Quarterly Report Regarding Internal Control"), the control was found to be effective.

Up to the Reporting Date, the Board of Directors and management have not become aware of any event or matter that could change the assessment of the effectiveness of internal control, as reported in the Latest Quarterly Report Regarding Internal Control.

As of Reporting Date, based on that stated in the latest quarterly report regarding internal control, and based on information which was brought to the attention of management and the Board of Directors, as noted, the system of internal control is effective.



## Officers' Declarations

### **(A) Declaration of the Chief Executive Officer, according to Regulation 38C(d)(1):**

I, Asa Levinger, declare that:

1. I have reviewed the quarterly reports of Energix Renewable Energies Ltd. ("Corporation") for the third quarter of 2018 ("Reports");
2. Based on my knowledge, the reports do not contain any untrue statement of a material fact or omit to state a material fact which is necessary in order to make the statements which were made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the reports;
3. Based on my knowledge, the financial statements and the other financial information included in the reports, fairly present in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and for the periods included in the reports.
4. I have disclosed, based on my most recent evaluation regarding internal control over financial reporting and disclosure, to the Corporation's Auditors, Board of Directors, and Audit and Financial Statements Review Committees:
  - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure, which could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial data so as to cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with law; and;
  - B. Any fraud, whether or not material, that involves the Chief Executive Officer or anyone directly subordinate to the Chief Executive Officer or that involves other employees who have a significant role in internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, declare that:
  - A. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relating to the Corporation, including its consolidated corporations, within their meaning in Securities Regulations (Annual Financial Statements), 2010, is made known to me by others in the Corporation and within those consolidated companies, particularly during the period in which the reports are being prepared; and;
  - B. I have designed such controls and procedures, or caused such controls and procedures to be designed and applied under my supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of law, including in accordance with generally accepted accounting principles;
  - C. I have not become aware of any event or matter during the period between the date of the latest report (quarterly or periodic, as applicable) and the date of this report, that could change the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the entity.

Nothing in that said above derogates from my responsibility or from the responsibility of any other person under law.

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**November 18, 2018**

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**Asa Levinger,  
Chief Executive Officer**

**Officers' Declarations**

**(B) Declaration of the most Chief Financial Officer pursuant to Regulation 38c(d)(2):**

I, Elad Cohen, declare that:

1. I have reviewed the interim financial statements and the other financial information which is included in the interim reports of Energix Renewable Energies Ltd. ("Corporation") for the third quarter of 2018 ("Reports" or "Interim Reports");
2. Based on my knowledge, the interim financial statements and the other financial information which is included in the interim reports do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the reports;
3. Based on my knowledge, the interim financial statements and the other financial information included in the interim reports fairly represent, in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and for the periods included in the reports;
4. I have disclosed, based on my most recent evaluation regarding internal control over financial reporting and disclosure, to the Corporation's Auditors, Board of Directors, and Audit and Financial Statements Review Committees:
  - A. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure to the extent that it relates to the interim financial statements and other financial information included in the interim reports, which could reasonably adversely affect the Corporation's ability to collect, process, summarize or report financial data so as to cast doubt on the reliability of the financial reporting and the preparation of the financial statements in accordance with law; and;
  - B. Any fraud, whether or not material, that involves the Chief Executive Officer, or anyone directly subordinate to the Chief Executive Officer or that involves other employees who have a significant role in internal control over financial reporting and disclosure;
5. I, alone or together with others in the Corporation, declare that:
  - A. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relating to the Corporation, including its consolidated corporations, within their meaning in Securities Regulations (Annual Financial Statements), 2010, is made known to me by others in the Corporation and within those consolidated companies, particularly during the period in which the reports are being prepared; and;
  - B. I have designed such controls and procedures, or caused such controls and procedures to be designed and applied under my supervision, to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of law, including in accordance with generally accepted accounting principles;

- C. I have not become aware of the occurrence of any event or matter during the period between the date of the latest Periodic Report (quarterly or periodic, as applicable) and the date of this report, which pertains to the interim financial statements or to any other financial information which is included in the interim reports, that could amend in my assessment, the conclusion of the Board of Directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the entity.

Nothing in that said above derogates from my responsibility or from the responsibility of any other person under law.

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**November 18, 2018**

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**Elad Cohen,**  
**Chief Financial Officer**

**Energix - Renewable Energies Ltd.**

**Condensed Consolidated Interim Financial Statements**

**As of September 30, 2018**

**(Unaudited)**

## Auditor's Review Report to the Shareholders of Energix - Renewable Energies Ltd.

### Introduction:

We have reviewed the attached financial information of **Energix - Renewable Energies Ltd.** and its consolidated companies ("Company"), which includes the condensed consolidated statement of financial position as of September 30, 2018, and the condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows, for the three- and nine-month periods then ended. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting", and are also responsible for compiling the financial information for these interim periods in accordance with Chapter IV of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion with regard to the financial information for these interim periods, based on our review.

### Scope of the Review:

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Prepared by the Entity's Auditor." A review of interim financial information consists of inquiries, mainly with the people responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is significantly limited in scope compared to an audit which has been prepared according to generally accepted auditing standards in Israel, and therefore does not allow us to become certain that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion:

Based on our review, we have not become aware of any matter which would have caused us to believe that said financial information has not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34.

In addition to that stated in the previous paragraph, based on our review, we have not become aware of any matter which would have caused us to believe that said financial information does not comply, in all material respects, with the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

**Brightman Almagor Zohar & Co.**  
**Certified Public Accountants**  
**Member of Deloitte Touche Tohmatsu Limited**

**Tel Aviv, November 18, 2018**

**תל אביב - משרד ראשי**  
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**Energix - Renewable Energies Ltd.**  
**Condensed Consolidated Interim Statements of Financial Position**

	Note	September 30		December 31
		2018	2017	2017
		NIS thousands		
		(Unaudited)		(Audited)
<b><u>Assets:</u></b>				
<b><u>Current assets:</u></b>				
Cash and cash equivalents		97,793	203,354	96,444
Pledged deposit		20,746	-	93,208
Trade receivables and income receivable from customers		11,592	18,409	11,981
Green certificates		9,409	13,787	8,218
Receivables and debit balances		28,805	8,681	12,159
<b>Total current assets</b>		<b>168,345</b>	<b>244,231</b>	<b>222,010</b>
Long-term pledged deposit and restricted cash	7C(1)	42,708	42,131	43,023
Prepaid land lease expenses		24,279	25,868	25,469
Connected electricity generation systems		1,036,219	1,059,455	1,073,645
Systems under construction and initiation	7A, 7B	336,322	51,477	126,952
Fixed assets		2,972	3,059	2,998
Investment in equity-accounted investees		13,437	14,881	14,200
Other receivables		5,797	7,236	6,426
Deferred tax assets, net		12,491	10,203	12,765
<b>Total non-current assets</b>		<b>1,474,225</b>	<b>1,214,310</b>	<b>1,305,478</b>
<b>Total assets</b>		<b>1,642,570</b>	<b>1,458,541</b>	<b>1,527,488</b>
<b><u>Liabilities and equity:</u></b>				
<b><u>Current liabilities:</u></b>				
Current maturities of long-term loans		49,987	42,361	43,497
Trade payables		28,527	15,483	38,261
Payables and credit balances		23,238	10,578	36,313
<b>Total current liabilities</b>		<b>101,752</b>	<b>68,422</b>	<b>118,071</b>
<b><u>Non-current liabilities:</u></b>				
Liability for employee severance benefits, net		417	376	417
Loans from financial institutions		786,767	678,464	676,185
Other long-term liabilities		27,018	31,238	37,570
Deferred tax liability, net		15,002	10,244	10,651
<b>Total non-current liabilities</b>		<b>829,204</b>	<b>720,322</b>	<b>724,823</b>
<b><u>Equity:</u></b>				
Share capital		3,782	3,735	3,743
Premium and capital reserves		671,697	661,984	669,422
Retained earnings (accumulated deficit)		29,322	1,677	9,364
<b>Total equity attributed to the shareholders in the Company</b>		<b>704,801</b>	<b>667,396</b>	<b>682,529</b>
<b>Non-controlling interests</b>		<b>6,813</b>	<b>2,401</b>	<b>2,065</b>
<b>Total equity</b>		<b>711,614</b>	<b>669,797</b>	<b>684,594</b>
<b>Total liabilities and equity</b>		<b>1,642,570</b>	<b>1,458,541</b>	<b>1,527,488</b>

November 18, 2018

Date of the signing of  
the interim financial  
statementsNathan Hetz  
Chairman of Board of  
DirectorsAsa Levinger  
Chief Executive OfficerElad Cohen  
Chief Financial Officer

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Energix - Renewable Energies Ltd.**  
**Condensed Consolidated Interim Statements of Income**

	Note	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
		2018	2017	2018	2017	2017
		NIS thousands				
		(Unaudited)		(Unaudited)		(Audited)
<b>Revenues:</b>						
Revenues from the sale of electricity		89,462	88,682	30,513	29,977	121,189
Revenues from the production of green certificates		22,959	9,296	9,791	3,672	15,580
Other revenue, net (*)		6,277	2,318	2,677	7,605	4,598
		<u>118,698</u>	<u>100,296</u>	<u>42,981</u>	<u>41,254</u>	<u>141,367</u>
<b>Expenses:</b>						
Rent		5,099	4,926	1,665	1,688	6,529
Maintenance of systems and other	7C(3)	23,014	18,002	12,770	5,955	25,244
Initiation expenses		982	1,792	556	342	1,953
Payroll and related expenses		6,505	6,131	2,328	2,184	8,303
Administrative, headquarters and other		8,254	7,309	2,568	2,373	10,467
		<u>43,854</u>	<u>38,160</u>	<u>19,887</u>	<u>12,542</u>	<u>52,496</u>
<b>Income before financing, taxes on income, depreciation, and amortization</b>		<u>74,844</u>	<u>62,136</u>	<u>23,094</u>	<u>28,712</u>	<u>88,871</u>
Depreciation and amortization		<u>(32,114)</u>	<u>(31,202)</u>	<u>(10,384)</u>	<u>(10,309)</u>	<u>(41,688)</u>
<b>Income before financing and taxes on income</b>		<u>42,730</u>	<u>30,934</u>	<u>12,710</u>	<u>18,403</u>	<u>47,183</u>
Financing income		1,809	1,740	526	670	1,748
Financing expenses		(26,191)	(21,129)	(8,360)	(7,558)	(29,390)
Gain on the acquisition of loans	7B(2)(b)	6,907	-	-	-	-
Financing expenses, net		<u>(17,475)</u>	<u>(19,389)</u>	<u>(7,834)</u>	<u>(6,888)</u>	<u>(27,642)</u>
<b>Income after financing, net</b>		<u>25,255</u>	<u>11,545</u>	<u>4,876</u>	<u>11,515</u>	<u>19,541</u>
Company's share in the results of equity-accounted investees		1,174	1,352	499	532	1,537
<b>Income before taxes on income:</b>		<u>26,429</u>	<u>12,897</u>	<u>5,375</u>	<u>12,047</u>	<u>21,078</u>
Taxes on income		<u>(7,181)</u>	<u>(3,026)</u>	<u>(1,367)</u>	<u>(2,414)</u>	<u>(5,058)</u>
<b>Income for the period</b>		<u>19,248</u>	<u>9,871</u>	<u>4,008</u>	<u>9,633</u>	<u>16,020</u>
<b>Total income (loss) for the period attributed to:</b>						
Income for the period attributed to the shareholders in the Company		19,703	10,617	3,922	9,615	17,055
Income (loss) for the period attributed to non-controlling interests		<u>(455)</u>	<u>(746)</u>	<u>86</u>	<u>18</u>	<u>(1,035)</u>
<b>Total income for the period</b>		<u>19,248</u>	<u>9,871</u>	<u>4,008</u>	<u>9,633</u>	<u>16,020</u>
<b>Net earnings per share attributed to the equity holders of the Company (NIS):</b>						
Basic		<u>0.052</u>	<u>0.030</u>	<u>0.010</u>	<u>0.027</u>	<u>0.047</u>
Diluted		<u>0.052</u>	<u>0.030</u>	<u>0.010</u>	<u>0.027</u>	<u>0.047</u>
<b>Weighted average share capital used to compute earnings per share (thousands of shares):</b>						
Basic		<u>376,708</u>	<u>356,570</u>	<u>378,081</u>	<u>358,458</u>	<u>360,908</u>
Diluted		<u>379,062</u>	<u>358,391</u>	<u>380,408</u>	<u>360,248</u>	<u>362,873</u>

(\*\*) Other income, net, in the reporting period, was comprised primarily of income from the sale of inventory of green certificates, and reversal of impairment of inventory of green certificates. Maintenance of systems and other expenses, net, include impairment in the value of green certificates.

**The notes to the condensed consolidated interim financial statements form an integral part thereof.**

**Energix - Renewable Energies Ltd.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**

	<b>Nine-month period ended September 30</b>		<b>Three-month period ended September 30</b>		<b>Year ended December 31</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>NIS thousands</b>				
	<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Income for the period</b>	19,248	9,871	4,008	9,633	16,020
<b>Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to income/loss:</b>					
Foreign currency translation differences for foreign operation	(1,771)	25,884	5,436	13,530	40,227
Income (loss) from foreign currency differences with respect to derivatives which were designated for hedging investments in subsidiaries which constitute foreign operations, net of tax	(2,148)	(20,014)	(3,302)	(10,238)	(29,632)
Change in the fair value of cash flow hedging instruments, net of tax	(738)	(1,117)	423	(664)	(208)
<b>Total comprehensive income (loss) for the period</b>	<u>14,591</u>	<u>14,624</u>	<u>6,565</u>	<u>12,261</u>	<u>26,407</u>
<b>Total comprehensive income (loss) attributed to:</b>					
Owners of the Company	15,431	15,419	6,479	12,264	27,538
Non-controlling interests	(840)	(795)	86	(3)	(1,131)
<b>Total comprehensive income for the period</b>	<u>14,591</u>	<u>14,624</u>	<u>6,565</u>	<u>12,261</u>	<u>26,407</u>

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Energix - Renewable Energies Ltd.**

**Condensed Consolidated Interim Statements of Changes in Equity**

For the nine months ended September 30, 2018 (unaudited):

	Share capital	Premium	Hedging reserve	Reserve from translation of the financial statements of a foreign operation	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling interests	Retained earnings (accumulated deficit )	Total equity attributed to the shareholders of the Company	Non-controlling interests	Total equity
NIS thousands										
<b>Balance as of January 1, 2018</b>	3,743	701,636	251	(31,977)	(1,000)	512	9,364	682,529	2,065	684,594
Income (loss) for the period	-	-	-	-	-	-	19,703	19,703	(455)	19,248
Other comprehensive loss for the period	-	-	(738)	(3,534)	-	-	-	(4,272)	(385)	(4,657)
Exercise of share options	39	8,609	-	-	-	-	(1,362)	7,286	-	7,286
Share-based payment	-	-	-	-	-	-	1,617	1,617	-	1,617
Change in non-controlling interests	-	-	-	-	(2,062)	-	-	(2,062)	5,588	3,526
<b>Balance as of September 30, 2018</b>	<u>3,782</u>	<u>710,245</u>	<u>(487)</u>	<u>(35,511)</u>	<u>(3,062)</u>	<u>512</u>	<u>29,322</u>	<u>704,801</u>	<u>6,813</u>	<u>711,614</u>

For the nine months ended September 30, 2017 (unaudited):

	Share capital	Premium	Receipts on account of options	Hedging reserve	Reserve from translation of the financial statements of a foreign operation	Capital reserve from transactions with controlling interests	Capital reserve from transactions with controlling interests	Retained earnings (accumulated deficit )	Total equity attributed to the shareholders of the Company	Non-controlling interests	Total equity
NIS thousands											
<b>Balance as of January 1, 2017</b>	3,227	553,718	16,206	459	(42,677)	-	512	(10,867)	520,578	3,369	523,947
Income (loss) for the period	-	-	-	-	-	-	-	10,617	10,617	(746)	9,871
Other comprehensive income (loss) for the period	-	-	-	(1,117)	5,919	-	-	-	4,802	(49)	4,753
Issuance of shares	495	127,426	-	-	-	-	-	-	127,921	-	127,921
Exercise of share options	13	2,538	-	-	-	-	-	(323)	2,228	-	2,228
Expired share options	-	16,206	(16,206)	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Share-based payment	-	-	-	-	-	-	-	2,250	2,250	-	2,250
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	(173)	(173)
<b>Balance as of September 30, 2017</b>	<u>3,735</u>	<u>699,888</u>	<u>-</u>	<u>(658)</u>	<u>(36,758)</u>	<u>(1,000)</u>	<u>512</u>	<u>1,677</u>	<u>667,396</u>	<u>2,401</u>	<u>669,797</u>

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Energix - Renewable Energies Ltd.****Condensed Consolidated Interim Statements of Changes in Equity**

For the three months ended September 30, 2018 (unaudited):

	Share capital	Premium	Hedging reserve	Reserve from translation of the financial statements of a foreign operation	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling interests	Retained earnings	Total equity attributed to the shareholders of the Company	Non-controlling interests	Total equity
	NIS thousands									
<b>Balance as of July 1, 2018</b>	3,781	709,721	(910)	(37,645)	(3,062)	512	24,882	697,279	6,727	704,006
Income for the period	-	-	-	-	-	-	3,922	3,922	86	4,008
Other comprehensive income for the period	-	-	423	2,134	-	-	-	2,557	-	2,557
Exercise of share options	1	524	-	-	-	-	(55)	470	-	470
Share-based payment	-	-	-	-	-	-	573	573	-	573
<b>Balance as of September 30, 2018</b>	<u>3,782</u>	<u>710,245</u>	<u>(487)</u>	<u>(35,511)</u>	<u>(3,062)</u>	<u>512</u>	<u>29,322</u>	<u>704,801</u>	<u>6,813</u>	<u>711,614</u>

For the three months ended September 30, 2017 (unaudited):

	Share capital	Premium	Hedging reserve	Reserve from translation of the financial statements of a foreign operation	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling interests	Retained earnings	Total equity attributed to the shareholders of the Company	Non-controlling interests	Total equity
	NIS thousands									
<b>Balance as of July 1, 2017</b>	3,578	653,988	6	(40,071)	-	512	(8,284)	609,729	2,404	612,133
Income for the period	-	-	-	-	-	-	9,615	9,615	18	9,633
Other comprehensive income (loss) for the period	-	-	(664)	3,313	-	-	-	2,649	(21)	2,628
Issuance of shares	150	44,543	-	-	-	-	-	44,693	-	44,693
Option warrants for shares exercised	7	1,357	-	-	-	-	(167)	1,197	-	1,197
Share-based payment	-	-	-	-	-	-	513	513	-	513
Acquisition of non-controlling interests	-	-	-	-	(1,000)	-	-	(1,000)	-	(1,000)
<b>Balance as of September 30, 2017</b>	<u>3,735</u>	<u>699,888</u>	<u>(658)</u>	<u>(36,758)</u>	<u>(1,000)</u>	<u>512</u>	<u>1,677</u>	<u>667,396</u>	<u>2,401</u>	<u>669,797</u>

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Energix - Renewable Energies Ltd.****Condensed Consolidated Interim Statements of Changes in Equity**

For the year ended December 31, 2017 (audited):

	Share capital	Premium	Receipts on account of options	Hedge reserve	Reserve from translation of the financial statements of a foreign operation	Capital reserve from transactions with non-controlling interests	Capital reserve from transactions with controlling interests	Retained earnings (accumulated deficit)	Total equity attributed to the shareholders of the Company	Non-controlling interests	Total equity
	NIS thousands										
<b>Balance as of January 1, 2017</b>	3,227	553,718	16,206	459	(42,677)	-	512	(10,867)	520,578	3,369	523,947
Income (loss) for the year	-	-	-	-	-	-	-	17,055	17,055	(1,035)	16,020
Other comprehensive income (loss) for the year	-	-	-	(208)	10,700	-	-	-	10,492	(96)	10,396
Issuance of shares	495	127,426	-	-	-	-	-	-	127,921	-	127,921
Exercise of share options	21	4,286	-	-	-	-	-	(605)	3,702	-	3,702
Share-based payment	-	-	-	-	-	-	-	3,781	3,781	-	3,781
Expired share options	-	16,206	(16,206)	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	(1,000)	-	-	(1,000)	-	(1,000)
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	(173)	(173)
<b>Balance as of December 31, 2017</b>	<u>3,743</u>	<u>701,636</u>	<u>-</u>	<u>251</u>	<u>(31,977)</u>	<u>(1,000)</u>	<u>512</u>	<u>9,364</u>	<u>682,529</u>	<u>2,065</u>	<u>684,594</u>

The notes to the condensed consolidated interim financial statements form an integral part thereof.



**Energix - Renewable Energies Ltd.**

**Condensed Consolidated Interim Statements of Cash Flows**

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2018	2017	2018	2017	2017
	NIS thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b>Cash flows - operating activities:</b>					
Income for the period	19,248	9,871	4,008	9,633	16,020
Expenses not involving cash flows (Appendix A)	40,710	37,156	18,499	13,169	51,651
	59,958	47,027	22,507	22,802	67,671
Changes in working capital (Appendix B)	(4,434)	(8,076)	(1,710)	(12,692)	11,222
<b>Net cash provided by operating activities</b>	<b>55,524</b>	<b>38,951</b>	<b>20,797</b>	<b>10,110</b>	<b>78,893</b>
<b>Cash flows - investing activities:</b>					
Investment in electricity generation systems	(246,213)	(52,893)	(59,313)	(13,374)	(94,435)
Increase in pledged deposit and restricted cash	(20,435)	(9,655)	(5,880)	(9,553)	(102,937)
Decrease in pledged deposit and restricted cash	94,044	-	-	-	-
Settlement of financial instruments	(5,142)	(5,047)	-	(5,295)	(6,582)
Repayment of loans to equity-accounted investees	1,850	1,400	550	500	2,250
Investment in other fixed assets	(590)	(865)	(83)	(694)	(1,424)
Consideration from sale of fixed assets	-	107	-	107	107
<b>Net cash used for investing activities</b>	<b>(176,486)</b>	<b>(66,953)</b>	<b>(64,726)</b>	<b>(28,309)</b>	<b>(203,021)</b>
<b>Cash flows - financing activities:</b>					
Consideration from issuance of shares	-	127,921	-	44,693	127,921
Consideration from exercise of share options	7,727	1,853	1,819	849	3,262
Investment of capital by non-controlling interests in consolidated companies	1,812	-	-	-	-
Costs of credit issues	(449)	(1,488)	-	(620)	(3,908)
Transaction with non-controlling interests	-	(1,000)	-	-	(1,000)
Payment with respect to the acquisition of loans	(3,510)	-	-	-	-
Return of capital to non-controlling interests in a consolidated company	-	(173)	-	-	(173)
Short-term loans received from banking institutions	3,300	-	-	-	-
Repayment of short-term loans from banking institutions	(3,300)	(65,501)	-	-	(65,501)
Long-term loan received from financial institutions	149,394	155,496	44,160	155,496	155,496
Repayment of long-term loans from financial institutions	(33,213)	(26,685)	(13,079)	(12,203)	(37,425)
<b>Net cash provided by (used for) financing activities</b>	<b>121,761</b>	<b>190,423</b>	<b>32,900</b>	<b>188,215</b>	<b>178,672</b>
<b>Change in cash and cash equivalents</b>	<b>799</b>	<b>162,421</b>	<b>(11,029)</b>	<b>170,016</b>	<b>54,544</b>
<b>Balance of cash and cash equivalents at the beginning of the period</b>	<b>96,444</b>	<b>39,114</b>	<b>108,700</b>	<b>31,867</b>	<b>39,114</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>550</b>	<b>1,819</b>	<b>122</b>	<b>1,471</b>	<b>2,786</b>
<b>Balance of cash and cash equivalents at the end of the period</b>	<b>97,793</b>	<b>203,354</b>	<b>97,793</b>	<b>203,354</b>	<b>96,444</b>

The notes to the condensed consolidated interim financial statements form an integral part thereof.

**Energix - Renewable Energies Ltd.**  
**Condensed Consolidated Interim Statements of Cash Flows**

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2018	2017	2018	2017	2017
	NIS thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b><u>Appendix - Adjustments Required to Present Cash</u></b>					
<b><u>Flows from Operating Activities:</u></b>					
<b>A. Expenses (revenues) not involving cash flows:</b>					
Financing expenses, net	509	882	407	276	1,064
Maintenance expense not involving cash flows	6,310	-	6,310	-	-
Prepaid rent	1,170	1,170	390	390	1,560
Capital loss	-	29	-	29	29
Revaluation of loans, deposits and marketable securities, net	1,655	(127)	589	(173)	(62)
Depreciation and amortization	32,114	31,202	10,384	10,309	41,688
Change in provision for employee severance pay	-	29	-	29	70
Company's share in the results of equity-accounted investees	(1,174)	(1,352)	(499)	(532)	(1,537)
Tax expense, recognized in income for the period	5,416	3,073	345	2,328	5,058
Share-based payment	1,617	2,250	573	513	3,781
Gain on the acquisition of loans	(6,907)	-	-	-	-
	<u>40,710</u>	<u>37,156</u>	<u>18,499</u>	<u>13,169</u>	<u>51,651</u>
<b>B. Changes in asset and liability items (changes in working capital):</b>					
Decrease (increase) in trade receivables and other receivables and debit balances	(3,519)	(8,481)	(1,731)	(5,068)	295
Decrease (increase) in inventory of green certificates	(1,281)	(3,690)	(2,734)	(3,184)	2,037
Increase (decrease) in trade payables and other payables and credit balances	366	4,095	2,755	(4,440)	8,890
	<u>(4,434)</u>	<u>(8,076)</u>	<u>(1,710)</u>	<u>(12,692)</u>	<u>11,222</u>
<b><u>Non-cash activities:</u></b>					
Investment in electricity generation facilities against financial liabilities	<u>2,147</u>	<u>-</u>	<u>1,047</u>	<u>-</u>	<u>-</u>
Receivables from non-cash exercise of share options	<u>-</u>	<u>377</u>	<u>-</u>	<u>377</u>	<u>441</u>
Investment in electricity generation facilities against supplier credit and payables	<u>1,812</u>	<u>1,699</u>	<u>-</u>	<u>474</u>	<u>38,506</u>
<b><u>Additional information:</u></b>					
Interest paid in respect of operating activities	<u>21,199</u>	<u>19,129</u>	<u>6,667</u>	<u>6,126</u>	<u>28,603</u>
Interest received in respect of operating activities	<u>85</u>	<u>67</u>	<u>38</u>	<u>-</u>	<u>543</u>
Taxes on income paid	<u>5,149</u>	<u>-</u>	<u>3,589</u>	<u>-</u>	<u>-</u>

**The notes to the condensed consolidated interim financial statements form an integral part thereof.**

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 1 - General:**

**A. General description of the Company and its operations:**

Energix - Renewable Energies Ltd. ("**Company**") is a public company whose securities have been listed for trading on the Tel Aviv Stock Exchange ("**Stock Exchange**") since May 2011. Since its founding, the Company has been involved in the renewable energy sector. The Company's controlling interest is Alony Hetz Properties and Investments Ltd. ("**Alony Hetz**").

The Consolidated Financial Statements of the Company as of September 30, 2018 include those of the Company, the companies and partnerships which it controls, and the Company's interests in the Granot Partnership, a partnership held under joint control, which is accounted as a joint transaction according to the equity method (the Company and the companies and partnerships which it controls, as well as the Granot Partnership, shall be hereinafter referred to as: "**Group**").

The Company is involved in two operating segments:

The first - the initiation, development, construction, financing, management, and operation of photovoltaic systems with the aim of holding them as owner over the long term, and the sale of the electricity which is generated therein ("**Photovoltaic Field**"). As of the reporting date, the Company owns active photovoltaic systems in the commercial operation stage in Israel with a total capacity of approximately 49 MWp (the Company's share: approximately 45 MWp) and with the connection of additional systems that the Company has constructed to the electricity network, after the reporting date, the Company owns systems that are being operated commercially with an overall capacity of approximately 85MWp (Company's share: approximately 78.5 MWp). Furthermore, as of Report Approval Date, the Company also has photovoltaic systems under construction in Israel with a capacity of approximately 54MWp. The Company has additional projects with a capacity of approximately 52MWp (the Company's share: 70%) in Israel and projects that are at the stage of negotiations for financial closure with capacity of approximately 80MWp (the Company's share – 60% in the United States. The Company also has projects in various stages of development in Israel and in the United States;

The second operating segment is the initiation, development, construction, financing, management and operation of wind farms for the generation of electricity from wind energy, with the aim of holding them over the long term, and the sale of the electricity which is generated therein to the relevant entities ("**Wind Energy Field**"). As of the reporting date, the Company has two wind farms in the commercial operation stage in Poland, with a total capacity of 119 MW (Company's share: 100%) and two additional wind farms in Poland, with a total capacity of 120MW, which are ready for construction and in Israel the Company is developing the Aran project, a wind farm with capacity of approximately 152MW. Furthermore, the Company is engaged in the initiation and development of other projects in the wind energy field in Israel and in, Poland.

**B. Definitions:** Except where otherwise stated, the definitions in these financial statements are the same as those in the annual consolidated financial statements.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 2 - The basis for the Preparation of financial statements:**

- A. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information that is required in the full annual financial statements. They should be read in conjunction with the financial statements as of and for the year ended December 31, 2017 ("**Annual Financial Statements**"). Furthermore, these financial statements have also been prepared in accordance with the disclosure provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

These condensed consolidated interim financial statements were approved for issue by the Company's Board of Directors on November 18, 2018.

- B. The preparation of the condensed consolidated interim financial statements in conformity with International Financial Reporting Standards, the Company Management is required to make use of judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. It should be noted that the actual results may differ from those estimates.

**C. Exchange rates and linkage base:**

Balances in foreign currency, or linked thereto, are recorded in the financial statements in accordance with the representative exchange rates, which were published by the Bank of Israel and by the Central Bank of Poland as of the reporting date.

Balances that are linked to the Consumer Prices Index are reported in accordance with the last known index at the end of the reporting period (the index for the month preceding the month of the reporting date), or in accordance with the index for the last month of the reporting period (the index for the month of the reporting date), in accordance with the terms of the transaction.

Following are details regarding the Consumer Price Index and the exchange rates of the following currencies against the New Israel Shekel and regarding the increase (decrease) of the Consumer Price Index and changes in the exchange rates of the following currencies against the New Israel Shekel:

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 2 - The basis for the preparation of the financial statements (Continued)):**

**C. Exchange rates and linkage base (Continued)):**

	As of September 30, / for the month of September		As of December 31, / for the month of December	Change during the six-month period ended September 30		Change during the year ended December 31
	2018	2017	2017	2018	2017	2017
				%	%	%
<b>Consumer Price Index (according to the 2000 base index)</b>						
In Israel (index in lieu)	133.16	131.58	131.71	1.10	0.30	0.40
In Israel (known index)	133.03	131.45	131.58	1.10	0.20	0.30
<b>Exchange rate against the NIS</b>						
PLN	0.99	0.97	1.00	(0.87)	4.96	8.18
EUR	4.21	4.16	4.15	1.48	2.92	2.79
USD	3.63	3.53	3.47	4.61	(8.22)	(9.95)

**Note 3 - Significant Accounting Policies Applied in Preparing the Condensed Interim Financial Statements :**

The judgment exercised by management when applying the Group's accounting policies and the principal assumptions used in the assessments that involve uncertainty, as well as the presentation principles and the calculation methods, were consistent with those applied in the preparation of the annual financial statements.

**New standards and interpretations which have not yet been adopted**

Further to what is stated in Note 3U(1) to the annual consolidated financial statements, the Group intends to adopt International Financial Reporting Standard (IFRS) 16 - Leases, as from January 1, 2019, by way of partial retrospective adoption, whilst adjusting the balance of retained earnings as of January 1, 2019. In the Company's assessment, the impact on retained earnings as of January 1, 2019 is expected to amount to a decrease of approximately NIS 4.9 million, before tax effects. The range of discount rates which have been used to measure leasing liabilities ranges between 3.9% and 6.4%. This range is affected by differences in the length of the lease period, linkage of lease fees to the index, variability in the various groups of assets, differences between the discount rates of the Group's member companies, and similar factors.

**Energix - Renewable Energies Ltd.****Notes to the Condensed Consolidated Interim Financial Statements****(Unaudited)****Note 3 - Significant Accounting Policies Applied in Preparing the Condensed Interim Financial Statements (Continued):****New standards and interpretations which have not yet been adopted (Continued)**

Moreover, the Group does not expect that the changes in respect of the adoption of the Standard will affect the Group's compliance with financial covenants relating to loans and credit.

**Note 4 - Seasonality:**

Sunlight and wind speeds in the different seasons naturally have an impact on the output of the photovoltaic systems and wind farms. In the photovoltaic field, in the spring and summer, when sunlight is stronger, the output photovoltaic systems output increases. In the fall and winter, when sunlight is relatively weak, the output of the systems decreases. In the wind energy field, the generation of electricity is subject to changes in wind patterns over course of the seasons of the year, in accordance with the specific areas where the turbines are located, and with the variations in the wind patterns between the years. Based on the wind measurements which were made in the area of the Company's wind farms in Poland, the expectation is that the autumn and winter periods (first and fourth quarters), which are characterized by strong winds, will be the months of increased wind farms output. It should be noted, that the actual weather conditions during a particular period may have a significant impact on the ability of the Company's facilities to generate electricity, and accordingly on its operating results, whether in the photovoltaic segment or in the wind energy segment.



**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 5 - Information on operating segments:**

The basis of segmentation and the measurement for the segmental income/loss is identical to the basis that was presented in Note 29 on the subject of operating segments in the annual consolidated financial statements.

	Nine-month period ended September 30, 2018							
	Photovoltaic		Wind		Total reportable segments	Unallocated expenses	Adjustments	Total consolidated
	Israel	USA (*)	Poland	Israel (*)				
	NIS thousands							
	(Unaudited)							
Revenue from the sale of electricity	46,490	-	43,719	-	90,209	-	(747)	89,462
Other revenue, net	104	-	6,173	-	6,277	-	-	6,277
Revenue from the production of green certificates			23,374	-	23,374	-	(415)	22,959
Other shared expenses	(7,097)	-	(17,788)	(695)	(25,580)	(13,248)	(5,026)	(43,854)
<b>Income (loss) before financing, taxes on income, depreciation, and amortization</b>	<b>39,497</b>	<b>-</b>	<b>55,478</b>	<b>(695)</b>	<b>94,280</b>	<b>(13,248)</b>	<b>(6,188)</b>	<b>74,844</b>
Depreciation and amortization	(13,633)	-	(18,472)	(84)	(32,189)	(532)	607	(32,114)
Gain from the acquisition of loans	-	-	-	-	-	6,907	-	6,907
Financing expenses, net	(9,887)	-	(13,401)	-	(23,288)	(706)	(388)	(24,382)
<b>Income (loss) before taxes on income</b>	<b>15,977</b>	<b>-</b>	<b>23,605</b>	<b>(779)</b>	<b>38,803</b>	<b>(7,579)</b>	<b>(5,969)</b>	<b>25,255</b>
Taxes on income	-	-	-	-	-	(7,181)	-	(7,181)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	1,174	1,174
<b>Net income (loss)</b>	<b>15,977</b>	<b>-</b>	<b>23,605</b>	<b>(779)</b>	<b>38,803</b>	<b>(14,760)</b>	<b>(4,795)</b>	<b>19,248</b>
Assets of reportable segments and other operations	590,808	20,870	738,461	30,638	1,380,777	-	8,524	1,389,301
Other amounts	111,274	-	64,594	6,403	182,271	70,998	-	253,269
<b>Total consolidated assets</b>	<b>702,082</b>	<b>20,870</b>	<b>803,055</b>	<b>37,041</b>	<b>1,563,048</b>	<b>70,998</b>	<b>8,524</b>	<b>1,642,570</b>
Liabilities of reportable segments and other operations	535,344	-	344,612	13,209	893,165	21,864	15,927	930,956
<b>Total consolidated liabilities</b>	<b>535,344</b>	<b>-</b>	<b>344,612</b>	<b>13,209</b>	<b>893,165</b>	<b>21,864</b>	<b>15,927</b>	<b>930,956</b>

(\*) Projects under development.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 5 - Information on operating segments (Continued):**

	Nine-month period ended September 30, 2017						
	Photovoltaic	Wind		Total reportable segments	Unallocated expenses	Adjustments	Total consolidated
	Israel	Poland	Israel (*)				
	NIS thousands						
	(Unaudited)						
Revenue from the sale of electricity	47,774	41,913	-	89,687	-	(1,005)	88,682
Other revenue, net	103	2,244	-	2,347	(29)	-	2,318
Revenue from the production of green certificates	-	9,665	-	9,665	-	(369)	9,296
Other shared expenses	(7,338)	(18,208)	(462)	(26,008)	(12,798)	646	(38,160)
<b>Income (loss) before financing, taxes on income, depreciation, and amortization</b>	<b>40,539</b>	<b>35,614</b>	<b>(462)</b>	<b>75,691</b>	<b>(12,827)</b>	<b>(728)</b>	<b>62,136</b>
Depreciation and amortization	(13,592)	(17,830)	(84)	(31,506)	(337)	641	(31,202)
Financing expenses, net	(8,964)	(9,941)	-	(18,905)	(110)	(374)	(19,389)
<b>Income (loss) before taxes on income</b>	<b>17,983</b>	<b>7,843</b>	<b>(546)</b>	<b>25,280</b>	<b>(13,274)</b>	<b>(461)</b>	<b>11,545</b>
Taxes on income	-	-	-	-	(3,026)	-	(3,026)
Company's share in the results of equity-accounted investees	-	-	-	-	-	1,352	1,352
<b>Net income (loss)</b>	<b>17,983</b>	<b>7,843</b>	<b>(546)</b>	<b>25,280</b>	<b>(16,300)</b>	<b>891</b>	<b>9,871</b>
Assets of reportable segments and other operations	352,452	745,365	22,350	1,120,167	-	8,868	1,129,035
Other amounts	79,908	75,711	6,319	161,938	167,568	-	329,506
<b>Total consolidated assets</b>	<b>432,360</b>	<b>821,076</b>	<b>28,669</b>	<b>1,282,105</b>	<b>167,568</b>	<b>8,868</b>	<b>1,458,541</b>
Liabilities of reportable segments and other operations	397,173	346,505	13,475	757,153	15,195	16,396	788,744
<b>Total consolidated liabilities</b>	<b>397,173</b>	<b>346,505</b>	<b>13,475</b>	<b>757,153</b>	<b>15,195</b>	<b>16,396</b>	<b>788,744</b>

(\*) Projects under development.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 5 - Information on operating segments (Continued):**

	Three-month period ended September 30, 2018							
	Photovoltaic		Wind		Total reportable segments	Unallocated expenses	Adjustments	Total consolidated
	Israel	USA (*)	Poland	Israel (*)				
	NIS thousands							
	(Unaudited)							
Revenue from the sale of electricity	17,521	-	13,246	-	30,767	-	(254)	30,513
Other revenue, net	35	-	2,642	-	2,677	-	-	2,677
Revenue from the production of green certificates	-	-	9,951	-	9,951	-	(160)	9,791
Other shared expenses	(2,852)	-	(6,844)	(317)	(10,013)	(4,450)	(5,424)	(19,887)
<b>Income (loss) before financing, taxes on income, depreciation, and amortization</b>	<b>14,704</b>	<b>-</b>	<b>18,995</b>	<b>(317)</b>	<b>33,382</b>	<b>(4,450)</b>	<b>(5,838)</b>	<b>23,094</b>
Depreciation and amortization	(4,915)	-	(5,425)	28	(10,312)	(238)	166	(10,384)
Financing expenses, net	(3,271)	-	(4,155)	-	(7,426)	(274)	(134)	(7,834)
Gain from the acquisition of loans	-	-	-	-	-	-	-	-
<b>Income (loss) before taxes on income</b>	<b>6,518</b>	<b>-</b>	<b>9,415</b>	<b>(289)</b>	<b>15,644</b>	<b>(4,962)</b>	<b>(5,806)</b>	<b>4,876</b>
Taxes on income	-	-	-	-	-	(1,367)	-	(1,367)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	499	499
<b>Net income (loss)</b>	<b>6,518</b>	<b>-</b>	<b>9,415</b>	<b>(289)</b>	<b>15,644</b>	<b>(6,329)</b>	<b>(5,307)</b>	<b>4,008</b>
Assets of reportable segments and other operations	590,808	20,870	738,461	30,638	1,380,777	-	8,524	1,389,301
Other amounts	111,274	-	64,594	6,403	182,271	70,998	-	253,269
<b>Total consolidated assets</b>	<b>702,082</b>	<b>20,870</b>	<b>803,055</b>	<b>37,041</b>	<b>1,563,048</b>	<b>70,998</b>	<b>8,524</b>	<b>1,642,570</b>
Liabilities of reportable segments and other operations	535,344	-	344,612	13,209	893,165	21,864	15,927	930,956
<b>Total consolidated liabilities</b>	<b>535,344</b>	<b>-</b>	<b>344,612</b>	<b>13,209</b>	<b>893,165</b>	<b>21,864</b>	<b>15,927</b>	<b>930,956</b>

(\*) Projects under development.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 5 - Information on operating segments (Continued):**

	Three-month period ended September 30, 2017						
	Photovoltaic	Wind		Total reportable segments	Unallocated expenses	Adjustments	Total consolidated
		Poland	Israel (*)				
	NIS thousands						
	(Unaudited)						
Revenue from the sale of electricity	17,484	12,891	-	30,375	-	(398)	29,977
Other revenue, net	34	7,600	-	7,634	(29)	-	7,605
Revenue from the generation of green certificates	-	3,789	-	3,789	-	(117)	3,672
Other shared expenses	(2,404)	(6,213)	(177)	(8,794)	(3,939)	191	(12,542)
<b>Income (loss) before financing, taxes on income, depreciation, and amortization</b>	<b>15,114</b>	<b>18,067</b>	<b>(177)</b>	<b>33,004</b>	<b>(3,968)</b>	<b>(324)</b>	<b>28,712</b>
Depreciation and amortization	(4,877)	(5,489)	(28)	(10,394)	(114)	199	(10,309)
Financing expenses, net	(3,158)	(4,181)	-	(7,339)	599	(148)	(6,888)
<b>Income (loss) before taxes on income</b>	<b>7,079</b>	<b>8,397</b>	<b>(205)</b>	<b>15,271</b>	<b>(3,483)</b>	<b>(273)</b>	<b>11,515</b>
Taxes on income	-	-	-	-	(2,414)	-	(2,414)
Company's share in the results of equity-accounted investees	-	-	-	-	-	532	532
<b>Net income (loss)</b>	<b>7,079</b>	<b>8,397</b>	<b>(205)</b>	<b>15,271</b>	<b>(5,897)</b>	<b>259</b>	<b>9,633</b>
Assets of reportable segments and other operations	352,452	745,365	22,350	1,120,167	-	8,868	1,129,035
Other amounts	79,908	75,711	6,319	161,938	167,568	-	329,506
<b>Total consolidated assets</b>	<b>432,360</b>	<b>821,076</b>	<b>28,669</b>	<b>1,282,105</b>	<b>167,568</b>	<b>8,868</b>	<b>1,458,541</b>
Liabilities of reportable segments and other operations	397,173	346,505	13,475	757,153	15,195	16,396	788,744
<b>Total consolidated liabilities</b>	<b>397,173</b>	<b>346,505</b>	<b>13,475</b>	<b>757,153</b>	<b>15,195</b>	<b>16,396</b>	<b>788,744</b>

(\*) Projects under development.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 5 - Information on operating segments (Continued):**

	Year ended December 31, 2017						
	Photovoltaic		Wind		Total reportable segments	Unallocated expenses	Total consolidated
	Israel	USA (*)	Poland	Israel (*)			
	NIS thousands						
	(Audited)						
Revenue from the sale of electricity	58,682	-	63,758	-	122,440	-	121,189
Other revenue, net	137	-	4,461	-	4,598	-	4,598
Revenue from the generation of green certificates	-	-	16,132	-	16,132	-	15,580
Other shared expenses	(10,016)	-	(25,713)	(610)	(36,339)	(17,061)	(52,496)
<b>Income (loss) before financing, taxes on income, depreciation, and amortization</b>	<b>48,803</b>	<b>-</b>	<b>58,638</b>	<b>(610)</b>	<b>106,831</b>	<b>(17,061)</b>	<b>88,871</b>
Depreciation and amortization	(16,977)	-	(24,968)	(112)	(42,057)	(499)	(41,688)
Financing expenses, net	(12,186)	-	(14,358)	-	(26,544)	(636)	(27,642)
<b>Consolidated income (loss) before taxes on income</b>	<b>19,640</b>	<b>-</b>	<b>19,312</b>	<b>(722)</b>	<b>38,230</b>	<b>(18,196)</b>	<b>19,541</b>
Taxes on income	-	-	-	-	-	(5,058)	(5,058)
Company's share in the results of equity-accounted investees	-	-	-	-	-	-	1,537
<b>Net income (loss)</b>	<b>19,640</b>	<b>-</b>	<b>19,312</b>	<b>(722)</b>	<b>38,230</b>	<b>(23,254)</b>	<b>16,020</b>
Assets of reportable segments and other operations	404,013	17,974	762,666	24,407	1,209,060	-	1,217,642
Other amounts	80,032	-	73,296	6,284	159,612	150,234	309,846
<b>Total consolidated assets</b>	<b>484,045</b>	<b>17,974</b>	<b>835,962</b>	<b>30,691</b>	<b>1,368,672</b>	<b>150,234</b>	<b>1,527,488</b>
Liabilities of reportable segments and other operations	413,541	17,747	366,792	11,845	809,925	16,742	842,894
<b>Total consolidated liabilities</b>	<b>413,541</b>	<b>17,747</b>	<b>366,792</b>	<b>11,845</b>	<b>809,925</b>	<b>16,742</b>	<b>842,894</b>

(\*) Projects under development.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 6 - Financial Instruments:**

**A. Hedging:**

Further to Note 31B(3)(a) to the annual consolidated financial statements, as of the Reporting Date, the Company has hedging transactions in the amount of PLN 320 million out of the Company's total exposure to the PLN as of Reporting Date, which amounted to a total of approximately PLN 473 million. As of Reporting Date, the hedging has been executed by means of forward transactions. Additionally, as of the reporting date, the Company has hedging transactions to fix the price of equipment that is denoted in foreign currency for the construction of solar energy projects in Israel, in an amount of approximately NIS 2.7 million, which have been settled in full by the date of the approval of the report.

**B. Presentation according to fair value:**

The Group's financial instruments consist primarily of cash and cash equivalents, restricted deposits and restricted cash, trade receivables, derivatives, other receivables, payables and credit balances, trade payables, short-term credit, loans, and other long-term liabilities. The Group believes that the carrying amount of such financial assets and liabilities, as reported in the financial statements, approximates or is identical to their fair value, with the exception of long-term loans bearing fixed-rate interest in an amount of approximately NIS 32,788 thousand, whose fair value is approximately NIS 34,301 thousand as of Reporting Date. The determination of fair value is made in accordance with level 2 (observable non-quoted data).

	<u>September 30</u>		<u>December 31</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>
	<u>Level 2</u>		
	<u>NIS thousands</u>		
<b>Financial assets at fair value</b>			
<b>Derivatives:</b>			
Financial derivatives (interest rate swap transactions) designated for hedging	-	-	261
Financial derivatives (foreign currency swap transactions) designated for hedging	1,075	-	-
	<u>1,075</u>	<u>-</u>	<u>261</u>
<b>Financial liabilities at fair value</b>			
<b>Derivatives:</b>			
Financial derivatives (interest rate swap transactions) designated for hedging	629	905	-
	<u>13,580</u>	<u>3,963</u>	<u>16,407</u>
	14,209	4,868	16,407

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 7 - Additional information on events in the reporting period and events subsequent to the reporting date:**

**A. Details regarding the photovoltaic field and relevant commitments:**

**(1) Projects in the photovoltaic field in Israel:**

- (A) Connection to the electricity network and the completion of the construction works for projects with a capacity of 90MWp** - Further to what is stated in Notes 9C and 14A to the annual consolidated financial statements, during the reporting period and up to Report Approval Date the Company has completed the construction works for seven out of nine photovoltaic facilities for the generation of electricity, with capacity of 90 MWp in Southern Israel (the Company's share - 94%), of which four facilities with a capacity of approximately 36MWp (the Company's share approximately 34 MWp) were connected to the electricity network in October 2019, after the reporting date. The other five projects are expected to be connected during the course of the fourth quarter of 2018, in accordance with the planned timetable. The projects are being built subject to the terms of a competitive process, which was published by the Electricity Authority in 2017, and are eligible for a guaranteed and CPI-linked tariff of NIS 0.199 per 1KWh, for a period of 23 years. As of the reporting date, these projects are reported as part of the systems under construction, in an amount of approximately NIS 248 million.
- (B) Project financing (90 MWp)** - In the reporting period, the Company drew down an amount of NIS 149.4 million, within the framework of the financing transaction, to finance the construction of the abovementioned projects, and in accordance with its terms. In October 2018, after the reporting date, the Company drew down an additional amount of approximately NIS 27 million, within the framework of financing transaction. See Note 13 to the annual financial statements for details regarding the financing transaction and the terms thereof.
- (C) Preparations for the construction of additional projects** - The Company is preparing for the construction of additional photovoltaic facilities with a capacity of approximately 52 MWp (Company's share: 70%). Within this context, the Company has purchased the panels that are required for the construction of the additional project from First Solar. Furthermore, the Company is working to complete all of the approvals and the permits that are required for the purpose of the construction of the projects, and it is also at an advanced stage of negotiations for the receipt of the financing for the construction of those projects, in an amount of approximately NIS 145 million. The projects will be built subject to the terms of the second tender that was published by the Electricity Authority in 2017 and are entitled to a guaranteed, CPI-linked tariff of NIS 0.1978 per 1KWh, for a period of 23 years. See Notes 14A(1) and 14A(2) to the annual financial statements for details regarding the Company winning of the projects.



**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 7 - Additional information on events in the reporting period and events subsequent to the reporting date (Continued):**

**A. Details regarding the photovoltaic field and relevant commitments (Continued):**

**(2) Project initiation activities in the United States:**

The Company's activity in the United States in the reporting period was conducted within the framework of a joint venture, which it has set up with an American entrepreneur ("**Local Partner**") for the formation of a joint venture the objectives of which are the construction, financing, and operation of projects in the photovoltaic field in the United States ("**US venture**" and "**Venture Agreement**"). Within the context of the venture agreement, the US venture has exclusivity for a series of photovoltaic projects which are owned by the local partner, in various stages of initiation and development in the United States, with a total capacity of hundreds of megawatts. See Note 14A(4) to the annual consolidated financial statements for details regarding the primary understandings between the parties.

In the reporting period and up to Report Approval Date the Company has continued to promote the venture's activity and the development of the backlog of projects in the United States, with an emphasis on four projects that are located in Virginia with an overall capacity of approximately 80MWp (the Company's share: 60%), within which context the Company is at an advanced stage of negotiations with a financial institution in the United States for the signing of a long-term agreement (13 years) for the sale of electricity and for the sale of green certificates, which form an additional source of revenues to the sale of the electricity.

In accordance with provisions of the venture agreement, in January 2018, the Company (through the US venture) paid an advance of \$5 million to the local partner, on account of the initiation fees which it will be entitled to receive with respect to the first four projects which will be added to the venture. The advance to the US venture was financed through a shareholder's loan, bearing interest of approximately 9.3%, which was made available by the Company's wholly owned American company against the provision of collateral in favor of the US venture and the Company, including a pledge on all of the partner's projects in the United States.

**B. Details regarding activities in the wind energy field and relevant commitments:**

**(1) Wind energy in Israel:**

**(A) The Aran project:**

During the reporting period, the Company continued its intensive steps for the promotion and development of the Aran clean wind energy project with an estimated capacity of approximately 152MW. This is the Company's leading project in the wind energy field in Israel.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 7 - Additional information on events in the reporting period and events subsequent to the reporting date (Continued):**

**B. Details regarding activities in the wind energy field and relevant commitments:**

**(1) Wind energy in Israel:**

**(A) The Aran project:**

According to the creditors' arrangement, which was approved for the project company in September 2014, the balance of the project's liabilities amounts to approximately NIS 12.6 million as of reporting date, which are mostly conditional on the project maturing to financial closure. In light of the lifting of the Ministry of Defense's objection in principle to the project, which had been the main barrier to the advancement of the project, and in light of the progress which has been made in the statutory process with the National Infrastructure Committee, the Electric Corporation and other entities, the Company has capitalized the related costs and the current liabilities for the promotion of the project for the asset, even before approval of the tariff or commitment for financing have been given for the project. Accordingly, the Company has recognized an asset in an amount of approximately NIS 30.2 million, against current costs and its contingent debts.

See Note 9D to the annual consolidated financial statements for additional information regarding the project,.

**(B)** See Note 14B(1) to the annual consolidated financial statements for details regarding the company's activity in the wind energy field in Israel .

**(2) The Company's operations in Poland:**

**(A) Wind Farm Revenue - Poland (sale of electricity and green certificates):**

Further to Note 9E(1)(a) to the annual consolidated financial statements, as from the reporting period, and as of Report Approval Date the Company, the company sells the electricity which is generated from the wind farms that it owns in Poland to a local electricity trader. In accordance with an agreement, the Company has the right to sell the electricity in accordance with the price of electricity on the local power exchange, or in accordance with a fixed price, which will be determined as part of a selling price fixing transaction, which will be executed between the parties, after deducting the adjustments as specified in the agreement, which reflect, inter alia, the wind farm's electricity generation profile (which depends, inter alia, on capacity and actual generation hours). The project company in the Banie project also has an agreement with the same local electricity trader for the sale of the green certificates, in consideration for their price on the green certificate exchange in Poland.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 7 - Additional information on events in the reporting period and events subsequent to the reporting date (Continued):**

**B. Details regarding activities in the wind energy field and relevant commitments:**

**(1) The Company's operations in Poland:**

**(A) Wind farm revenue - Poland (sale of electricity and green certificates):**

Against a background of the significance increase in the futures prices of black electricity and green certificates in Poland (in accordance with the quoted forward transactions), during the reporting period the Company executed transactions to fix the price of electricity in the Company's projects in Poland in which there is commercial activity, in relation to approximately 80% of the expected scale of electricity generation during the months from May - December 2018, in the Company's projects in Poland. Accordingly, the gross selling price under the force of these transactions is expected to be within a range of PLN 215 – 220 for one MWh. In tandem with this, the trend of an increase in the prices of the green certificates in Poland has continued accordingly the price of the green certificates stands at PLN 153.11 as of Report Approval Date as compared with a price of approximately PLN 45 as of December 41, 2017. In light of this, in the reporting period and up to Report Approval Date the Company has executed additional transactions to fix the selling price of the electricity in its project in Poland, which has been done in relation to approximately 75% of the expected extent of the generation of electricity in the project in 2019 at a price of approximately PLN 267 for 1 MWh generated and for approximately 75% of the expected extent of the generation of electricity in the project in 2020 at a price of approximately PLN 285 for 1 MWh generated. It should be clarified that the final price of the electricity that will be taken into account within the context of the price fixing transactions will be determined subject to price adjustments in accordance with the actual profile of the hours of electricity generation in the wind farm. Furthermore, the company has executed price fixing transactions for the green certificate in 2019 in relation to approximately 50% of the expected volume of green certificates that will be issued to the project in that year, at a price of approximately PLN 152 per certificate.

**(B) Acquisition of the partners' rights (25%) in the Hawa project:**

In May 2018, the Company entered into an agreement for acquisition of the other partners' entire stake (which jointly held 25% of the ownership rights in the project before the acquisition) in the project and all their rights in subordinated shareholder's loans, which had been provided to the project, in an amount of approximately PLN 10.4 million, in consideration for an amount of PLN 3.6 million (approximately NIS 3.5 million). The consideration for the acquisition was paid in May 2018, and from that date onwards, the Company has held all of the rights in the project (100%). As a result of the transaction, the Company has recorded non-recurring financing income (before tax) in an amount of approximately PLN 6.8 million (approximately NIS 6.9 million).

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 7 - Additional information on events in the reporting period and events subsequent to the reporting date (Continued):**

**C. Contingencies, guarantees and liens:**

**(1) Liens:**

As of Reporting Date, the pledged assets of the Group are identical to those reported in the annual consolidated financial statements, except for a lien on deposits in a bank, as detailed in Note 7F. See Note 30 to the annual consolidated financial statements for additional information.

**(2) Guarantees:**

As of the reporting date, the Company has bank guarantees in connection with its connected projects in an amount of approximately NIS 10.9 million, and bank guarantees in connection with projects under construction, for the construction period only, in an amount of approximately NIS 64.2 million. The Company has also provided company guarantees within the context of the Group's financing transactions of NIS 263 million, of which an amount of NIS 149 million was provided with respect to the construction period only.

**(3) Contingencies:**

Following the ruling by the Supreme Court for Administrative Affairs in Poland in October 2018, which was handed down for a particular case for a wind farm in Poland that is not owned by the Company, in respect of the interpretation of the provisions of the law in relation to the basis for the calculation of the tax (municipal taxes) on the land in respect of which the chargeable party had been given a wind farm, for the year 2017, the Company recorded a non-recurring provision for the payment of land taxes in an amount of NIS 6.3 million in the reporting period. It should be clarified that, as from January 1, 2018, the Renewable Energy Law in Poland has been amended by way of the cancellation of the possibility of expanding the tax basis that applied in the year 2017, and which was discussed in the said ruling and therefore the impact of the ruling, if any, is in relation to the year 2017 alone.

**(4) Financial covenants:**

The Group, through companies and partnerships that it controls, has received long-term loans and credit facilities from financial institutions that include customary financial covenants. As of Reporting Date and as of Report Approval Date the Company is in compliance with said covenants, by significant margins. See Note 13 to the annual consolidated financial statements for additional information regarding the financial covenants.

**Energix - Renewable Energies Ltd.**

**Notes to the Condensed Consolidated Interim Financial Statements**

**(Unaudited)**

**Note 7 - Additional information on events in the reporting period and events subsequent to the reporting date (Continued):**

**D. Options granted to the Company's employees and Chief Executive Officer:**

In addition to what is stated in Note 32E to the annual consolidated financial statements, on March 12, 2018, the Company's Board of Directors approved the granting of an annual tranche under the 2014 plan, of which 5,820,000 options were effectively granted on April 16, 2018, and 85,000 options were effectively granted on May 2, 2018 ("**The time of the actual grant**", as the case may be). Following are additional details on the options that were granted:

	<b>Equity compensation to employees</b>	<b>Equity compensation to officers and directors</b>	<b>Equity compensation to the Company's Chief Executive Officer</b>
Number of options	1,383,000	2,585,000	1,937,000
Including fully accelerated options in lieu of cash bonus	-	1,057,000	1,232,000
Number of recipients	22	7	1
Exercise price (NIS) (*)	3.604	3.604	3.604
Fair value of option	0.4214	0.4214	0.4465
Expected volatility	22.83%	22.83%	22.83%
Lifetime of the option (in years)	2.83	2.83	3.08
Last exercise date	36 months after the actual grant date	36 months after the actual grant date	36 months after the actual grant date
Risk-free interest rate	0.440%	0.440%	0.481%
Expected dividend rate	-	-	-

(\*) The exercise price has been determined in accordance with the share price plus 8%.

The options are not listed for trading and are convertible into Ordinary Shares of NIS 0.01 par value each (subject to adjustments), under Section 102 of the Income Tax Ordinance capital gains track with a trustee under Section 102(B)(2) of the Income Tax Ordinance. The fair value is estimated using the Black and Scholes model. The total economic value of the options amounts to approximately NIS 2,534 thousand. Of this amount, approximately NIS 995 thousand was deducted in 2017 (due to the granting of options in lieu of a cash bonus, and the immediate vesting thereof) and the remaining NIS 1,539 thousand is expected to be deducted over a period of 25 years, on a straight line basis.

**Energix - Renewable Energies Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

**Note 7 - Additional information on events in the reporting period and events subsequent to the reporting date (Continued):**

**E. Credit facilities :**

As of Reporting Date, an amount of approximately NIS 55.2 of the total credit facilities that are available to the Company is used in favor of bank guarantees, as detailed in Note 7C(2) above. See Note 13 to the annual consolidated financial statements for additional details. In July 2018, approval was received from a banking corporation for an additional credit facility. The total amount of the credit facilities stands at NIS 82 million as of Report Approval Date.

**F. Pledged deposits:**

During the reporting period, cash was released from a pledged deposit in an amount of approximately NIS 93 million, which was used, in previous periods, for guarantees to the provider of panels, as part of the construction of the successful projects. This amount was added to the Company's balance of cash and cash equivalents. Furthermore, deposits were pledged in a bank in an amount of approximately NIS 20.7 million, in connection with the construction of projects in the photovoltaic field.

**G. Details regarding material transactions with related and interested parties:**

- (1) Commitment with Alony Hetz, the controlling interest, in forward transactions to hedge its exposure to foreign currency exchange rates:** See Note 25A(6) to the annual consolidated financial statements for details. On May 13, 2018, following the approval of the Audit Committee, the Company's Board of Directors approved, the extension of the commitment for an additional 12 months.
- (2) Management agreement with Alony Hetz:** See Note 25A(1) to the annual consolidated financial statements for details.
- (3) Receipt of a guarantee from Alony Hetz for the purpose of meeting the conditions for the withdrawal of external financing:** In February 2018, the Company drew down NIS 96 million from the financing facility, which was supported by a guarantee by Alony Hetz. This guarantee was cancelled after the reporting date, upon the completion of the terms of the financial closure for all of the projects that are the subject of the financing transactions. See Note 25A(5) to the annual consolidated financial statements for additional details.
- (4) Update and extension of the employment agreement with a relative of the controlling interest:** During the reporting period, the general meeting approved an update to the employment agreement of Mr. Omer Tosh, a relative of the controlling interest, for 3 years, effective from March 1, 2018. The monthly employment cost of Mr. Tosh, as approved by the general meeting, amounts to approximately NIS 34 thousand. See Note 25A(2) to the annual consolidated financial statements for additional details regarding his employment terms which were approved at said general meeting.

**Energix - Renewable Energies Ltd.**

**Condensed Separate Interim Financial Information  
As of September 30, 2018**

**(Unaudited)**

**To:**  
**Shareholders of Energix - Renewable Energies Ltd.**  
**2 Jabotinsky St.**  
**Ramat Gan**

**Dear Sir / Madam,**

**Re: Special Review Report Regarding the Separate ("Solo") Interim Financial Information  
In accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970**

**Introduction:**

We have reviewed the separate interim financial information which is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 of **Energix - Renewable Energies Ltd.** ("**Company**") as of September 30, 2018, and for the three and nine -month periods then ended. The Company's Board of Directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion regarding the separate interim financial information for these interim periods, based on our review.

**Scope of the Review:**

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Prepared by the Entity's Auditor." A review of separate interim financial information consists of making inquiries, primarily with the individuals who are responsible for financial and accounting matters, and of applying analytical and other review procedures. A review is significantly limited in scope compared to an audit which has been prepared according to generally accepted Israeli auditing standards, and therefore does not allow us to reach certainty that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion:**

Based on our review, we have not become aware of any information which would have caused us to believe that said separate interim financial information has not been not prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

**Brightman Almagor Zohar & Co.**  
**Certified Public Accountants**  
**Member of Deloitte Touche Tohmatsu Limited**

**Tel Aviv, November 18, 2018**

**תל אביב - משרד ראשי**  
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**Energix - Renewable Energies Ltd.**  
**Condensed (Separate) Interim Financial Position Data**

	<b>September 30</b>		<b>December 31</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>NIS thousands</b>		
	<b>(Unaudited)</b>		<b>(Audited)</b>
<b><u>Assets:</u></b>			
<b><u>Current assets:</u></b>			
Cash and cash equivalents	35,419	152,966	43,970
Pledged deposit	20,245	-	90,009
Trade receivables and income receivable from customers	271	282	148
Receivables - investee companies	2,738	3,561	2,578
Receivables and debit balances	1,545	1,433	652
<b>Total current assets</b>	<b>60,218</b>	<b>158,242</b>	<b>137,357</b>
<b><u>Non-current assets:</u></b>			
Pledged deposit	52	-	-
Connected electricity generation systems	3,489	3,812	3,728
Systems under construction and inventory	244	244	18,218
Fixed assets	2,972	3,058	2,998
Investment in investee companies	745,809	601,260	654,158
Loan to an investee company	6,216	7,222	5,964
Other receivables	16,680	4,122	4,528
<b>Total non-current assets</b>	<b>775,462</b>	<b>619,718</b>	<b>689,594</b>
<b>Total assets</b>	<b>835,680</b>	<b>777,960</b>	<b>826,951</b>
<b><u>Liabilities and equity:</u></b>			
<b><u>Current liabilities:</u></b>			
Current maturities of long-term loans	1,137	1,354	1,098
Trade payables	1,801	2,224	2,044
Payables and credit balances	11,454	4,278	27,906
<b>Total current liabilities</b>	<b>14,392</b>	<b>7,856</b>	<b>31,048</b>
<b><u>Non-current liabilities:</u></b>			
Liabilities with respect to financial instruments	7,965	2,906	9,432
Liability for employee severance benefits, net	417	376	417
Loans from financial institutions	11,659	12,643	12,378
Loans from investee companies	82,630	81,827	81,814
Payables – investee companies	1,613	278	809
Other long-term liabilities	3,500	3,500	3,500
Deferred tax liabilities, net	8,703	1,178	5,024
<b>Total non-current liabilities</b>	<b>116,487</b>	<b>102,708</b>	<b>113,374</b>
<b><u>Equity:</u></b>			
Share capital			
Capital reserves	3,782	3,735	3,743
Retained earnings (accumulated deficit)	671,697	661,984	669,422
Total equity attributed to the shareholders in the Company	29,322	1,677	9,364
<b>Total liabilities and equity</b>	<b>704,801</b>	<b>667,396</b>	<b>682,529</b>
	<b>835,680</b>	<b>777,960</b>	<b>826,951</b>

November 18, 2018

<b>Date of the signature of the (separate) interim financial information</b>	<b>Nathan Hetz</b>	<b>Asa Levinger</b>	<b>Elad Cohen</b>
	<b>Chairman of Board of Directors</b>	<b>Chief Executive Officer</b>	<b>Chief Financial Officer</b>

The supplementary information that is attached to the condensed separate interim financial information forms an integral part thereof.

**Energix - Renewable Energies Ltd.****Condensed (Separate) Interim Financial Position Data**

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2018	2017	2018	2017	2017
	NIS thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b>Revenues:</b>					
Revenues from the sale of electricity	706	312	271	266	493
Operating and other income, net	1,226	827	424	220	6,990
	1,932	1,139	695	486	7,483
<b>Expenses:</b>					
Rent	71	16	27	11	49
Maintenance of systems	2,071	1,030	905	289	1,653
Initiation expenses	982	1,633	556	340	1,792
Payroll and related expenses	6,504	5,976	2,328	2,151	8,146
Administrative, headquarters and other	6,711	6,085	2,092	1,985	8,255
	16,339	14,740	5,908	4,776	19,895
<b>Loss before financing, taxes on income, depreciation, and amortization</b>	(14,407)	(13,601)	(5,213)	(4,290)	(12,412)
Depreciation and amortization	(868)	(516)	(294)	(226)	(790)
<b>Loss before financing and taxes on income</b>	(15,275)	(14,117)	(5,507)	(4,516)	(13,202)
Financing income	12,412	9,686	4,445	3,840	6,116
Financing expenses	(2,353)	(1,159)	(718)	(481)	(2,191)
Financing income, net	10,059	8,527	3,727	3,359	3,925
<b>Loss after financing, net</b>	(5,216)	(5,590)	(1,780)	(1,157)	(9,277)
Company's share in the results of equity-accounted investees	29,237	16,189	6,263	10,941	32,768
<b>Income before taxes on income</b>	24,021	10,599	4,483	9,784	23,491
Tax benefit (taxes on income)	(4,318)	18	(561)	(169)	(6,436)
<b>Income for the period attributed to the shareholders in the Company</b>	19,703	10,617	3,922	9,615	17,055
<b>Net earnings per share attributed to the equity holders of the Company (NIS):</b>					
Basic	0.052	0.030	0.010	0.027	0.047
Diluted	0.052	0.030	0.010	0.027	0.047
<b>Weighted average share capital used to compute the earnings per share (thousands of shares):</b>					
Basic	376,708	356,570	378,081	358,458	360,908
Diluted	379,062	358,391	380,408	360,248	362,873
<b>Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to income/loss</b>					
Foreign currency translation differences for foreign operation	(1,386)	25,933	5,436	13,551	40,323
Loss from foreign currency differences with respect to derivatives which were designated for the hedging of investments in subsidiaries which constitute foreign operations, net of tax	(2,148)	(20,014)	(3,302)	(10,238)	(29,632)
Net change in the fair value of cash flow hedging instruments	(738)	(1,117)	423	(664)	(208)
<b>Total comprehensive income for the year attributed to the equity holders of the Company</b>	15,431	15,419	6,479	12,264	27,538

The supplementary information that is attached to the condensed separate interim financial information forms an integral part thereof.

**Energix - Renewable Energies Ltd.**  
**Condensed (Separate) Interim Financial Position Data**

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2018	2017	2018	2017	2017
	NIS thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b>Cash flows - operating activities:</b>					
Income for the period	19,703	10,617	3,922	9,615	17,055
Expenses not involving cash flows (Appendix A)	(33,435)	(14,811)	(8,909)	(11,851)	(14,912)
	(13,732)	(4,194)	(4,987)	(2,236)	2,143
Changes in working capital (Appendix B)	1,599	(119)	1,508	(473)	1,711
<b>Net cash provided by (used for) operating activities</b>	<b>(12,133)</b>	<b>(4,313)</b>	<b>(3,479)</b>	<b>(2,708)</b>	<b>3,854</b>
<b>Cash flows - investing activities:</b>					
Investment in electricity generation systems	(14)	-	(14)	-	(445)
Decrease (increase) in pledged deposit	70,508	-	(5,859)	-	(90,009)
Repayment of loans to investee companies	84,843	4,699	31,753	-	69,630
Repayment of investment in investee companies	1,850	46,562	550	45,662	9,474
Advance payments to providers of fixed assets	(11,855)	-	(230)	-	-
Investment in other fixed assets	(589)	(865)	(83)	(694)	(1,424)
Long-term loans to investee companies	-	(616)	-	(616)	(616)
Settlement of financial instruments	(5,142)	(5,047)	-	(5,295)	(6,582)
Investment in partnerships and investees	(143,655)	(25,632)	(27,671)	(7,781)	(78,759)
Consideration from sale of fixed assets	-	107	-	107	107
<b>Net cash used for investing activities</b>	<b>(4,054)</b>	<b>19,208</b>	<b>(1,554)</b>	<b>31,383</b>	<b>(98,624)</b>
<b>Cash flows - financing activities:</b>					
Consideration from exercise of share options	7,728	1,853	1,820	849	3,262
Consideration from issuance of shares	-	127,921	-	44,693	127,921
Loans received from investee companies	-	71,747	-	67,408	71,737
Transaction with non-controlling interests	-	(1,000)	-	-	(1,000)
Repayment of long-term loans from financial institutions	(825)	(787)	(555)	-	(1,323)
Short-term loans received from banking institutions	3,300	-	-	-	-
Repayment of short-term loans from banking institutions	(3,300)	(65,501)	-	-	(65,501)
<b>Net cash provided by financing activities</b>	<b>6,903</b>	<b>134,233</b>	<b>1,265</b>	<b>112,950</b>	<b>135,096</b>
<b>Change in cash and cash equivalents</b>	<b>(9,284)</b>	<b>149,128</b>	<b>(3,768)</b>	<b>141,624</b>	<b>40,326</b>
<b>Balance of cash and cash equivalents, beginning of the period</b>	<b>43,970</b>	<b>3,359</b>	<b>39,192</b>	<b>10,945</b>	<b>3,359</b>
<b>Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>733</b>	<b>479</b>	<b>(5)</b>	<b>397</b>	<b>285</b>
<b>Balance of cash and cash equivalents, end of the period</b>	<b>35,419</b>	<b>152,966</b>	<b>35,419</b>	<b>152,966</b>	<b>43,970</b>

The supplementary information that is attached to the condensed separate interim financial information forms an integral part thereof.

**Energix - Renewable Energies Ltd.**  
**Condensed (Separate) Interim Financial Position Data**

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2018	2017	2018	2017	2017
	NIS in thousands				
	(Unaudited)		(Unaudited)		(Audited)
<b><u>Appendix - Adjustments Required to Present Cash Flows from Operating Activities:</u></b>					
<b>a. Income and expense items not involving cash flows:</b>					
Financing income, net	(11,103)	(6,722)	(4,098)	(3,503)	(6,402)
Capital loss	-	29	-	29	29
Revaluation of loans, deposits, marketable securities and hedging instruments, net	102	28	24	(71)	260
Tax on income recognized in income/loss for the period	4,318	(130)	561	169	6,436
Company's share in the results of equity-accounted investees	(29,237)	(10,811)	(6,263)	(9,243)	(19,876)
Depreciation and amortization	868	516	294	226	790
Change in provision for employee severance pay	-	29	-	29	70
Share-based payment	1,617	2,250	573	513	3,781
	<u>(33,435)</u>	<u>(14,811)</u>	<u>(8,909)</u>	<u>(11,851)</u>	<u>(14,912)</u>
<b>b. Changes in asset and liability items (changes in working capital):</b>					
Decrease (increase) in trade receivables and other receivables and debit balances	(276)	(510)	(66)	(707)	349
Decrease (increase) in receivables and debit balances in respect of investee companies	(125)	758	119	282	871
Increase (decrease) in trade payables and other payables and credit balances	2,000	(367)	1,455	(48)	491
	<u>1,599</u>	<u>(119)</u>	<u>1,508</u>	<u>(473)</u>	<u>1,711</u>
<b><u>Non-cash activities:</u></b>					
Investment in investee companies against supplier credit and payables	-	4,500	-	-	4,500
Non-cash exercise of share options	-	377	-	377	441
<b><u>Additional information:</u></b>					
Interest received in respect of operating activities	85	2,773	38	-	5,988
Interest paid in respect of operating activities	333	515	209	-	737
Dividend received from investee companies	-	5,380	-	1,700	12,892

**The supplementary information that is attached to the condensed separate interim financial information forms an integral part thereof.**

**Energix - Renewable Energies Ltd.**

**Supplementary Information to the Condensed Separate Interim Financial Information**

**Note 1 - General:**

**A. General:**

The separate interim financial information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 and does not include all information that is required under Regulation 9C and the Tenth Addition to the Securities Regulations (Periodic and Immediate Reports), 1970 on the subject of separate financial information of the entity. This report should be read in conjunction with the separate financial information as of and for the year ended December 31, 2017 ("**Separate Annual Financial Statements**") and in conjunction with the condensed consolidated interim financial statements as of September 30, 2018.

**B. Definitions for the Condensed Separate Interim Financial Information:**

Company - Energix - Renewable Energies Ltd.

Investee - As defined in Note 1 to the Company's consolidated financial statements of as of December 31, 2017.

**Note 2 - Principal accounting policies applied in the condensed separate interim financial information :**

The separate financial information has been prepared in accordance with accounting policies that are detailed in Note 1C to the Company's separate annual financial statements.

**Note 3 - Additional information on events in the reporting period:**

**A. Works for the construction of photovoltaic projects in Israel (90 MWp) and financing for their construction:**

See Note 7A(1) to the consolidated financial statements for the period for details regarding project construction works with a capacity of approximately 90 MWp (Company's share - 94%), and the construction financing which was withdrawn for these projects.

**B. Clean Wind Energy Project**

See Note 7B(1)(a) to the consolidated financial statements for the period for details regarding the promotion of a clean wind energy project,

**C. Preparation for the construction of photovoltaic projects in Israel (52 MWp):**

See Note 7A(1) to the consolidated financial statements for the period for details regarding preparations for the construction of projects with a capacity of approximately 52 MWp, which are under joint ownership in which the Company has a holding of 70%.

**Note 3 - Additional Information Regarding Events During the Reporting Period (Continued)):**

**D. Project initiation activities in the United States:**

See Note 7A(2) to the consolidated financial statements for the period for details regarding the initiation of projects in the United States,.

**E. Acquisition of the partners' rights (25%) in the Ilawa project in Poland (13.2 MW):**

See Note 7B(2)(b) to the Consolidated Financial Statements for the period for details regarding the acquisition.

**F. Wind Farm REvenue Poland:**

See Note 7B(2)(a) to the Consolidated Financial Statements for the period for or details regarding transactions to fix the price of black electricity and green certificates, which have been executed by a wholly owned partnership of the Company in Poland.

**G. Bank and company guarantees:**

See Note 7C to the consolidated financial statements for the period in connection with the Company's guarantees.

**H. Credit facilities:**

See Note 7E to the consolidated financial statements for the period for details regarding the Company's credit facilities as of Reporting Date and of Report Approval Date.

**I. Options granted to Company employees and the Chief Executive Officer:**

See Note 7D for details regarding the granting of options.

**J. Significant transactions with related and interested parties:**

See Note 7G for details regarding the commitment with Alony Hetz, the controlling interest, in forward transactions to hedge the exposure to foreign currency exchange rates, and the management agreement with Alony Hetz.

**K. See Note 7 to the consolidated financial statements for the period for additional information regarding events during the reporting period and events subsequent to the reporting date,**