SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF A FOREIGN ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
OF THE SECURITIES EXCHANGE ACT OF 1934

May 21, 2018

Commission File Number 001-36761

Kenon Holdings Ltd.

1 Temasek Avenue #36-01
Millenia Tower
Singapore 039192
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If ''Yes'' is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

CONTENTS

Periodic Report of OPC Energy Ltd. for the Three Months Ended March 31, 2018

On May 21, 2018, Kenon Holdings Ltd.'s subsidiary OPC Energy Ltd. ("**OPC**") reported to the Israeli Securities Authority and the Tel Aviv Stock Exchange its periodic report (in Hebrew) for the three months ended March 31, 2018 ("**OPC's Periodic Report**"). English convenience translations of (i) Chapter B: Report of the Board of Directors for the period ended March 31, 2018 and (ii) Chapter C: Condensed Consolidated Interim Financial Statements as of March 31, 2018 of OPC's Periodic Report are furnished as Exhibits 99.1 and 99.2, respectively, to this Report on Form 6-K. In the event of a discrepancy between the Hebrew and English versions, the Hebrew version shall prevail.

Forward Looking Statements

This Report on Form 6-K, including the exhibits hereto, includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements with respect to the Tzomet Energy project, including OPC's expectations in relation to the receipt of a feasibility survey, OPC's business strategy, including the plans with respect to development projects, EA tariffs and their expected effects on OPC, expected effects of new accounting standards on OPC's results, and statements relating to litigation and/or regulatory proceedings, prospective claims and expected outcomes. These statements are based on OPC Energy Ltd. management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Kenon's control, which could cause the actual results to differ materially from those indicated in such forward-looking statements. Such risks include OPC's failure to develop or complete its projects as planned or at all, that OPC's agreements and certain related disputes do not proceed as expected, that the new accounting standards and the EA tariffs affect OPC in different or more material ways, OPC's failure to successfully conduct litigation and/or regulatory proceedings and prospective claims, and other risks and factors, including those risks set forth under the heading "Risk Factors" in Kenon's Annual Report on Form 20-F filed with the SEC and other filings. Except as required by law, Kenon undertakes no obligation to update these forward-looking statements, whether as a result of new information, future events, or otherwise.

Exhibits

99.1	OPC Energy Ltd. – Periodic Report for the three months ended March 31, 2018—Chapter B: Report of the Board of Directors for the period ended March 31, 2018, as published on May 21, 2018 with the Israeli Securities Authority and Tel Aviv Stock Exchange*
99.2	OPC Energy Ltd. – Periodic Report for the three months ended March 31, 2018—Chapter C: Condensed Consolidated Interim Financial Statements as of March 31, 2018, as published on May 21, 2018 with the Israeli Securities Authority and Tel Aviv Stock Exchange*

*English convenience translation from Hebrew original document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KENON HOLDINGS LTD.

Date: May 21, 2018

By: /s/ Barak Cohen
Name: Barak Cohen
Title: Co-Chief Executive Officer

KENON HOLDINGS LTD.

By: /s/ Robert L. Rosen
Name: Robert L. Rosen
Title: Co-Chief Executive Officer

Exhibit 99.1

OPC ENERGY LTD.

REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED MARCH 31, 2018

The Board of Directors of OPC Energy Ltd. (“**the Company**”) hereby presents the report of the Board of Directors on the activities of the Company and its investee companies, whose financial statements are consolidated with the financial statements of the Company (“**the Group**”), as of March 31, 2018 and for the three-month period then ended, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (“**the Reporting Regulations**”).

The review provided below is limited in scope and relates to events and changes in the state of the Company’s affairs during the reporting period that have a material effect on the data of the interim financial statements and on the data in the Description of the Company's Business, and is presented based on the assumption that the reader has access, inter alia, to the directors’ report and the financial statements for the year ended December 31, 2017, as published on March 29, 2018 (reference no.: 2018-01-026919), (“**the Consolidated Reports**”). The information included in the Consolidated Reports is incorporated herein by reference.

It is noted that, as of March 31, 2018, there are no warning signs, as defined in Regulation 10(B)(14) of the Reporting Regulations, that require the Company to publish a report of projected cash flows.

Presented together with this report are the consolidated interim financial statements as of March 31, 2018 (“**the Interim Reports**”). In certain cases, details are provided regarding events that took place after the date of the financial statements and shortly before the publication date of the report. The materiality of the information included in this report was examined from the point of view of the Company. In certain cases, an additional detailed description has been provided to create a comprehensive depiction of the issue at hand. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

It should be emphasized that the description in this report contains forward-looking information, as defined in the Securities Law, 1968 ("the Securities Law"). Forward-looking information is uncertain information relating to the future, including projections, assessments, estimates or another information relating to a future matter or event, the realization of which is uncertain and/or outside the control of the Company. The forward-looking information included in this report is based on information or assessments existing in the Company as of the publication date of this report.

This directors' report is not audited or reviewed by the auditors of the Company.

Explanations of the Board of Directors regarding the State of the Group's Affairs

1. **General**

The Company is a public company the securities of which are listed for trade on the Tel Aviv Stock Exchange Ltd. ("**the Stock Exchange**").

The Company considers Kenon Holdings Inc. ("**Kenon**") as its controlling shareholder for the purposes of the Securities Law and the Companies Law. Kenon is a company incorporated in Singapore, the shares of which have a dual listing on the New York Stock Exchange (NYSE) and on the Stock Exchange.

The Company is engaged, on its own and through several subsidiaries in the generation and supply of electricity in Israel, including the initiation, development, construction and operation of power plants and the generation and supply of electricity to private customers and to the Israel Electric Company ("**IEC**").

1.1 **Summary Description of the Group, its Business Environment and its Areas of Operation**

The Company operates in a single segment - the generation and supply of electricity.

Within this framework, the Company engages in the initiation, development, construction and operation of power plants and the generation and supply of electricity to private customers and to IEC. In its electricity generation and supply activities, the Company focuses on conventional and cogeneration technologies. The Company (through subsidiaries that it controls) owns two power plants: the Rotem Power Plant that uses conventional technology and the Hadera Power Plant, which is currently in construction and that is designated to use cogeneration technology.

The Rotem Power Plant is owned by OPC Rotem Ltd. ("**Rotem**"), in which the Company holds 80% of the shares. The remaining shares are held by a single shareholder.

The Hadera Power Plant, which is currently under construction, is owned by OPC Hadera Ltd. ("**Hadera**"). Hadera also owns the energy center that, to the date of the report, supplies all of the steam consumption and part of the electricity consumption of Hadera Paper Mills Ltd. ("**Hadera Paper**"). As of March 31, 2018, total investments in Hadera aggregate approximately NIS 629 million and the percentage of completion of the project is 90%.

On February 26, 2018, the Board of Directors of the Company approved the completion of the Zomet Transaction and the acquisition of 95% of the issued and paid share capital of Zomet Energy Ltd. ("**Zomet**"), which is advancing a project for the construction of a power plant using an open cycle conventional technology. The aforesaid agreements were completed on March 7, 2018. The Company holds 95% of the issued and paid share capital of Zomet. (For details regarding the Zomet Transaction, see the Company's immediate report from February 27, 2018 (reference no.: 2018-01-015789) and Note 6 to the Interim Reports).

Additionally, in accordance with a resolution of the Government of Israel from April 2, 2017, the Company has been advancing, within the framework of the National Infrastructures Committee, programs for the setting up of additional natural-gas powered power plants in adjacency to the Company's sites in Hadera and Rotem.

The Company also engages in the initiation of projects for the generation of electricity using photovoltaic technology.

2. Explanations of the Board of Directors regarding the State of the Company's Affairs

2.1. Financial Position as of March 31, 2018 (NIS in thousands)

Item	March 31, 2018	Dec. 31, 2017	Explanations of the Board of Directors
Current assets			
Cash and cash equivalents	508,625	508,181	The increase of NIS 94 million is due mainly to the operating activities of the Company. This increase was partly offset by a decrease in current debt servicing in the total amount of NIS 40 million, a net decrease of NIS 29 million in cash balances in Hadera due to additional investments in the construction of the Hadera power plant, a decrease of NIS 8 million in net cash arising from the acquisition of Zomet, investments of NIS 8 million in the Rotem Power Plant, a deposit to restricted cash due to the increasing of the Company's guarantees by NIS 5 million and loans granted in the amount of NIS 3 million. For further information, see the Company's condensed consolidated statements of cash flows as of March 31, 2018, in the Interim Reports.
Short-term deposits and restricted cash	752	752	
Trade receivables	120,953	152,751	The balance of trade receivables in December 2017 is higher than that in March 2018 due to seasonality and the settling of accounts originating in prior periods.
Receivables and debit balances	40,396	39,210	The increase is due mainly to prepaid expenses in the amount of NIS 5 million and to the first-time consolidation of Zomet in the amount of NIS 3 million. This was offset by a decrease of NIS 7 million in the balance of value added tax receivable.
Derivative instruments	4,084	5,099	The decrease is due to the 6-month life of the derivative as of reporting date, as compared to 9 months as of December 31, 2017, with a total effect of NIS 2 million. This was partially offset by an increase of NIS 1 million resulting from changes in exchange rates.
Total current assets	**647,810**	**705,993**	

Item	March 31, 2018	Dec. 31, 2017	Explanations of the Board of Directors
Non-current assets			
Long-term deposits and restricted cash	270,863	264,564	The increase is due mainly to additional deposits in the amount of NIS 5 million in respect of bank guarantees of the Company, an increase of NIS 2 million in Rotem's restricted cash, primarily as a result of changes in the exchange rate of the dollar, and a deposit into the debt servicing reserve in Rotem.
Long-term loans and deferred charges	109,364	100,356	The increase is due mainly to the construction of infrastructures in Hadera in the amount of NIS 13 million. In opposition, the balance in December 2017 included a balance in respect of Zomet that was offset due to the first-time consolidation of Zomet in March 2018. Additionally, the balance in March 2018 is after the current reduction of deferred charges in Rotem by the NIS 1 million.
Deferred taxes	852	751	
Fixed assets	2,247,190	2,184,405	The increase is due mainly to an investment of NIS 53 million in the Hadera Power Plant, the first-time consolidation of Zomet in the amount of NIS 29 million and additions of NIS 5 million to fixed assets in Rotem. This increase was partly offset by the depreciation of fixed assets in Rotem and Hadera (energy center) by an aggregate amount of NIS 26 million.
Intangible assets	5,603	5,689	
Total non-current assets	**2,633,872**	**2,555,765**	
Total assets	**3,308,682**	**3,261,758**	
Current liabilities			
Current maturities from banks and others	107,830	104,978	The increase is mainly due to the first-time consolidation of Zomet in the amount of NIS 13 million and the updating of the current maturity of Rotem in accordance with the repayment schedule by NIS 10 million. This increase was partly offset the repayment of the senior debt in Rotem in the amount of NIS 20 million.
Trade payables	146,282	202,705	The decrease is due to the reduction in the trade balance payable in respect of gas purchases in the amount of NIS 49 million, as well as in respect of unpaid balances to IEC in the amount of NIS 14 million as of the date of the report. These were partially offset by an increase of NIS 8 million in the balance payable to Israel Natural Gas Lines Company Ltd. due to the achievement of a milestone in Hadera.
Payables and credit balances, including derivative instruments	46,119	36,983	The increase is primarily due mainly to an increase of NIS 6 million in the balance of VAT payable, an increase of NIS 3 million in interest payable, an increase of NIS 1 million in accrued expenses, and an increase of NIS 1 million in the provision for tax in Hadera. This increase was partly offset by a decrease of NIS 2 million in the balance of derivative instruments.
Total current liabilities	**300,231**	**344,666**	

Item	March 31, 2018	Dec. 31, 2017	Explanations of the Board of Directors
Non-current liabilities			
Long-term loans from banks and financial institutions	1,757,493	1,744,739	The increase is due mainly to loans in the amount of NIS 22 million granted under Hadera's senior debt and to interest and CPI indexation of NIS 5 million in respect of the senior debt balances of Hadera, accrued on the principal. This increase was partly offset as a result of the updating of a current maturity of Rotem by NIS 10 million and of the effect of the reduction in the Consumer Price Index, amounting to NIS 4 million.
Debentures	293,994	293,954	
Capital notes	1,827	1,803	
Employee benefits	280	280	
Deferred taxes, net	211,391	191,777	The increase is mainly due to the updating of deferred taxes as a result of the profit for the year.
Total non-current liabilities	**2,264,985**	**2,232,553**	
Total liabilities	**2,565,216**	**2,577,219**	

2.2. **Analysis of Operating Results for the Three-Month Period ended March 31, 2018 (NIS in thousands)**

The Group's activity is subject to seasonal fluctuations as a result of changes in the Electricity Authority's published regulated Time of Use Electricity Tariff ("**the TAOZ**"). The year is divided into 3 seasons, as follows:
Summer (July and August), Winter (December, January and February) and Transition (March through June and September through November). As a rule, electricity tariffs in the summer and the winter are generally higher than in the transition periods.

Item	**Three months ended March 31**		**Explanations of the Board of Directors**
	2018	**2017**	
Sales	349,724	348,341	For an explanation of the change in sales, see section 2.5 below.
Cost of sales (less depreciation and amortization)	219,624	237,960	For an explanation of the change in the cost of sales, see section 2.6 below.
Depreciation and amortization	26,277	30,021	The increase in depreciation in the first quarter of 2017 was due mainly to the bringing forward of scheduled maintenance in 2017 and the resulting acceleration of depreciation (for additional details, see Note 27d(3) to the Consolidated Reports).
Gross profit	**103,823**	**80,360**	
General and administrative expenses	11,739	7,173	The increase was due mainly to an increase of NIS 3 million in professional and legal fees, among others, as a result of the Company becoming a public company and due to an increase of NIS 1 million in salary costs.
Other income, net	(25)	(98)	
Operating profit	**92,059**	**73,089**	
Financing expenses, net	15,251	21,277	The decrease in financing expenses, net is due mainly to the reduction in the exchange rate of the dollar amounting to NIS 6 million, the reduction in the Consumer Price Index amounting to NIS 2 million, and to interest of NIS 1 million on capital notes repaid in 2017. This decrease was partly offset by interest on debentures in the amount of NIS 4 million.
Profit before taxes on income	**76,808**	**51,812**	
Taxes on income	20,042	12,749	The increase was due mainly to higher profitability in the first quarter of 2018, which was partly offset by the effect of the reduction in the corporate tax rate in 2018 as compared to the first quarter of 2017.
Profit for the year	**56,766**	**39,063**	

2.3. **EBITDA**

The Company defines EBITDA as earnings (losses) before depreciation and amortization, net financing expenses or income and taxes on income. EBITDA is not recognized under IFRS or under any other generally accepted accounting standards as an indicator for the measurement of financial performance and should not be construed as a substitute for profit or loss, cash flows from operating activities or other terms of operational performance or liquidity prescribed under IFRS.

EBITDA does not represent monies that are available for the distribution of dividends or for other uses, since such monies may be used for debt servicing, capital expenditure, working capital and other liabilities. EBITDA is characterized by limitations that impede its use as an indicator of the Company’s profitability, as it does not take into account certain costs and expenses arising from the business of the Company, which could materially affect its net profit, such as financing expenses, depreciation, capital expenditure and other related expenses.

The Company believes that the EBITDA figure provides information in a manner that is transparent and useful to investors in examining the operational performance of the Company and in comparing them against the operational performance of other companies in the same sector or in other sectors with different capital structures, debt levels and/or income tax rates. This figure is also used by management of the Company in examining the Company's performance.

Following is a calculation of EBITDA for the periods presented. Other companies may calculate the EBITDA differently. Therefore, EBITDA presentation may differ from those of other companies.

EBITDA calculation (NIS in thousands):

Item	Three months ended March 31	
	2018	**2017**
Sales	**349,724**	**348,341**
Cost of sales (less depreciation and amortization)	(219,624)	(237,960)
General and administrative expenses (less depreciation and amortization)	(11,658)	(7,113)
Other expenses	(25)	(98)
EBITDA	**118,417**	**103,170**

2.4. **Energy balance**

Presented below are details of sales, generation and purchases of electricity by the Rotem plant and the Hadera energy center (kWh in millions):

Item	Three-months ended March 31	
	2018	**2017**
Sales to private customers	973	976
Sales to the system administrator	38	39
Total sales	**1,011**	**1,015**

Item	Three-months ended March 31	
	2018	**2017**
Generation of electricity	976	991
Purchase of electricity from the system administrator	35	24
Total number electricity generated and purchases from the system administrator	**1,011**	**1,015**

	Three-months ended March 31			
	2018		2017	
	Availability (%)	Net generation (kWh in millions)	Availability (%)	Net generation (kWh in millions)
Rotem	100%	951	100%	967
Hadera	99.8%	25	91.4%	24

2.5. **Revenues**

Following are details of the revenues of the Company (NIS in thousands):

	Three-months ended March 31	
Item	**2018**	**2017**
Net revenues from the sale of energy to private customers	248,210	239,562
Collection from private customers in respect of IEC services	82,689	90,044
Revenues from the sale of energy to the system administrator	4,258	4,368
Revenues from the sale of steam	14,567	14,367
Total revenues	349,724	348,341

The net revenues of the Company from the sale of electricity to private customers arise from electricity sold at the generation component tariffs, as published by the Electricity Authority, with some discount. The weighted average generation component tariff for 2018, as published by the Electricity Authority, is NIS 0.2816 per kWh. This weighted average is attributed to the mix of consumption in the market, which differs from that of the customers of Rotem and Hadera. In 2017, the weighted average of the generation component tariff was NIS 0.264 per kWh. Additionally, the revenues of the Company from the sale of steam are partly linked to the price of gas and partly to the Consumer Price Index.

The increase in revenues was due mainly to an increase of NIS 9 million in net revenues from the sale of energy to private customers as a result of the increase in the generation component. The increase was offset by approximately NIS 7 million as a result of a reduction in the collection from private customers in respect of services of IEC, primarily due to the decrease in infrastructure tariffs.

The volume of electricity sales in the first quarter of 2018 was 1,105 million kWh, similarly to the corresponding quarter last year.

2.6. **Cost of sales (less depreciation and amortization)**

Following are details of the cost of sales (less depreciation and amortization), distributed as follows (NIS in thousands):

Item	Three-months ended March 31	
	2018	**2017**
Gas and diesel fuel	117,758	128,400
Payment to IEC for system services and electricity purchases	82,689	90,044
Gas conduction cost	6,822	6,658
Operating expenses	12,355	12,858
Total cost of sales (less depreciation and amortization)	**219,624**	**237,960**

The gas consumption of Rotem and Hadera in the first quarter of 2018 was 7,078,496 MMBTU and the average gas price in the first quarter of 2018 was US$ 4.71 per MMBTU (for additional information regarding the gas agreement, see Note 27g to the Consolidated Reports).

The decrease in the cost of sales results from a reduction of NIS 11 million in gas costs, of which NIS 9 million relates to the revaluation of the NIS in relation to the dollar in the first quarter of 2018 and NIS 2 million relates to a lower consumption of gas as compared to the corresponding quarter last year.

An additional decrease of NIS 7 million is due to the reduction in infrastructure tariffs.

2.7. **Liquidity and financing sources (NIS in thousands)**

Item	Three months ended March 31		Explanations of the Board of Directors
	2018	2017	
Cash provided by operating activities	93,937	131,594	The decrease was due mainly to the reduction of NIS 54 million in working capital (as a result of four gas payments in the first quarter of 2018 as compared to three payments in the first quarter of 2017). This decrease was partially offset by an increase of NIS 18 million in operating activities. For further information, see the condensed consolidated interim statements of cash flows of the Company for the three months ended March 31, 2018.
Cash used in investing activities	(74,298)	(139,180)	The decrease in cash flows used in investing activities is due mainly to a deposit of NIS 79 million into an escrow account in 2017 under the Tamar Agreement. This decrease was primarily offset by the acquisition of Zomet in an amount of NIS 8 million.
Cash provided by (used in) financing activities	(19,256)	138,827	The decrease in cash used in financing activities is due to smaller withdrawals from the financing agreement facility in the Hadera Project: NIS 255 million in the first quarter of 2017, as compared to NIS 22 million in in the first quarter of 2018. In opposition, in the first quarter of 2017, the Company repaid balances to Asia Development in the amount of NIS 68 million and paid deferred charges of NIS 9 million in respect of the financing agreement in Hadera.

The following table specifies debt, cash and cash equivalents, deposits and restricted cash as of March 31, 2018 (NIS in thousands):

	Rotem	Hadera	Solo	Zomet	Other	Consolidated
Debt (excluding accrued interest)	1,304,068	526,465	315,958	12,826	1,827	2,161,144
Cash and cash equivalents	182,824	80,080	243,971	521	1,229	508,625
Short- and long-term deposits and restricted cash (including debt servicing reserves)	169,130	5,525	96,960	-	-	271,615
Debt servicing reserves (out of restricted cash)	92,396	-	17,710	-	-	110,106

In the reporting period, Rotem repaid approximately NIS 19 million (relating to principal only) of its loans.

Hadera withdrew NIS 22 million under its senior facility agreement.

The first-time consolidation of Zomet resulted in an additional debt balance of NIS 13 million to the Company.

The following table specifies debt, cash and cash equivalents, deposits and restricted cash as of December 31, 2017 (NIS in thousands):

	Rotem	Hadera	Solo	Other	Consolidated
Debt (excluding accrued interest)	1,327,576	500,177	315,918	1,803	2,145,474
Cash and cash equivalents	130,373	103,111	273,033	1,664	508,181
Short- and long-term deposits and restricted cash (including debt servicing reserves)	167,430	5,459	92,427	-	265,316
Debt servicing reserves (out of restricted cash)	91,759	-	17,710	-	109,469

The following table specifies debt, cash and cash equivalents, deposits and restricted cash as of March 31, 2017 (NIS in thousands):

	Rotem	Hadera	Solo	Other	Consolidated
Debt (excluding accrued interest)	1,378,354	252,620	198,923	1,731	1,831,628
Cash and cash equivalents	91,060	121,593	3,826	513	216,992
Short- and long-term deposits and restricted cash (including debt servicing reserves)	152,176	192	16,158	-	168,526
Debt servicing reserves (out of restricted cash)	73,177	-	16,158	-	89,335

3. Material Events in the Reporting Period and after the Reporting Date

3.1. On January 10, 2018, a petition was filed with the Tel Aviv-Jaffa District Court for certification of a derivative claim by a shareholder in ORL against former directors in ORL, current directors in ORL, the Company, Rotem, Hadera, Israel Chemicals Ltd. ("ICL"), as well as against Israel Corp. Ltd., Mr. Idan Ofer and Mr. Ehud Angel (for additional information, see the immediate report of the Company dated January 11, 2018 (reference no.: 2018-01-003711), which is included herein by reference).

3.2. On January 14, 2018, a special general meeting of the shareholders of the Company was held, where the following resolution was issued:

Approval of the Company's engagement (through Rotem and Hadera) in agreements for the purchase of natural gas with Energean Israel Limited (for additional information, see the immediate reports dated January 2, 2018, January 15, 2018, March 6, 2018 and April 30, 2018 (reference nos.: 2018-01-000841, 2018-01-004557, 2018-01-018099 and 2018-01-034308), which are included herein by reference).

3.3. On February 22, 2018:

3.3.1. Mr. Alberto Victonico Triulzi and Mr. Juan Carlos Camogliano Pazos ceased serving as ordinary directors in the Company.

3.3.2. Mr. Barak Cohen was appointed as an ordinary director in the Company.

3.3.3. Mr. Javier Garcia Burgos Benfield ceased serving as Chairman of the Company's Board of Directors and stayed on as an ordinary director in the Company.

3.3.4. Mr. Yoav Doppelt was appointed Chairman of the Company's Board of Directors.

3.4. On April 6, 2017, the Company entered into a series of agreements for the acquisition of up to 95% of the issued and paid share capital of Zomet, which is advancing a project for the construction of a natural gas-powered power plant, using an open cycle conventional technology, with an output of some 396 megawatts (**"Zomet Transaction"**). On February 26, 2018, the Board of Directors of the Company approved actions for the completion of the aforesaid agreements, and on March 7, 2018 the Zomet Transaction were completed. Consequently, to date, the Company holds 95% of the issued and paid share capital of Zomet. For details regarding the Zomet Transaction, see the immediate report dated February 27, 2018 (reference no.: 2018-01-015789), which is included herein by reference, and Note 27m to the financial statements).

3.5. On April 12, 2018, Mr. Tzahi Goshen ceased serving as a director in the Company.

3.6. On May 1, 2018, Mr. Eran Litvak ceased serving as CFO of the Company.

3.7. Commencing on May 1, 2018, Mr. Tzahi Goshen serves as the CFO of the Company.

3.8. On May 3, 2018, an ordinary and a special general meeting of the shareholders of the Company was held, where the following resolutions were passed:

3.8.1. Reappointment of KPMG Somekh Chaikin as the auditors of the Company until the next annual general meeting of the Company and authorization of the Company's Board of Directors to determines the auditors' fees.

3.8.2. Appointments for an additional period in office, until the next annual general meeting:

Mr. Yoav Doppelt, Chairman of the Board of Directors.

Mr. Javier Garcia Burgos, ordinary director in the Company.

Mr. Roberto Antonio Jose Cornejo Spickernagel, ordinary director in the Company.

Mr. Barak Cohen, ordinary director in the Company.

Mr. Noam Sharon, independent director in the Company

3.9. Approval of the compensation of Mr. Yoav Doppelt as Chairman of the Board of Directors and of Mr. Javier Garcia as an ordinary director. The compensation of Mr. Yoav Doppelt as Chairman of the Board of Directors was set at a fixed annual amount of NIS 500,000 plus an entitlement to reimbursement of expenses and exemption and indemnification as customary in the Company. The compensation of Mr. Garcia as a director was set at a fixed annual amount of NIS 350,000 plus an entitlement to reimbursement of expenses and exemption and indemnification as customary in the Company.

4. <u>Outstanding Liabilities by Maturity Dates</u>

For details regarding the outstanding liabilities of the Company, see the immediate report on outstanding liabilities by maturity dates that is published by the Company concurrently with the publication of this report.

5. <u>Corporate Governance</u>

5.1. Donations policy

5.1.1. Within the framework of the Company's compensation policy, In May 2018 a donation to Password for Every Student in the amount of NIS 1,000 thousand was approved for 2018. Password for Every Student was established by the Israel Corp. Group.

5.1.2. In the first quarter of 2018, the Company donated NIS 250 thousand to the Society for the Advancement of the Dimona Sports Club.

5.2. Internal auditor

Commencing on March 31, 2018, Mr. Oded Berkovich, the internal auditor of the Company, is no longer an employee of the Company. Mr. Berkovich continues to serve as the internal auditor of the Company, who is not an employee of the Company.

Yoav Doppelt Chairman of the Board of Directors	Giora Almogy CEO

Date: May 21, 2018

Exhibit 99.2

OPC ENERGY LTD.
Condensed Consolidated Interim Financial Statements
As of March 31, 2018
(Unaudited)

Condensed Consolidated Interim Financial Statements as of March 31, 2018 (unaudited)

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Somekh Chaikin KPMG
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#17 Ha'arbaa St., POB 609 Tel Aviv
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Auditors' Review Report to the Equity Holders of OPC Energy Ltd.

Introduction

We have reviewed the accompanying financial information of OPC Energy Ltd. and its subsidiaries, which comprises the condensed consolidated statement of financial position as of March 31, 2018 and the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. The board of directors and management are responsible for the preparation and presentation of interim financial information for this interim period in accordance with International Accounting Standard 34, "Interim Financial Reporting", as well as for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of 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 Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the mentioned in the preceding paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin
Certified Public Accountants (Isr.)

May 21, 2018

Condensed Consolidated Interim Statements of Financial Position as of

	March 31 2018 (Unaudited) NIS in thousands	March 31 2017* (Unaudited) NIS in thousands	December 31 2017 (Audited) NIS in thousands
Current assets			
Cash and cash equivalents	**508,625**	216,992	508,181
Short-term deposits and restricted cash	**752**	95,350	752
Current maturities of long-term loan to the former parent company	**-**	16,577	-
Trade receivables	**120,953**	131,960	152,751
Other receivables and debit balances	**40,396**	22,531	39,210
Derivative instruments	**4,084**	6,433	5,099
Total current assets	**674,810**	489,843	705,993
Non-current assets			
Long-term deposits and restricted cash	**270,863**	73,176	264,564
Long-term loan to the former parent company	**-**	182,346	-
Long-term loans and prepaid expenses	**109,364**	86,564	100,356
Derivative instruments	**-**	3,037	-
Deferred taxes	**852**	3,005	751
Fixed assets	**2,247,190**	1,993,079	2,184,405
Intangible assets	**5,603**	5,788	5,689
Total non-current assets	**2,633,872**	2,346,995	2,555,765
Total assets	**3,308,682**	2,836,838	3,261,758

* Restated to reflect the transfer of Hadera and AGS from Asia Development to the Company, see Note 4.

Condensed Consolidated Interim Statements of Financial Position as of

	March 31 2018 (Unaudited) NIS in thousands	March 31 2017* (Unaudited) NIS in thousands	December 31 2017 (Audited) NIS in thousands
Current liabilities			
Current maturities of loans from banks and others	**107,830**	93,474	104,978
Trade payables	**146,282**	158,703	202,705
Other payables and credit balances, including derivative instruments	**46,119**	49,534	36,983
Loans and capital notes issued to the Parent Company and related parties	**-**	46,544	-
Total current liabilities	**300,231**	348,255	344,666
Non-current liabilities			
Loans from banks and financial institutions	**1,757,493**	1,736,423	1,744,739
Debentures	**293,994**	-	293,954
Capital notes and loans from related parties	**1,827**	24,426	1,803
Derivative instruments	**-**	4,770	-
Employees benefits	**280**	280	280
Deferred tax liabilities, net	**211,391**	172,143	191,777
Total non-current liabilities	**2,264,985**	1,938,042	2,232,553
Total liabilities	**2,565,216**	2,286,297	2,577,219
Equity			
Share capital	**1,319**	**-	1,319
Premium on shares	**361,005**	-	361,005
Capital reserves	**82,423**	258,848	80,279
Retained earnings	**201,990**	212,563	157,697
Total equity attributable to the equity holders of the Company	**646,737**	471,411	600,300
Non-controlling interests	**96,729**	79,130	84,239
Total equity	**743,466**	550,541	684,539
Total liabilities and equity	**3,308,682**	2,836,838	3,261,758

Yoav Doppelt	Giora Almogy	Tzahi Goshen
Chairman of the Board of Directors	CEO	CFO

Date of approval of the financial statements: May 21, 2018.

* Restated to reflect the transfer of Hadera and AGS from Asia Development to the Company, see Note 4.
** An amount less than NIS 1,000.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Profit or Loss

	Three-month period ended March 31		Year ended December 31
	2018	2017*	2017
	(Unaudited)	(Unaudited)	(Audited)
	NIS in thousands	NIS in thousands	NIS in thousands
Sales	**349,724**	348,341	1,315,679
Cost of sales (less depreciation and amortization)	**219,624**	237,960	958,968
Depreciation and amortization	**26,277**	30,021	112,210
Gross Profit	**103,823**	80,360	244,501
General and administrative expenses	**11,739**	7,173	39,576
Other income (expenses), net	**(25)**	(98)	1,252
Operating profit	**92,059**	73,089	206,177
Financing expenses	**16,956**	25,205	124,751
Financing income	**1,705**	3,928	6,928
Financing expenses, net	**15,251**	21,277	117,823
Profit before taxes on income	**76,808**	51,812	88,354
Taxes on Income	**20,042**	12,749	31,848
Profit for the period	**56,766**	39,063	56,506
Attributable to:			
Equity holders of the Company	**44,293**	30,339	35,473
Non-controlling interests	**12,473**	8,724	21,033
Profit for the period	**56,766**	39,063	56,506
Earnings per share attributable to the owners of the Company			
Basic earnings per share (NIS)	**0.34**	**0.30	0.32
Diluted earnings per share (NIS)	**0.33**	**0.30	0.31

* Restated to reflect the transfer of Hadera and AGS from Asia Development to the Company, see Note 4.

** Restated to reflect the benefit component in the issuance of shares to the Parent Company, see Note 21b to the annual financial statements.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Other Comprehensive Income (Loss)

	Three-month period ended March 31		Year ended December 31
	2018	2017*	2017
	(Unaudited)	(Unaudited)	(Audited)
	NIS in thousands	NIS in thousands	NIS in thousands
Profit for the period	**56,766**	39,063	56,506
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to profit or loss			
Effective portion of change in fair value of cash flow hedging instruments	**2,499**	(8,478)	5,894
Net change in the fair value of cash flow hedging derivatives that was carried to the cost of a specific item	**(120)**	692	5,176
Taxes in respect of components of other comprehensive income	**(547)**	1,845	(2,642)
Other comprehensive income (loss) for the period, net of tax	**1,832**	(5,941)	8,428
Total comprehensive income for the period	**58,598**	33,122	64,934
Attributable to:			
Equity holders of the Company	**46,125**	24,398	43,901
Non-controlling interests	**12,473**	8,724	21,033
Comprehensive income for the period	**58,598**	33,122	64,934

* Restated to reflect the transfer of Hadera and AGS from Asia Development to the Company, see Note 4.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to the equity holders of the Company									
	Share capital	**Premium on shares**	**Merger capital reserve**	**Hedge reserve**	**Capital reserve from transactions with the Parent Company**	**Capital reserve for cash-based payment**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	NIS in thousands	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**	**NIS in thousands**
					(Unaudited)					
Three-month period ended March 31, 2018										
Balance as at January 1, 2018	**1,319**	**361,005**	**2,598**	**(797)**	**77,930**	**548**	**157,697**	**600,300**	**84,239**	**684,539**
Acquisition of non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17**	**17**
Share-based payment	-	-	-	-	-	**312**	-	**312**	-	**312**
Other comprehensive income, net of tax	**-**	**-**	**-**	**1,832**	**-**	**-**	**-**	**1,832**	**-**	**1,832**
Profit for the period	-	-	-	-	-	-	**44,293**	**44,293**	**12,473**	**56,766**
Balance as of March 31, 2018	**1,319**	**361,005**	**2,598**	**1,035**	**77,930**	**860**	**201,990**	**646,737**	**96,729**	**743,466**
Three-month period ended March 31, 2017**										
Balance as of January 1, 2017	* -	-	196,084	(9,225)	78,026	-	182,224	447,109	70,602	517,711
Capital reserve from transactions with the Parent Company, net of tax	-	-	-	-	(96)	-	-	(96)	-	(96)
Change in merger reserve as part of the transfer of Greenday	-	-	-	-	-	-	-	-	(196)	(196)
Other comprehensive loss, net of tax	-	-	-	(5,941)	-	-	-	(5,941)	-	(5,941)
Profit for the period	-	-	-	-	-	-	30,339	30,339	8,724	39,063
Balance as of March 31, 2017	* -	-	196,084	(15,166)	77,930	-	212,563	471,411	79,130	550,541

* An amount less than NIS 1,000.

* Restated to reflect the transfer of Hadera, AGS and Greenday from Asia Development to the Company, see Note 4.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to the equity holders of the Company									
	Share capital	Premium on shares	Merger capital reserve	Hedge reserve	Capital reserve from transactions with the Parent Company	Capital reserve for cash-based payment	Retained earnings	Total	Non-controlling interests	Total equity
	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands	NIS in thousands
	(Audited)									
Year ended December 31, 2017										
Balance as of January 1, 2017	* -	-	196,084	(9,225)	78,026	-	182,224	447,109	70,602	517,711
Capital reserve from transactions with the Parent Company, net of tax	-	-	-	-	(96)	-	-	(96)	-	(96)
Issuance of shares to the Parent Company	1,000	-	-	-	-	-	-	1,000	-	1,000
Issuance of shares (less issuance expenses)	319	361,005	-	-	-	-	-	361,324	-	361,324
Share-based payment	-	-	-	-	-	548	-	548	-	548
Change in merger reserve as part of the transfer of Hadera, Greenday and AGS	-	-	(193,486)	-	-	-	-	(193,486)	(196)	(193,682)
Dividends to the equity holders of the Company	-	-	-	-	-	-	(60,000)	(60,000)	-	(60,000)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(7,200)	(7,200)
Other comprehensive income, net of tax	-	-	-	8,428	-	-	-	8,428	-	8,428
Profit for the year	-	-	-	-	-	-	35,473	35,473	21,033	56,506
Balance as of December 31, 2017	1,319	361,005	2,598	(797)	77,930	548	157,697	600,300	84,239	684,539

* An amount less than NIS 1,000.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

	Three-month period ended March 31 2018 (Unaudited) NIS in thousands	Three-month period ended March 31 2017* (Unaudited) NIS in thousands	Year ended December 31 2017 (Audited) NIS in thousands
Cash flows from operating activities			
Profit for the period	**56,766**	39,063	56,506
Adjustments:			
Depreciation and amortization	**27,767**	30,197	168,209
Financing expenses, net	**15,251**	21,277	117,823
Taxes on income	**20,042**	12,749	31,848
Share-based payment transactions	**312**	-	548
Revaluation of derivatives	**1,875**	2,083	6,454
	122,013	105,369	381,388
Changes in trade and other receivables	**40,260**	20,777	(27,046)
Changes in trade and other payables	**(68,336)**	5,448	55,402
	(28,076)	26,225	28,356
Net cash provided by operating activities	**93,937**	131,594	409,744
Cash flows for investing activities			
Interest received	**270**	13	205
Short-term deposits and restricted cash, net	**(66)**	(79,003)	16,352
Deposit to long-term restricted cash	**(5,176)**	-	(195,372)
Long-term prepaid expenses and loans granted	**(7,876)**	-	(16,470)
Purchase of fixed assets	**(53,413)**	(57,990)	(368,628)
Acquisition of subsidiary, less cash acquired	**(8,125)**	-	-
Purchase of intangible assets	-	(47)	(212)
Receipt (payment) in respect of derivatives, net	**88**	(2,153)	(5,839)
Net cash used in investing activities	**(74,298)**	(139,180)	(569,964)
Cash flows for financing activities			
Interest paid	**(16,363)**	(17,481)	(76,661)
Prepaid costs in respect of loans received	**(986)**	(8,903)	(13,068)
Dividend paid	-	-	(67,200)
Repayment of short-term loans received from the Parent Company and a related party, net	-	(57,854)	(58,352)
Proceeds from issuance of shares, net of issuance expenses	-	-	361,703
Proceeds from the issuance of debentures, net of issuance expenses	-	-	315,818
Payment of early repayment commission	-	-	(22,950)
Long-term loans received	**22,000**	255,000	494,000
Repayment of long-term capital notes issued to the Parent Company and to a related party	-	(10,350)	(64,068)
Repayment of loans from banks and others	**(23,907)**	(21,585)	(280,422)
Net cash provided by (used in) financing activities	**(19,256)**	138,827	588,800
Net increase in cash and cash equivalents	**383**	131,241	428,580
Balance of cash and cash equivalents at beginning of period	**508,181**	86,159	86,159
Effect of exchange rate fluctuations on cash and cash equivalents	**61**	(408)	(6,558)
Balance of cash and cash equivalents at end of period	**508,625**	216,992	508,181

* Restated to reflect the transfer of Hadera and AGS from Asia Development to the Company, see Note 4.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NOTE 1 - REPORTING ENTITY

OPC Energy Ltd. (hereinafter - "the Company") was incorporated in Israel on February 2, 2010. The address of record of the Company (since May 1, 2018) is #121 Menachem Begin Rd., Tel Aviv, Israel. The Company is controlled by Kenon Holdings Ltd. (hereinafter - "the Parent Company"), a company incorporated in Singapore whose shares have a dual listing on the New York Stock Exchange (NYSE) and on the Tel Aviv Stock Exchange Ltd. (hereinafter - "the Stock Exchange"). Until February 15, 2018, the Company was controlled by I.C. Power Asia Development Ltd. (hereinafter - "Asia Development"), on which date Asia Development transferred its entire holdings in the Company to the Parent Company.

The Company is a public company the securities of which are listed for trade on the Stock Exchange. The Company, together with the subsidiaries the financial statements of which are consolidated with those of the Company (hereinafter – "the Group"), operates in the Israeli electricity generation sector, including the initiation, development, construction and operation of power plants and the generation and supply of electricity to private customers and to the Israel Electric Company (hereinafter - "IEC").

The subsidiary, OPC Rotem Ltd. (hereinafter – "Rotem"), was awarded a bid for construction of a private power plant having a licensed capacity of about 466 megawatts in the Rotem Plain and signed an agreement for the sale of the electricity (hereinafter - "PPA") with the Israel Electric Corp. (hereinafter - "IEC"). In addition, by virtue of its being awarded the bid, Rotem received a license to produce and sell electricity for a period of 30 years. On July 6, 2013, Rotem has commenced Commercial Operation of the power plant.

The subsidiary, OPC Hadera Ltd. (hereinafter - "Hadera"), which had been transferred to the Company by Asia Development in May 2017 (as described in Note 4), is currently in the process of constructing a power plant that uses cogeneration technology (generation of electricity and steam). Hadera holds a contingent license for the construction of a power plant in adjacency to Hadera Paper Mills with an installed capacity of up to 148.5 MW.

The activity of the Group is subject to regulation, including, inter alia, the provisions of the Electricity Sector Law, 1996 and the regulations published thereunder, resolutions of the Electricity Authority, the provisions of the Law for the Promotion of Competition and Reduction of Concentration, 2013, and regulation pertaining to business licensing, planning and construction and environmental quality. The Electricity Authority has the power to issue licenses under the Electricity Sector Law (licenses for facilities with a production capacity in excess of 100 megawatts require in addition the approval of the Minister of National Infrastructures, Energy and Water), supervise the license holders, determine tariffs and benchmarks for the level, nature and quality of the services that are required of an "essential service provider" license holder, the holder of a supply license, the holder of a transmission and distribution license, an electricity producer and a private electricity producer. Accordingly, the Electricity Authority supervises both IEC and private electricity producers.

The Group's activity is subject to seasonal fluctuations as a result of changes in the Electricity Authority's published regulated Time of Use Electricity Tariff (hereinafter – "the TAOZ"). The year is divided into 3 seasons, as follows: Summer (July and August), Winter (December, January and February) and Transition (March through June and September through November). For each season a different tariff is set. The results of the Company are based on the generation component which is part of the TAOZ, hence the seasonal effect.

NOTE 2 - BASIS OF PREPARATION

a. Statement of Compliance with International Financial Reporting Standards (IFRS)

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 required for full annual financial statements. They should be read in conjunction with the financial statements as of and for the year ended December 31, 2017 (hereinafter - "the Annual Financial Statements"). Furthermore, these financial statements have been prepared in accordance with the provisions of Part D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on May 21, 2018.

b. Functional and presentation currency

The NIS is the currency that represents the principal economic environment in which the Group operates. Accordingly, the NIS is the functional currency of the Group. The NIS also serves as the presentation currency in these financial statements. Currencies other than the NIS constitute foreign currency.

c. Use of estimates and judgments

In preparing the condensed financial statements in conformity with IFRS, management of the Company is required to exercise judgment and use assessments, estimates and assumptions that affect the application of the accounting policies and the amounts of assets and liabilities, revenues and expenses. It is hereby clarified that actual results may differ from these estimates.

Management's judgment in implementing the accounting policies of the Group and the primary assumptions that were used in assessments involving uncertainties, are consistent with those applied in preparing the Annual Financial Statements.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

a. The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied in the Annual Financial Statements, except as described below.

b. First-time application of new accounting standards, amendments and interpretations

Commencing on January 1, 2018, the Group implements the new accounting standards and amendments as described below:

(1) IFRS 9 (2014), Financial Instruments

Commencing in the first quarter of 2018, the Group implements IFRS 9 (2014), Financial Instruments (in this section: "the Standard" or "IFRS 9"), which supersedes IAS 39, Financial Instruments: Recognition and Measurement (in this section: "IAS 39"). The Group has elected to implement the Standard as from January 1, 2018, without adjustment of the comparative figures. The first-time implementation of the Standard did not have a material cumulative effect on the financial statements as of January 1, 2018.

All financial instruments that under IAS 39 had been allocated to the loans and receivables measurement group, have been reallocated to the amortized cost measurement group pursuant to the provisions of IFRS 9. The first-time implementation of IFRS 9 did not have a material effect on the opening balances of retained earnings and other equity components.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b. First-time application of new accounting standards, amendments and interpretations (cont'd)

(1) IFRS 9 (2014), Financial Instruments (cont'd)

Presented below are the principal changes in the accounting policy following the implementing of the Standard, commencing on January 1, 2018:

Classification and measurement of financial assets and financial liabilities

Initial recognition and measurement

The Group initially recognizes trade receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognized on the date on which the Group becomes a party to the contractual provisions of the instrument. As a rule, a financial asset or a financial liability are initially measured at fair value with the addition, for a financial asset or a financial liability that are not presented at fair value through profit or loss, of transaction costs that can be directly attributed to the acquisition or the issuance of the financial asset or the financial liability. Trade receivables that do not contain a significant financing component are initially measured at the price of the related transaction. Trade receivables originating in contract assets are initially measured at the carrying amount of the contract assets on the date of reclassification from contract assets to receivables.

Financial assets - subsequent classification and measurement

The Company has balances of trade and other receivables and deposits that are held under a business model the objective of which is collection of the contractual cash flows. The contractual cash flows in respect of such financial assets comprise solely payments of principal and interest that reflects consideration for the time-value of the money and the credit risk. Accordingly, such financial assets are measured at amortized cost.

Measurement of expected credit losses

Expected credit losses represent a probability-weighted estimate of credit losses. Credit losses are measured at the present value of the difference between the cash flows to which the Group is entitled under the contract and the cash flows that the Group expects to receive. Expected credit losses are discounted at the effective interest rate of the financial asset.

Financial assets impaired by credit risk

At each reporting date, the Group assesses whether financial assets that are measured amortized cost and debt instruments that are measured at fair value through other comprehensive income have become impaired by credit risk. A financial asset is impaired by credit risk upon the occurrence of one or more of the events that adversely affect the future cash flows estimated for such financial asset.

Hedge accounting

As of December 31, 2017, hedge relationships designated for hedge accounting under IAS 39 qualify for hedge accounting under IFRS 9, and are therefore deemed as continuing hedge relationships.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b. First-time application of new accounting standards, amendments and interpretations (cont'd)

(2) IFRS 15, Revenue from Contracts with Customers

On January 1, 2018, the Group has implemented for the first time International Financial Reporting Standard No. 15 (in this section: "IFRS 15" or "the Standard"), which sets out guidelines for revenue recognition.

The Group has elected to implement the Standard using the catch-up approach, with an adjustment of the balance of retained earnings as of January 1, 2018, and without restatement of the comparative figures. The first-time implementation of the Standard did not have a material cumulative effect on the financial statements as of January 1, 2018.

The Standard presents a new five-step model for the recognition of revenue from contracts with customers:

(1) Identifying the contract with the customer; (2) Identifying separate performance obligations in the contract; (3) Determining the transaction price; (4) Allocating the transaction price to separate performance obligations; (5) Recognizing revenue when the performance obligations are satisfied.

Presented below are the principals of the new accounting policy for revenue recognition, as applied following the adoption of the standart, commencing on January 1, 2018:

Revenue

The Group recognizes revenue when the customer attains control of the promised goods or services. Revenue is measured based on the amount of the consideration to which the Group expects to be entitled in consideration for the transfer of goods and services promised to the customer, excluding amounts collected on behalf of third parties.

Determining the transaction price

The transaction price is the amount of the consideration to which the Group expects to be entitled in consideration for the transfer of goods and services promised to the customer, excluding amounts collected on behalf of third parties. When determining the transaction price, the Group considers the effects of all of the following: variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to the customer.

(3) IFRIC 22, Foreign Currency Transactions and Advance Consideration

The Interpretation determines that the date of the transaction, for the purpose of determining the exchange rate in recognizing a foreign-currency transaction involving advances, is the date of initial recognition by the Company of the non-monetary asset/liability in respect of the advance. If there are multiple payments or receipts in advance, the Company will establish a date of transaction for each payment/receipt.

The Interpretation was applied prospectively.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c. New standards not yet adopted

(1) IFRS 16, Leases

IFRS 16 supersedes International Accounting Standard (IAS) No. 17, Leases and the related Interpretations. The provisions of the Standard cancel the existing requirement that lessees classify the lease as an operating or a financing lease. Instead, as for lessees, the new Standard presents a uniform model for the accounting treatment of all leases, pursuant to which the lessee is to recognize the asset and the liability in respect of the lease in its financial statements. The Standard also sets out new disclosure requirements that are more extensive than the existing requirements. The Standard is effective for annual periods commencing on January 1, 2019. Early adoption is permitted, provided that the entity also carries out an early adoption of IFRS 15, Revenue from Contracts with Customers. The Group intends to adopt the Standard as from January 1, 2019, using the catch-up approach with an adjustment of the balance of retained earnings as of January 1, 2019. the Group is considering applying the following exemptions at the transition date:

- Not applying the requirements to recognize an asset for usage rights and a liability for short-term leases of up to one year.

- Not applying the requirements to recognize an asset for usage rights and a liability for leases with a low-value underlying asset.

- Examining the existence of a lease in an arrangement only for new or modified contracts.

- Use of a uniform discount rate for lease portfolios that share similar characteristics.

- Non-inclusion in the asset of direct costs incurred in a lease on transition date.

The provisions of IFRS 16 could affect the accounting treatment of land leases, vehicle leases and office rent contracts. It should be noted that the information that is presented in this note regarding the effects of the first-time implementation of the standard constitutes a preliminary assessment by the Group. Accordingly, the list of topics presented above represents those topics that the Group has identified up to the date of issue of the reports and may be updated as the examination of the effects of the standard progresses. Additionally, the Group is examining the anticipated effects of the implementation of the standard, but at this stage is unable to reliably estimate the quantitative effect on its financial statements.

NOTE 4 - BUSINESS COMBINATION UNDER COMMON CONTROL

In May 2017, the Parent Company conducted a restructuring in accordance with Section 104 of the Income Tax Ordinance, under which the Parent Company at that time, Asia Development (hereinafter in this Note – "the Parent Company"), transferred to the Company: (1) its entire holdings (100%) in Hadera, and (2) its entire holdings (100%) in O.P.C Operation Ltd. (currently operating the Energy Center and upon completion of construction of Hadera power plant, will serve as the operating company for the Hadera power plant) (hereinafter – "Hadera Operation Company"), this in consideration for the allotment of 20 ordinary shares of NIS 0.01 par value each of the Company to the Parent Company. Concurrently with the aforementioned transfer, the Parent Company assigned to the Company capital notes in the amount of NIS 191,844 thousand that Hadera had issued to the Parent Company. Against the assignment of the capital notes as above, a debt of the Company to the Parent Company was recorded in the same amount, which was offset against a loan that the Company had provided to the Parent Company.

In July 2017, the Parent Company made a structural change, pursuant to Section 104 of the Income Tax Ordinance, in the framework of which the Parent Company transferred to the Company all of its holdings (80%) in AGS Rotem Ltd. (hereinafter - "AGS"), in consideration for the allotment of one ordinary share of NIS 0.01 par value of the Company to the Parent Company. As part of the transfer of the Parent Company's holdings in AGS to the Company, capital notes issued by AGS to the Parent Company were assigned in favor of the Company, the balance of which as of the date of the transfer of AGS was NIS 8,385 thousand, this against a debt of the Company to the Parent Company in the same amount. As of the date of this report, the Company has repaid said debt balance to the Parent Company.

In July 2017, the entire holdings (85.3%) of the Parent Company in Greenday Renewable Energy Ltd. (hereinafter – "Greenday"), which was purchased by the Parent Company on January 12, 2017, were sold to OPC Solar Ltd. in consideration of NIS 288 thousand and the assignment to the Company of Greenday's debt to the Parent Company, the balance of which as of June 30, 2017, was NIS 2,618 thousand, such that Greenday will be indebted to the Company and the Company will be indebted towards the Parent Company. As of the date of this report, the Company has repaid said debt balance to the Parent Company.

The transfers of Hadera, Hadera Operation Company, AGS and Greenday to the Company were accounted for as business combinations under common control, in accordance with the as pooling method, as if the acquisitions had been executed on the date that control was achieved by the Parent Company for the first time. For this purpose, comparative data have been restated. The acquired assets and liabilities are presented at their values as previously presented in the consolidated financial statements of the Parent Company on the date of transfer of the shares of Hadera, Hadera Operation Company, AGS and Greenday. The equity components of the Company have been restated from the date that control was achieved for the first time by the Parent Company, such that the equity components of Hadera, Hadera Operation Company, AGS and Greenday have been added to the Company's existing equity components. The amounts of the acquired assets and liabilities on the date that control was achieved were recognized directly in equity. The difference between the transferred consideration, including the par value of the transferred shares and the cost of the net assets and liabilities, as well as the aforementioned effects stemming from the restructuring, were recorded in the merger capital reserve.

NOTE 4 - BUSINESS COMBINATION UNDER COMMON CONTROL (Cont'd)

Presented below is the effect of the presentation of the financial statements by the 'as pooling' method:

a. Financial position data:

	Presentation before 'as pooling'	Effect of 'as pooling'	Presentation after 'as pooling'
		March 31, 2017	
		(Unaudited)	
		NIS in thousands	
Current assets			
Cash and cash equivalents	94,886	122,106	216,992
Short-term deposits and restricted cash	95,158	192	95,350
Current maturities of loan to the Parent Company	16,577	-	16,577
Trade receivables	111,289	20,671	131,960
Other receivables and debit balances	18,869	3,662	22,531
Derivative instruments	-	6,433	6,433
Total current assets	336,779	153,064	489,843
Non-current assets			
Long-term deposits and restricted cash	73,176	-	73,176
Long-term loan to the Parent Company	182,346	-	182,346
Long-term loans and deferred charges	71,822	14,742	86,564
Derivative instruments	-	3,037	3,037
Deferred taxes	-	3,005	3,005
Fixed assets	1,641,013	352,066	1,993,079
Intangible assets	1,594	4,194	5,788
Total non-current assets	1,969,951	377,044	2,346,995
Total assets	2,306,730	530,108	2,836,838

NOTE 4 - BUSINESS COMBINATION UNDER COMMON CONTROL (Cont'd)

a. **Financial position data (cont'd):**

	Presentation before 'as pooling'	Effect of 'as pooling'	Presentation after 'as pooling'
		March 31, 2017	
		(Unaudited)	
		NIS in thousands	
Current liabilities			
Credit from banks and financial institutions	93,474	-	93,474
Trade payables	112,423	46,280	158,703
Other payables and credit balances, including derivative instruments	31,546	17,988	49,534
Loans and capital notes issued to the Parent Company	46,544	-	46,544
Total current liabilities	283,987	64,268	348,255
Long-term liabilities			
Loans from banks and financial institutions	1,483,803	252,620	1,736,423
Capital notes issued to the Parent Company and a related party	1,998	22,428	24,426
Derivative instruments	-	4,770	4,770
Employees benefits	280	-	280
Deferred tax liabilities, net	171,583	560	172,143
Total non-current liabilities	1,657,664	280,378	1,938,042
Total liabilities	1,941,651	344,646	2,286,297
Equity			
Share capital	-	-	-
Capital reserves	77,930	180,918	258,848
Retained earnings	208,216	4,347	212,563
Total equity attributable to the owners	286,146	185,265	471,411
Non-controlling interests	78,933	197	79,130
Total equity	365,079	185,462	550,541
Total liabilities and equity	2,306,730	530,108	2,836,838

NOTE 4 - BUSINESS COMBINATION UNDER COMMON CONTROL (Cont'd)

b. Operating results data:

	Presentation before 'as pooling'	Effect of 'as pooling'	Presentation after 'as pooling'
	Three months ended March 31, 2017		
	(Unaudited)		
	NIS in thousands		
Sales	326,576	21,765	348,341
Cost of sales (less depreciation and amortization)	218,054	19,906	237,960
Depreciation and amortization	28,694	1,327	30,021
Gross Profit	79,828	532	80,360
General and administrative expenses	4,224	2,949	7,173
Other income (expenses)	361	(459)	(98)
Operating profit	75,965	(2,876)	73,089
Financing expenses	23,487	1,718	25,205
Financing income	3,836	92	3,928
Financing expenses, net	19,651	1,626	21,277
Profit before taxes on income	56,314	(4,502)	51,812
Taxes on income (tax benefit)	13,730	(981)	12,749
Profit for the period	42,584	(3,521)	39,063
Attributable to:			
Equity holders of the Company	33,797	(3,458)	30,339
Non-controlling interests	8,787	(63)	8,724
Profit for the period	42,584	(3,521)	39,063

c. Cash-flow data:

	Presentation before 'as pooling'	Effect of 'as pooling'	Presentation after 'as pooling'
	Three months ended March 31, 2017		
	Unaudited		
	NIS in thousands		
Operating activities	141,638	(10,044)	131,594
Investing activities	(80,383)	(58,797)	(139,180)
Financing activities	(48,289)	187,116	138,827
Net increase in cash and cash equivalents	12,966	118,275	131,241

NOTE 5 - FINANCIAL INSTRUMENTS

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, restricted cash, trade receivables, other receivables, derivatives, trade payables and other payables are the same or proximate to their fair value.

The fair values of the other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Fair value

	March 31, 2018	
	Carrying amount*	Fair value
	NIS in thousands	NIS in thousands
Loans from banks and financial institutions	1,830,794	2,140,176
Debentures	315,942	352,352

	March 31, 2017	
	Carrying amount*	Fair value
	NIS in thousands	NIS in thousands
Loans from banks and financial institutions	1,829,897	2,196,402

	December 31, 2017	
	Carrying amount*	Fair value
	NIS in thousands	NIS in thousands
Loans from banks and financial institutions	1,827,753	2,221,979
Debentures	315,918	365,728

* Including current maturities.

Derivative financial instruments are measured at fair value, using the Tier 2 valuation method. The fair value is measured using the discounted future cash flows technique, on the basis of observable data.

Additionally, the Company enters into transactions in derivative financial instruments to hedge foreign currency risks. Derivatives are recognized at their fair value. The fair value of the derivative financial instruments is based on prices, rates and interest rates that are received from banks, brokers and through customary trading software. The fair value of the derivatives is estimated on the basis of the data received, using valuation and pricing techniques that are characteristic of the various instruments in different markets. The fair value measurement of long-term derivative financial instruments is estimated by discounting the cash flows arising from them, based on the terms and maturity of each instrument and using market interest rates for similar instruments at the measurement date. Changes in the economic assumptions and the valuation technique could materially affect the fair value of the instruments.

NOTE 5 - FINANCIAL INSTRUMENTS (Cont'd)

Presented below are data regarding the representative exchange rates and the Consumer Price Index:

	CPI (points)	Exchange rate of the dollar in relation to the NIS	Exchange rate of the Euro in relation to the NIS
March 31, 2018	**106.1**	**3.514**	**4.329**
March 31, 2017	105.9	3.632	3.882
December 31, 2017	106.4	3.467	4.153
Changes in the three-month period ended:			
March 31, 2018	**(0.3)%**	**1.36%**	**4.24%**
March 31, 2017	(0.2)%	(5.5)%	(4.0)%
Changes in the year ended:			
December 31, 2017	**0.3%**	**(9.8)%**	**2.7%**

NOTE 6 - ACQUISITION OF ZOMET

Zomet Energy Ltd. (hereinafter – "Zomet") is advancing a project for the construction of a natural gas-powered power plant, using an open cycle conventional technology, with an output of some 396 megawatts, in proximity to the Plugot Intersection.

Pursuant to the stated in Note 27m of the Annual Financial Statements, on February 26, 2018, the Board of Directors of the Company approved the completion of the Zomet transaction and the waiver of the suspending condition of the issue of a new license to Zomet. Accordingly, on March 7, 2018 the transaction was completed and the control in Zomet was transferred to the Company (hereinafter - "the Transaction Completion Date"). The Board of Directors also approved an update to the payment milestones that are set out in the original agreements, which does not modify the overall amount of consideration as prescribed under the original milestones. Accordingly, on the Transaction Completion Date, the Company paid an amount of US$ 3,650 thousand (US$ 3,550 thousand in the repayment of a shareholders' loan in Zomet and US$ 100 thousand for the acquisition of the shares of Zomet). Following the receipt, in March 2018, of the ruling in the administrative petition, which rejects the petition, the Company included an additional liability of US$ 3,650 thousand in respect of the achievement of the aforesaid milestone, which are to be transferred to the sellers pursuant to the agreement. The remaining consideration, in the amount of US$ 15,800 thousand, will be paid on Zomet's financial closing date.

In June 2016, Zomet submitted an application to IEC for a feasibility survey of the connection of the facility to the national electricity network. In August 2017, the results of the feasibility survey that was conducted by the system administrator in IEC were received. According to the survey results, there is no certainty as to the possible timetables for the connection of the plant to the national electricity network. Zomet has appealed the survey results to the Electricity Authority. After the date of the report, in May 2018, the Electricity Authority issued its decision, pursuant to which no fault was found with the results of the survey conducted by the system administrator and therefore there are no grounds to contest it. The Company believes that it will be able to pursue a positive feasibility survey for connection to the national transmission network.

NOTE 6 - ACQUISITION OF ZOMET (Cont'd)

After the date of the report, in May 2018, the Kiryat Gat Municipality appealed to the Supreme Court the ruling by the Beer Sheva Administrative Affairs Court in the administrative petition concerning the exemption from National Infrastruture Plan (NIP) 55. The respondents in this petition are the National Committee for the Planning and Construction of National Infrastructures, Zomet and Adam Teva V'Din. The principal arguents in the appeal are that, in the absence of an explicit statutory provision permitting it, no modification to or deviation from the objective of the plan may be carried out under a proceeding of exemption or non-conforming use and, alternatively, that the appropriate mechanism under the circumstances is a proceeding of non-conforming use and not an exemption and, alternatively, that it is not reasonable to do so in the absence of a survey of environmental impact and without limiting the operating hours of the power plant. The requested remedies are cancellation of the ruling of the Administrative Affairs Court and cancellation of the resolution of the National Planning Committee to approve the exemption application and the transitioning the power plant from a combined cycle to an open cycle and, alternatively, to order the National Infrastructure Committee to include in the code of the Plan a limit for the hours of operation of the power plant in an open cycle, which will not exceed a maximum of 1,200 hours. A decision in the appeal has yet to be issued, and dates have yet to be determined for the submission of a response to the appeal or for a hearing. At this stage, pending a discussion of the merits of the appeal, the Company and its legal counsel are unable to estimate its chances of being accepted. Nevertheless, they believe that the appeal is more likely to be rejected than accepted and, accordingly no provision was included in the financial statements in respect of said appeal.

NOTE 7 - SUPPLEMENTARY INFORMATION

a. Pursuant to the stated in Note 27g to the Annual Financial Statements, on January 8, 2018, the Electricity Authority published a resolution, which came into effect on January 15, 2018, concerning the updating of tariffs for 2018, which raises the production component by 6.7%, from NIS 264 per MWh to NIS 281.6 per MWh.

b. Pursuant to the stated in Note 27g to the Annual Financial Statements, in February 2018, Tamar Partners filed a detailed statement of claim, in which they repeat the contentions that are described in the note and raise an alternative argument, pursuant to which NIS 361.5 per MWh should be declared as the relevant tariff for the period in dispute (representing an average of the four tariffs published by the Electricity Authority in 2013). Rotem rejects the contentions.

Rotem believes that it is more likely than not that its position will be accepted. Accordingly, no provision was included in the financial statements in respect of said claim.

c. On January 10, 2018, a petition was filed with the Tel Aviv-Jaffa District Court for certification of a derivative claim by a shareholder in Oil Refineries Ltd. (hereinafter – "ORL") against former directors in ORL, current directors in ORL, the Company, Rotem, Hadera, Israel Chemicals Ltd., as well as against Israel Corp. Ltd., Mr. Idan Ofer and Mr. Ehud Angel (hereinafter - “the Petition”). The Petition relates to transactions for gas purchase transactions of ORL, Israel Chemicals Ltd., Rotem and Hadera (hereinafter - “the Group Companies”), including their inter-company aspects, including: (1) a transaction of the Group Companies for the purchase of natural gas from Tamar Partners (for additional information see Note 27g to the Annual Financial Statements); and (2) transactions of the Group Companies for the purchase of natural gas from Energean (for additional information see Note 27g to the Annual Financial Statements).

NOTE 7 - SUPPLEMENTARY INFORMATION (Cont'd)

c. (cont'd)

With regard to a transaction with Energean, in essence, the plaintiff claims that, in addition to a transaction of the Group Companies with a third party (i.e. Energean), a transaction is required among the Group Companies themselves for the allocation of the economic benefits achieved in the joint negotiations in a manner that adequately reflects the purchasing power and the negotiating position of each of the Group Companies. The plaintiff argues that the alleged absence of such inter-company transaction (or the alleged absence of a proper proceeding for the allocation of the benefit) is in detriment of ORL (not at arm’s length as regarding the inter-company aspect), as it is not awarded its share of the economic benefit in proportion to its substantial purchasing power and its contribution to the negotiations with Energean (among others, as a result of the execution of the transaction at similar prices to those of the Group Companies). The principal remedies that are sought by the plaintiff in the Petition in relation to the Energean transaction are several declaratory and pecuniary measures, including, inter alia, the implementation of an inter-company proceeding that will reflect the different purchasing power of the companies.

In relation to the Tamar transaction, the plaintiff argues that the engagement in the Tamar transaction has not been not duly approved by ORL and raises other allegations in relation to this transaction, including whether the transaction is beneficial to ORL and at arm’s length; in relation to the Tamar transaction, declaratory remedies and remedies in compensation of ORL are sought and/or the refunding of the benefit amounts allegedly awarded to the Company and the other parties to the transaction at the expense of ORL, with the addition of the claimed coefficient.

In view of the preliminary stage of the Petition, the Group and its legal counsel are unable to estimate its chances of being accepted and the related outflow of cash, if any. Accordingly, no provision was included in the financial statements of the Company in respect of the Petition.

d. Pursuant to the stated in Note 16c(4) of the Annual Financial Statements, in January 2018 Hadera made an additional withdrawal of NIS 22 million from the Senior Facility Amount. The interest rate on the withdrawal was 3.11% for the CPI-linked portion and 4.67% for the portion not linked to the CPI.

e. Pursuant to the stated in Note 27e to the Annual Financial Statements, in March 2018 the Company assumed the corporate guarantees that had been provided in the past by Asia Development, amounting to US$ 32 million.

f. Pursuant to the stated in Note 25d to the Annual Financial Statements, in February 2018, the amounts of the guarantees to IEC have been updated to NIS 93 million (linked to the CPI) and the pledged deposits have been updated to NIS 78 million.

g. In January 2018, the Rating Board of Midroog Ltd. (hereinafter - “Midroog”) reapproved the rating of Hadera’s senior debt at A3 with a stable outlook for the construction and the operation period and at A2 with a stable outlook for the operation period only. Additionally, in February 2018, Midroog updated the long-term rating of Rotem to Aa3 with a positive outlook and the also updated the rating of Rotem’s senior debt from Aa3 with a stable outlook to a positive outlook.

NOTE 8 - SUBSEQUENT EVENTS

a. Pursuant to the stated in Note 27g of the Annual Financial Statements, the date for the fulfillment of the suspending condition for the consent of the consortium of financiers of Rotem and Hadera to their engagement in a gas purchase agreement with Energean was postponed to May 31, 2018, and therefore the suspending conditions for the completion of the transaction have yet to be fulfilled.

b. Pursuant to the stated in Note 27j of the Annual Financial Statements, in April 2018, Hadera and ORL agreed on the early termination of the agreement for the sale of gas, effective from April 30, 2018.

c. In April 2018, Hadera entered into an agreement with IEC for the sale of surplus gas quantities supplied to it under the agreement with Tamar Partners (as described in Note 27g to the Annual Financial Statements) for the period from May 1, 2018 to October 31, 2018. Either of the parties may terminate the agreement at an earlier date with an advance notice of 30 days, but not before July 1, 2018.

d. In April 2018, Rotem declared and distributed a dividend in the amount of NIS 105 million to its shareholders (the portion attributed to non-controlling interests amounted to NIS 21 million).

e. Pursuant to the stated in Note 19c to the annual financial statements, in May 2018, the employee stock option plan has been updated to the effect that, subject to a resolution of the authorized organs in the Company, restricted share units (RSUs) that are exercisable into shares of the Company (at an as yet undetermined volume) may be allotted, at no consideration, to employees of the Company and/or of another entity in the Company's group of companies, this in addition to the options (the total number of options and RSU units will not exceed 2,297,168 units, this in addition to the allotment described in Note 19c to the annual financial statements). Each RSU unit will entitle its holder to receive from the Company, by way of allotment, ne ordinary share of the Company of NIS 0.01 par value. The rights attaching to the ordinary shares allotted as above will be identical to those of the ordinary shares of the Company, immediately upon allotment.

f. In May 2018, Rotem entered into a binding agreement with IEC for the sale of gas quantities. The sale of gas will be carried out in the course of the planned maintenance period, in September through November 2018.