

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of September 2011  
Commission File Number: 000-26498

**Ellomay Capital Ltd.**

(Translation of registrant's name into English)

9 Rothschild Blvd., Tel Aviv 66881, Israel  
(Address of principal executive office)

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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

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): 82- \_\_\_\_\_

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THE EXHIBITS TO THIS FORM 6-K ARE HEREBY INCORPORATED BY REFERENCE INTO THE REGISTRANT'S REGISTRATION STATEMENTS ON FORM F-3 (NOS. 333-144171, 333-115826, 333-114428, 333-47842 AND 333-92493) AND FORM S-8 (NOS. 333-102288 AND 333-92491), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

This Report on Form 6-K of Ellomay Capital Ltd. (the "Company") consists of the following documents, which are attached hereto and incorporated by reference herein:

Exhibit 99.1. Unaudited Condensed Consolidated Interim Financial Statements of the Company and its subsidiaries as at June 30, 2011 and the notes thereto.

Exhibit 99.2. Management's Discussion and Analysis of Results of Operations and Financial Condition for the six months ended June 30, 2011 and 2010.

Exhibit 99.3. A press release issued by the Company on September 26, 2011, titled "Ellomay Capital Reports Results for the Six Months ended June 30, 2011; Announces Share Buyback Program and Further Acquisitions in the Italian Photovoltaic Market."

## 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.

Ellomay Capital Ltd.

By: /s/ Ran Fridrich

Ran Fridrich

Chief Executive Officer and Director

Dated: September 26, 2011



**Ellomay Capital Ltd. and its  
Subsidiaries**

**Condensed Consolidated  
Interim Financial Statements  
As at June 30, 2011  
(Unaudited)**

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**Interim Consolidated Financial Statements**

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## Condensed Consolidated Interim Statement of Financial Position as at

	June 30 2011 <u>(Unaudited)</u> US\$ thousands	December 31 2010 <u>(Audited)</u> US\$ thousands
<b>Assets</b>		
Cash and cash equivalents	46,669	76,583
Restricted cash	8,548	728
Other receivables	5,205	1,904
Assets attributable to discontinued operations	24	292
<b>Total current assets</b>	<b>60,446</b>	<b>79,507</b>
Advance payments on account of investment	-	3,612
Investments in equity accounted investees	10,456	-
Property, plant and equipment, net	46,508	21,752
Long-term deposits	1,150	400
Other assets	767	943
<b>Total non-current assets</b>	<b>58,881</b>	<b>26,707</b>
<b>Total assets</b>	<b>119,327</b>	<b>106,214</b>
<b>Liabilities</b>		
Loans and borrowings	5,281	-
Trade payables	5,415	2,820
Accrued expenses and other payables	13,800	9,151
Liabilities attributable to discontinued operations	266	380
<b>Total current liabilities</b>	<b>24,762</b>	<b>12,351</b>
Finance lease obligation	7,814	5,228
Other long-term liabilities	355	14
Excess of losses over investment in equity accounted investee	-	55
<b>Total non-current liabilities</b>	<b>8,169</b>	<b>5,297</b>
<b>Total liabilities</b>	<b>32,931</b>	<b>17,648</b>
<b>Equity</b>		
Share capital	26,180	26,103
Share premium	76,387	76,266
Reserves	2,722	194
Accumulated deficit	(18,893)	(13,997)
<b>Total equity</b>	<b>86,396</b>	<b>88,566</b>
<b>Total liabilities and equity</b>	<b>119,327</b>	<b>106,214</b>

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

/s/ Shlomo Nehama  
Chairman of the Board of Directors

/s/ Ran Fridrich  
CEO

/s/ Kalia Weintraub  
CFO

Date of approval of the financial statements: September 25, 2011

**Condensed Consolidated Interim Statement of Comprehensive Income (loss)**

	<b>For the six months ended</b>	
	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
	<b>thousands</b>	<b>thousands</b>
Revenues	1,601	-
Cost of sales	886	-
<b>Gross profit</b>	<b>715</b>	<b>-</b>
General and administrative expenses	1,805	1,330
<b>Operating loss</b>	<b>(1,090)</b>	<b>(1,330)</b>
Financing income	345	336
Financing expenses	(624)	(61)
Financing income (expenses), net	(279)	275
Share of losses of equity accounted investees	(4,641)	-
<b>Loss before taxes on income from continuing operations</b>	<b>(6,010)</b>	<b>(1,055)</b>
Tax benefit (taxes on income)	1,114	(449)
<b>Loss from continuing operations</b>	<b>(4,896)</b>	<b>(1,504)</b>
Profit from discontinued operation	-	7,166
<b>Profit (loss) for the period</b>	<b>(4,896)</b>	<b>5,662</b>
<b>Other comprehensive income (loss):</b>		
Foreign currency translation differences from foreign operations	2,528	(888)
<b>Total other comprehensive profit (loss)</b>	<b>2,528</b>	<b>(888)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(2,368)</b>	<b>4,774</b>
Earnings per share		
Basic earnings (loss) per share	*(0.45)	*0.8
Diluted earnings (loss) per share	*(0.45)	*0.6
<b>Continuing operations</b>		
Basic loss per share	*(0.45)	*(0.2)
Diluted loss per share	*(0.45)	*(0.2)
<b>Discontinued operation</b>		
Basic earnings per share	-	*1.00
Diluted earnings per share	-	*0.8

\* Adjusted for 1:10 reverse split - (see Note 4E).

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



## Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to owners of the Company				
	Share capital	Share premium	Translation reserve from foreign operations	Accumulated deficit	Total
			US\$ thousands		
<b>For the six months ended June 30, 2011 (unaudited)</b>					
<b>Balance as at January 1, 2011</b>	26,103	76,266	194	(13,997)	88,566
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	-	-	(4,896)	(4,896)
Other comprehensive income for the period	-	-	2,528	-	2,528
<b>Total comprehensive loss for the period</b>	-	-	2,528	(4,896)	(2,368)
<b>Transactions with owners, recognized directly in equity</b>					
Exercise of warrants	77	104	-	-	181
Share-based payments	-	17	-	-	17
<b>Balance as at June 30, 2011</b>	<b>26,180</b>	<b>76,387</b>	<b>2,722</b>	<b>(18,893)</b>	<b>86,396</b>
<b>For the six months ended June 30, 2010 (unaudited)</b>					
<b>Balance as at January 1, 2010</b>	16,820	72,407	-	(19,199)	70,028
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	5,662	5,662
Other comprehensive loss for the period	-	-	(888)	-	(888)
<b>Total comprehensive income for the period</b>	-	-	(888)	5,662	4,774
<b>Transactions with owners, recognized directly in equity</b>					
Share-based payments	-	30	-	-	30
<b>Balance as at June 30, 2010</b>	<b>16,820</b>	<b>72,437</b>	<b>(888)</b>	<b>(13,537)</b>	<b>74,832</b>

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

**Condensed Consolidated Interim Statement of Cash Flows**

	<b>Six months ended June 30</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
	<b>thousands</b>	<b>thousands</b>
<b>Cash flows from operating activities</b>		
Profit (loss) for the period	(4,896)	5,662
Less: profit from discontinued operations	-	7,166
Loss from continuing operations	(4,896)	(1,504)
<b>Adjustments for:</b>		
Financing expenses (income), net	279	(275)
Depreciation	493	9
Share-based payment	17	30
Share of losses of equity accounted investees	4,641	-
Increase in other receivables and prepaid expenses	(2,907)	(283)
Increase in other assets	355	-
Decrease in swap contracts related balances	364	-
Increase in accrued severance pay, net	20	9
Tax benefit (taxes on income)	(1,114)	449
Increase in trade payables	309	159
Increase (decrease) in accrued expenses and other payables	(1,668)	8
Interest received	348	109
Interest paid	(140)	(18)
Net cash used in operating activities from continuing operations	(3,899)	(1,307)
Net cash provided by operating activities from discontinued operations	154	45
Net cash used in operating activities	(3,745)	(1,262)
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(15,432)	(1,371)
Investment in equity accounted investees	(10,663)	-
Settlement of forward contract	465	-
Investment in restricted cash	(7,761)	(5,159)
Investment in long-terms deposits	(750)	-
Net cash used in investing activities	(34,141)	(6,530)
<b>Cash flows from financing activities</b>		
Proceeds from sale and finance lease back	2,285	-
Short-term loans received	5,072	-
Proceeds from warrants exercised	181	-
Net cash provided by financing activities	7,538	-

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

**Condensed Consolidated Interim Statements of Cash Flows (cont'd)**

	<b>Six months ended June 30</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Audited)</b>	<b>(Unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
	<b>thousands</b>	<b>thousands</b>
Effect of exchange rate changes on cash and cash equivalents	<b>434</b>	<b>(1,022)</b>
Decrease in cash and cash equivalents	<b>(29,914)</b>	<b>(8,814)</b>
Cash and cash equivalents at the beginning of the period	<b>76,583</b>	<b>75,280</b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>46,669</u></b>	<b><u>66,466</u></b>

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

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

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**Note 1 – Reporting Entity**

Ellomay Capital Ltd. (hereinafter - the "Company") (formerly: NUR Macroprinters Ltd.), an Israeli Company who operates in the photovoltaic industry in Italy and has invested in several Israeli entities and whose plan of operation is to operate in the Italian PV field and manage its investments in the Israeli market and with respect to the remaining funds the Company holds, to identify and evaluate additional suitable business opportunities in the energy and infrastructure fields, including in the renewable energy field, through the direct or indirect investment in energy manufacturing plants, the acquisition of all or part of an existing business, pursuing business combinations or otherwise.

The securities of the Company are listed on the NYSE Amex Stock Exchange. The address of the Company's registered office is 9 Rothschild Blvd., Tel Aviv, Israel.

**Note 2 – Basis of Preparation****A. Statement of compliance**

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 at and for the year ended December 31, 2010 (hereinafter – "the annual financial statements").

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on September 25, 2011.

Unless otherwise noted, all references to "dollars" or "\$" are to United States Dollar.

**B. Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those that applied to the annual financial statements, except as described below:

- In accordance with IFRS the option to purchase additional shares in U. Dori Energy Infrastructures Ltd. is presented at fair value based on a valuation. Fair value is calculated every reporting period and changes are recognized in profit or loss.
- Reclassification- certain comparative figures have been reclassified to conform to the current period presentation.

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

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**Note 3 - Significant Accounting Policies**

Except as described below in Items (1), (2) and (3), the accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its annual financial statements.

Presented hereunder is a description of the changes in accounting policies that were applied in these condensed consolidated interim financial statements and their effect.

**(1) Initial implementation of standards****A. Revenue recognition**

Revenue is measured according to the fair value of the consideration that was received and/or the consideration the Company is entitled to receive from the sale of electricity in the ordinary course of business.

Revenues from the sale of electricity are recognized when the units of power produced are transferred to the power company at connection points on the basis of a meter reading. Revenues in respect of power produced and transferred to the power company in the period between the most recent meter reading and the date of the statement of financial position, are included based on an estimate.

Seasonality: Power production is effected by seasonality. Production is effected by the level of solar radiation and thus low radiation level during the winter months decreases power production.

**B. Segment Reporting**

An operating segment is a component of an entity that meets three conditions as follows:

1. It engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any other components of the same entity,
2. Its operating results are reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
3. Discrete financial information is available in its respect.

**(2) Initial implementation of new standards****A. Interim financial reporting:**

As from January 1, 2011, the Company implements the amendment to IAS 34 Interim Financial Reporting – Significant Events and Transactions (hereinafter – “the Amendment”), which was issued in the framework of Improvements to IFRSs 2010. The Amendment expanded the list of events and transactions that require disclosure in interim financial statements and also removed the materiality threshold from the minimum disclosure requirements that was included in the IAS 24 before its amendment. The disclosures required as a result of the Amendment are reflected in these interim financial statements.

**B. Related party disclosures**

As from January 1, 2011, the Company implements IAS 24 (2009) Related Party Disclosures (hereinafter – “the Standard”). The Standard includes changes in the definition of a related party and changes with respect to disclosures required by entities related to government. The Standard was applied retrospectively. For the purpose of implementing the Standard for the first time, the Company mapped its relationships with related parties. No new related parties have been identified according to the new definition and as a result of the mapping.

## Notes to the Condensed Consolidated Interim Financial Statements

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### Note 3 - Significant Accounting Policies (cont'd)

#### (3) New standards and interpretations not yet adopted

##### A. IFRS 10 Consolidated Financial Statements (hereinafter – “IFRS 10”)

IFRS 10 replaces the requirements of IAS 27 Consolidated and Separate Financial Statements and the requirements of SIC-12 Consolidation – Special Purpose Entities with respect to the consolidation of financial statements, so that the requirements of IAS 27 will continue to be valid only for separate financial statements.

IFRS 10 introduces a new single control model for determining whether an investor controls an investee and should therefore consolidate it. This model is implemented with respect to all investees. According to the model, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with that investee, has the ability to affect those returns through its power over that investee and there is a link between power and return.

Presented hereunder are certain key changes from the current consolidation guidance:

- IFRS 10 introduces a model that requires applying judgment and analyzing all the relevant facts and circumstances for determining who has control and is required to consolidate the investee.
- IFRS 10 introduces a single control model that is to be applied to all investees, both those presently in the scope of IAS 27 and those presently in the scope of SIC-12.
- De facto power should be considered when assessing control. This means that the existence of de facto control could require consolidation.
- When assessing control, all “substantive” potential voting rights will be taken into account. The structure, reasons for existence and conditions of potential voting rights should be considered.
- IFRS 10 provides guidance on the determination of whether a decision maker is acting as an agent or as a principal when assessing whether an investor controls an investee.
- IFRS 10 provides guidance on when an investor would assess power over portion of the **investee** (silos) that is over specified assets of the investee.
- IFRS 10 provides a definition of protective rights, while there is no such definition in existing IFRS.
- The exposure to risk and rewards of an investee does not, on its own determine that the investor has control over an investee, rather it is one of the factor of control analysis.

IFRS 10 is applicable retrospectively (with a certain relief) for annual periods beginning on or after January 1, 2013. Early adoption is permitted providing that disclosure is provided and that the entire consolidation suite is early adopted, meaning also the two additional standards that were issued– IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Involvement with Other Entities.

The Company has not yet started assessing the effects of adopting the entire consolidation suite in its financial statements.

##### B. IFRS 12 Disclosure of Involvement with Other Entities (hereinafter – “IFRS 12”)

IFRS 12 contains extensive disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and unconsolidated structured entities.

IFRS 12 is applicable for annual periods beginning on or after January 1, 2013. Early adoption is permitted providing that the entire consolidation suite is adopted at the same time, meaning also the two additional standards published – IFRS 10 consolidated financial statements and IFRS 11 joint arrangements. Nevertheless, it is permitted to voluntarily provide the additional disclosures required by IFRS 12 prior to its adoption without early adopting the other standards.

## Notes to the Condensed Consolidated Interim Financial Statements

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### Note 3 - Significant Accounting Policies (cont'd)

#### C. IFRS 13 Fair Value Measurement (hereinafter – “IFRS 13”)

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value.

IFRS 13 applies to assets, liabilities and an entity’s own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value or when disclosure of fair value is provided. Nevertheless, IFRS 13 does not apply to share based payment transactions within the scope of IFRS 2 Share-Based Payment and leasing transactions within the scope of IAS 17 Leases. IFRS 13 does not apply to measurements that are similar to but are not fair value (such as the measurement of the net realizable value of inventory, in accordance with IAS 2 Inventories, and the measurement of value in use, in accordance with IAS 36 Impairment of Assets).

IFRS 13 is applicable prospectively for annual periods beginning on or after January 1, 2013. Earlier application is permitted with disclosure of that fact. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application.

The Company has not yet started assessing the effects of adopting IFRS 13 in its financial statements.

#### D. Amendments to IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (hereinafter – “the amendment”)

The amendment changes the presentation of items of other comprehensive income (hereinafter – “OCI”) in the financial statements, so that items of OCI that may be reclassified to profit or loss in the future, would be presented separately from those that would never be reclassified to profit or loss. Additionally, the amendment changes the title of the Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income. However, entities are still allowed to use other titles. The amendment is effective for annual periods beginning on or after July 1, 2012. The amendment will be applied retrospectively. Early adoption is permitted providing that disclosure is provided.

The Company has not yet started assessing the effects of adopting the amendment in its financial statements.

#### E. Amendment to IAS 19, Employee Benefits (hereinafter – “the amendment”)

The amendment introduces a number of changes to the accounting treatment of employee benefits.

The key changes are as follows:

- The amendment eliminates the possibility of postponing recognition of actuarial gains and losses, known as the "corridor method" and, in addition, eliminates the option of recognizing actuarial gains and losses directly in profit or loss. As a result, all actuarial gains and losses will be recognized immediately in equity through other comprehensive income.
- The amendment requires immediate recognition of past service costs regardless of whether the benefits have vested or not.
- The calculation of net interest income or expense will be determined by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability (asset). Accordingly, calculation of actuarial gains or losses will also change.
- The amendment changes the definitions of short-term employee benefits and of other long term employee benefits, so that the distinction between the two will depend on when the entity expects the benefits to be wholly settled, rather than when settlement is due.

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

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**Note 3 - Significant Accounting Policies (cont'd)**

- The amendment enhances the disclosure requirements for defined benefit plans, in an effort to provide better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.
- The definition of termination benefits has been clarified so that termination benefits are recognized at the earlier of when the entity recognizes, in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, costs for a restructuring that includes the payment of termination benefits, and when the entity can no longer withdraw the offer of the termination benefits.

The amendment is applicable retrospectively (excluding certain exceptions stated in the standard) for annual periods beginning on or after January 1, 2013. Early adoption is permitted providing that disclosure is provided.

The Company has not yet started assessing the effects of adopting the amendment in its financial statements.

**Note 4 – Significant Events**

- A. On November 25, 2010, the Company entered into an Investment Agreement (the "Dori Investment Agreement") with U. Dori Group Ltd. ("Dori Group"), and U. Dori Energy Infrastructures Ltd. ("Dori Energy"), with respect to an investment in Dori Energy. Dori Energy holds 18.75% of the share capital of Dorad Energy Ltd. ("Dorad"), which plans and promotes the construction of an approximate 800 MWp gas operated power plant in the vicinity of Ashkelon, Israel. The Dori Investment Agreement sets forth that subject to the fulfillment of certain conditions precedent, the Company shall invest a total amount of NIS 50,000 thousand (approximately \$14,100 thousand) in Dori Energy, and receive a 40% stake in Dori Energy's share capital. Ellomay Energy was also granted an option to acquire additional shares of Dori Energy that, if exercised, will increase Ellomay Energy's percentage holding in Dori Energy to 49% and, subject to the obtainment of certain regulatory approvals to 50%.

The conditions precedent was fulfilled on January 27, 2011. The investment in Dori Energy is accounted for under the equity method. The purchase price allocation for the aforementioned acquisition was not finalized yet.

Dorad uses derivative financial instruments, specifically foreign currency forward contracts, to hedge its foreign currency risk exposure to the U.S. dollar. As a result of these hedges and the changes in fair value of these derivatives, Dorad recorded losses during the six month period ended June 30, 2011, and the Company's share of these losses is approximately \$4,561 thousand. In August 2011, Dorad designated the forward transactions listed above as fair value accounting hedge transactions. See Note 7 - Subsequent Events.

Concurrently with the consummation of the Dori Investment, Dori Energy entered into an agreement with an Israeli Bank pursuant to which the Bank extended to Dorad, as per Dori Energy's request, a NIS 120 million (approximately \$34 million) bank guarantee that was required to allow Dori Energy to extend its pro rata share of the equity required by Dorad in connection with the power plant project. The Company guaranteed 40% of the liabilities of Dori Energy towards the Bank under the Bank agreement. In addition, each of Ellomay Energy and U. Dori pledged their holdings in Dori Energy in favor of the Bank as a security for the fulfillment of Dori Energy's obligations to the Bank under the Bank agreement.



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

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**Note 4 – Significant Events (cont'd)****A. (cont'd)**

Concurrently with the execution of the Dori Investment Agreement, Ellomay Energy, Dori Energy and Dori Group have also entered into the Dori Shareholders Agreement ("Dori SHA") that became effective upon the consummation of the Dori Investment. The Dori SHA provides that each of Dori Group and Ellomay Energy is entitled to nominate two directors (out of a total of four directors) in Dori Energy. The Dori SHA also grants each of Dori Group and Ellomay Energy with equal rights to nominate directors in Dorad, provided that in the event Dori Energy is entitled to nominate only one director in Dorad, such director shall be nominated by Ellomay Energy for so long as Ellomay Energy holds at least 30% of Dori Energy. The Dori SHA further includes customary provisions with respect to restrictions on transfer of shares, a reciprocal right of first refusal, tag along, principles for the implementation of a BMBY separation mechanism, veto rights, etc.

**B.** On February 17, 2011, one of the Company's Italian subsidiaries entered into a project finance facilities credit agreement (the "Finance Agreement") with an Italian bank. Pursuant to the Finance Agreement two lines of credit in the aggregate amount of Euro 4.65 million were received:

- (i) a Senior Loan, to be applied to the costs of construction of the PV Plants (up to 80% of the relevant amount), in the amount of Euro 4.1 million, accruing interest at the EURIBOR rate, increased by a margin of 200 basis points per annum, to be repaid in six-monthly installments; and
- (ii) a VAT Line, for payment of VAT due on the costs of construction in the amount of Euro 0.55 million, accruing interest at the EURIBOR rate, increased by 160 basis points per annum, to be repaid in one payment on December 31, 2013.

The Finance Agreement also requires the payment of commitment fees equal to 0.5% per annum calculated on the undrawn and un-cancelled amount of both the Senior Loan and the VAT Line and certain additional payments, including an arranging fee and an annual agency fee. As of June 30, 2010 there were no drawdowns on account of these credit lines.

**C.** On February 22, 2011 (the "Effective Date") the Company entered into agreements to receive participation interests in four exploration licenses (the "Licenses") in Israel. The consideration to be paid in connection with the receipt of the participating interests is expected to be an aggregate amount of \$710 thousand as reimbursement for past expenditures incurred by the transferors of the participating interests in connection with operations under the Licenses until the Effective Date.

In addition, the Company will be required to reimburse certain costs billed to the Company under the provision of the Joint Operating Agreements entered into with the operator under the licenses during the period between the Effective Date and the closing of the transactions.

The Company is awaiting regulatory approval for its acquisition of the participation interests in the Licenses.

**D.** On March 15, 2011, the Company entered into an Engineering Procurement & Construction Contract ("EPC contract") with an Italian contractor in connection with the acquisition of a fully constructed photovoltaic plant of 994.43 KW<sub>p</sub> located in province of Lecce, municipality of Galatina, Puglia region, Italy and purchased all shares of the Italian Company that owns the plant, for an aggregate consideration of approximately Euro 3,900 thousand (approximately \$5,600 thousand). The company capitalized additional direct costs of approximate Euro 140 thousand (approximately \$200 thousand).

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

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**Note 4 – Significant Events (cont'd)****D. (cont'd)**

On March 25, 2011, the Company purchased all shares of an additional Italian company that holds the permits and plans and entered into an EPC Contract for the construction of a photovoltaic plant of 2,993.6 KWp with single tracker technology located in the province of Bari, municipality of Corato, Puglia region, Italy, for an aggregate consideration of approximately Euro 11.8 million (approximately \$17,100 thousand). The Company capitalized additional direct costs of approximate Euro 88 thousand (approximately \$127 thousand).

The contractor has undertaken to connect the photovoltaic plant to the Italian national grid under the applicable 2011 feed-in tariff (with certain adjustments to the consideration in the event of delays).

- E.** On May 25, 2011, the Company secured a bank loan in the amount of up to Euro 5,000 thousand for the interim financing of its PV operations in Italy. The loan has a one month term and is renewable each month and bears an interest of Euro Libor + 0.75%. As of June 30, 2011 the drawdown and accrued interest under this loan agreement was in the amount of Euro 3,500 thousand (approximately \$5,067 thousand).

On April 18, 2011, the second drawdown under the financial Leasing agreements entered by two wholly-owned Italian subsidiaries on December 31, 2010 was received in the aggregate amount of Euro 1,637 thousand (approximately \$2,371 thousand).

- F.** On June 9, 2011, the Company executed a 1-for-10 reverse share split (thereinafter – “the reverse split”). As a result of the reverse split, every 10 shares of the Company were combined into one share, all fractional shares which were one-half or more were increased to the next higher whole number of shares and all fractional shares which were less than one-half share were decreased to the next lower whole number of shares. The par value of the shares increased from NIS 1.00 to NIS 10.00. The reverse split affected all of the Company's ordinary shares, stock options and warrants outstanding and reserved for issuance immediately prior to the effective date of the reverse split. The reverse split reduced the number of shares of the Company's shares outstanding at June 9, 2011 from 107,778,493 shares to 10,777,917 shares. All references to share and per share amounts for all periods presented have been retroactively restated to reflect this reverse split.

- G.** In connection with the establishment of the Company's photovoltaic plants in Italy, the Company had capitalized, as of June 30, 2011, property and equipment aggregating approximately \$46,859 thousand, in accordance with actual costs incurred. During the six month period ended June 30, 2011 the Company had recorded property and equipment aggregating approximately \$25,249 thousand, including assets acquired through the acquisition of two Italian wholly-owned subsidiaries (as mentioned in Note 4D) of approximately \$ 7,454 thousand and assets acquired in credit of \$ 7,450 thousand which has not yet been paid as of June 30, 2011. Depreciation with respect to the Company's photovoltaic plants in Italy is calculated using the straight-line method over 20 years that represent the estimated useful lives of the assets. During the six month period ended June 30, 2011 the Company had recorded depreciation expenses with respect to its photovoltaic plants in Italy of approximately \$ 480 thousand.

- H.** Until February 29, 2008, the Company and its subsidiaries developed, manufactured, sold and provided support services for digital wide format and super-wide format printing systems for on-demand, short-run printing as well as related consumable products. On February 29, 2008 (the "Closing Date"), the sale of this business to Hewlett-Packard Company ("HP" and the "HP Transaction") was finalized.

## Notes to the Condensed Consolidated Interim Financial Statements

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### Note 4 – Significant Events (cont'd)

#### H. (cont'd)

Prior to the Closing Date, the Company operated through wholly-owned subsidiaries for sales, support services and marketing of the Company's products in their country or region of domicile, some of which were sold to HP. A majority of the remaining subsidiaries were dissolved during 2008, 2009 and 2010.

The aggregate consideration in connection with the HP Transaction amounted to \$ 122,600 thousand. Of the total consideration, an amount of \$ 500 thousand was withheld in connection with the obligation of one of the subsidiaries that were sold to HP with respect to the government grants, and an amount of \$ 14,500 thousand was deposited into an escrow account to secure the indemnity obligations of the Company and its remaining subsidiaries. The amount deposited in the escrow account, net of amounts distributed to HP in satisfaction of indemnity obligations.

Following the submission of the claims and responses and negotiations between HP and the Company in connection with the funds deposited in the escrow account, the Company executed a settlement agreement with HP on July 27, 2010 and received approximately \$7,200 thousand (plus accrued interest) out of the \$ 14,500 thousand million that were deposited in the escrow account, and HP received the remainder of such funds. HP also released to us an amount of \$ 500 thousand withheld in connection with NUR Europe's obligations with respect to government grants.

In addition, the parties to the Settlement Agreement agreed to waive any current and future claims against each other arising out of or connected with the HP Transaction and further agreed that the Company will not be responsible for any future claims with respect to the HP Transaction and the assets acquired thereunder.

Following the execution of the Settlement Agreement the Company paid and expects to pay additional payments of approximately \$200 thousand to former employees as bonuses and in connection with the repurchase of employee stock options, all as previously approved by the Company's Board of Directors.

Assets and liabilities amounts, operating results and cash flows attributed to the digital wide format and super-wide format printing system business were presented as discontinued operations and are expected to be settled in one to two years.

The breakdown of current assets and liabilities attributed to discontinued operations of the Company is as follows:

	<b>June 30</b>	<b>December</b>
	<b>2011</b>	<b>31</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>US\$</b>	<b>US\$</b>
	<b>thousands</b>	<b>thousands</b>
<b>Assets</b>		
Legal claim receivable	-	268
Other	<u>24</u>	<u>24</u>
<b>Total Assets</b>	<u><u>24</u></u>	<u><u>292</u></u>

Notes to the Condensed Consolidated Interim Financial Statements

Note 4 – Significant Events (cont'd)

H. (cont'd)

	June 30 2011	December 31 2010
	<u>Unaudited</u>	<u>Audited</u>
	US\$	US\$
	<u>thousands</u>	<u>thousands</u>
<b>Liabilities</b>		
Accrued expenses and other liabilities	266	380
Total Liabilities	<u>266</u>	<u>380</u>

Note 5 - Contingent Liabilities

Legal proceedings:

- A. During 2002, a customer filed a lawsuit in China against a subsidiary alleging bad quality of products. The court ruled that the subsidiary should reimburse the customer with the amount of \$ 252 thousand as of June 30, 2011. Following an appeal filed by the subsidiary, the court ruled in September 2003 in favor of the end-user. The subsidiary is in the process of liquidation and has no assets; therefore the plaintiff has no remedy against the subsidiary. The customer may start new proceedings against another subsidiary in Hong Kong, which was dissolved in 2010. However, to date, the customer has not filed any claim in Hong Kong. In August 2011 legal counsel for the customer approached the Company alleging its responsibility for payment of the amounts due pursuant to the court ruling and an additional amount of \$100 thousand. The Company responded rejecting the allegations made and based on management's estimation and the opinion of its legal counsel, it is unlikely that the Company will be required to pay the amount ruled against the subsidiary in China. Therefore, no provision was recorded with respect to this claim.
- B. During 2002, a customer filed a lawsuit in China against a subsidiary seeking reimbursement in the amount of \$400 thousand alleging bad quality of products. In July 2005, the court ruled that the subsidiary is to reimburse the customer an amount of \$294 thousand as of June 30, 2011. The subsidiary no longer operates in China and under current law the ruling in China is not enforceable in Hong Kong. The subsidiary notified the customer in March 2006 that it intends to vigorously defend its claims if submitted to court in Hong Kong. To date, the customer has not filed any claim in Hong Kong. Based on management's estimation and the opinion of its legal counsel, it is unlikely that the Company will be required to pay the amount ruled against it in China. Therefore, no provision was recorded with respect to this claim.
- C. In September 2003, the Company filed a lawsuit against a former distributor of the Company, for the collection of unpaid invoices in the amount of \$550 thousand as of June 30, 2011. In February 2004, the former distributor filed a statement of defense denying the Company's claims and it also filed a counter-claim for alleged damages caused to it by the Company in the amount of \$236 thousand as of June 30, 2011. Based on the opinion of its legal counsel, management believes that the counterclaim filed by the former distributor is without merit and that a loss is not probable. Therefore, a provision was not recorded with respect to this claim.

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

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**Note 5 - Contingent Liabilities (cont'd)**

## Legal proceedings: (cont'd)

- D. In December 2003, a customer of a subsidiary filed a lawsuit alleging that a machine purchased by it failed to perform. The customer sought reimbursement of the purchase price paid by it in the amount of \$290 thousand. During 2006 we launched a counter claim to this lawsuit for the collection of unpaid outstanding invoices. On May 15, 2010, a settlement agreement was reached between the customer and the Company in connection with the Company's claim for unpaid invoices whereby the Company is entitled to receive an aggregate consideration of \$270 thousand to be received in installments.

The Company recognized the settlement amount in its annual financial statements under discontinued operations and funds were received in March 2011. In January 2010 the court dismissed the customer's lawsuit and in June 2010 the customer filed an appeal. Based on management's estimation and the opinion of its legal counsel, no provision was recorded with respect to this claim.

- E. In February 2007, a claim was filed against the Company and one of its former officers by a person claiming to have been an agent of the Company in West Africa for commissions on sales of printers. The claim is for NIS 3,000 thousand (\$878 thousand as of June 30, 2011). The Company filed a statement of defense denying all claims, both with respect to the causes of action and with respect to the factual allegations in the claim. The plaintiff's filed a motion with the Court to strike Ellomay's Statement of Defense, which was rejected. The plaintiff's filed an appeal to the Supreme Court. That motion was rejected in July 2010. A pre-trial took place on September 5, 2010, which mainly scheduled technical procedures. Both parties filed their affidavits and the next hearing is scheduled for January 2012. Based on management's estimation and the opinion of its legal counsel, no provision was recorded with respect to this claim.
- F. In September 2010 a claim was filed with the Court of Brescia, Italy against the Company and against HP and several of its subsidiaries by a former customer asking the declaration of invalidity or voidness or termination of the supply of agreements in connection with 5 printers they purchased between 2004 - 2006 alleging the defectiveness of the printers (in particular, the lack of the essential safety qualifications and relevant certifications) and requesting damages in the aggregate amount of Euro 2,500 thousand (approximately \$ 3,313 thousand). The Company was sued based on its relationship to the seller of the printers, NUR Europe (which was sold to HP). In March 2011, the Company filed its statement of defense, claiming lack of standing, lack of jurisdiction and sole responsibility of NUR Europe as the seller of the printers. The same former customer also filed cautionary proceedings for interim relief in the form of the aforementioned payment with the Court of Brescia, Italy, to which all other parties objected. On March 14, 2011, the judge rejected the interim relief sought. The term for the former customer to challenge and appeal such decision expired on April 8, 2011; therefore such decision became final. The next hearing under the main claim is scheduled for January 2012. The Company has required that HP pay its legal fees in connection with this claim based on the settlement agreement executed with HP in July 2010 and is still in discussions with HP regarding this claim. Based on management's estimation and the opinion of its legal counsel, no provision was recorded with respect to this claim.
- G. From time to time, the Company is party to other various legal proceedings, claims and litigation that arise in the normal course of business. It is the opinion of management that the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

**Notes to the Condensed Consolidated Interim Financial Statements****Note 6 – Segments Information**

The Company has two reportable segments, as described below, which are the Company's strategic business units. For each of the strategic business units, the Company's chief operating decision maker (CODM) reviews internal management reports.

PV Operations- the Company operates in the photovoltaic field in Italy and as of June 30, 2010 owned through its wholly-owned subsidiaries eight PV plants that were connected to the Italian national electricity grid in 2011. The plants were still under construction as of December 31, 2010,

Dorad- following the closing of the Dori Investment Agreement the Company holds 40% stake in U. Dori Energy Infrastructures (Dori Energy) which holds 18.75% of the share capital of Dorad Energy Ltd. ("Dorad"). Dorad plans and promotes the construction of an approximate 800 MWp gas operated power plant in the vicinity of Ashkelon, Israel. The Company accounts its investment in Dori Energy under the equity method.

	<b>For the six months ended June 30, 2011</b>			
	<b>PV</b>			<b>Total</b>
	<b>Dorad</b>	<b>Operations</b>	<b>Adjustments</b>	
	<b>US\$ thousands</b>			
Revenues	-	1,601	-	1,601
Results of segments	(4,503)	19	412	(4,896)
Assets of the segments	10,330	65,338	43,659	119,327

**Note 7 - Subsequent Events**

- A. As a result of the exposure of Dorad's results to the volatility in the exchange rate of U.S. dollar against the New Israeli Shekel, Dorad decided to designate the forward transactions it uses to hedge its foreign currency risk exposure to the U.S. dollar as fair value accounting hedge transactions as of August 8, 2011.  
The company expects to record income of approximately NIS 7,300 thousand (approximately \$2,150 thousand) in the third quarter in accordance with the foreign exchange rate set at the time of fixing of the exchange rate.
- B. On September 14, 2011 the Company entered into two additional agreements (the "Agreements") with an Italian contractor in connection with the acquisition of two photovoltaic plants with fixed panel technology and aggregate capacity of approximately 1.9 MWp in the Puglia Region in Italy. Both photovoltaic plants are constructed and were connected to the Italian national grid in June 2011 under the applicable Feed-in-Tariff. In connection with the Agreements, a subsidiary of the Company purchased all outstanding shares of two Italian companies, each of which owns one of the photovoltaic plants. The aggregate cost of the photovoltaic plants is approximately Euro 6,200 thousand (approximately \$8,980 thousand) plus applicable VAT.



**Management’s Discussion and Analysis of Results of Operations and Financial Condition for the six months ended June 30, 2011 and 2010**

Our discussion and analysis of our financial condition and results of operation are based upon our consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards, or IFRS as issued by the International Accounting Standards Board. Our operating and financial review and prospects should be read in conjunction with our unaudited condensed consolidated interim financial statements for the six month period ended June 30, 2011 filed herewith as Exhibit 99.1 and in conjunction with our consolidated financial statements and the related notes and other financial information included in our Annual Report on Form 20-F for the year ended December 31, 2010, filed with the Securities and Exchange Commission, or SEC, on April 14, 2011. Certain statements in this discussion are forward-looking statements.

**Overview**

We are involved in the production of renewable energy through our ownership of photovoltaic plants, or PV Plants, in Italy. As of September 15, 2011, all of our PV Plants, with an aggregate capacity of approximately 10.8 MWp, are connected to the national grid and operating.

The following table includes information concerning our PV Plants:

<b>PV Project Title</b>	<b>Capacity</b>	<b>Location</b>	<b>Technology of Panels</b>	<b>Connection to Grid</b>
“Troia 8”	995.67 kWp	Province of Foggia, Municipality of Troia, Puglia region	Fix	January 14, 2011
“Troia 9”	995.67 kWp	Province of Foggia, Municipality of Troia, Puglia region	Fix	January 14, 2011
“Del Bianco”	734.40 kWp	Province of Macerata, Municipality of Cingoli, Marche region	Fix	April 1, 2011
“Giaché”	730.01 kWp	Province of Ancona, Municipality of Filotrano, Marche region	Duel Axes Tracker	April 14, 2011
“Costantini”	734.40 kWp	Province of Ancona, Municipality of Senigallia, Marche region	Fix	April 27, 2011
“Massaccesi”	749.7 kWp	Province of Ancona, Municipality of Arcevia, Marche region	Duel Axes Tracker	April 29, 2011
“Galatina”	994.43 kWp	Province of Lecce, Municipality of Galatina, Puglia region	Fix	May 25, 2011
“Pedale (Corato)”	2,993.6 kWp	Province of Bari, Municipality of Corato, Puglia region	Single Axes Tracker	May 31, 2011
“Aquafresca”	947.6 kWp	Province of Barletta-Andria-Trani, Municipality of Minervino, Puglia region	Fix	June 2011
“D-Angella”	930.5 kWp	Province of Barletta-Andria-Trani, Municipality of Minervino, Puglia region	Fix	June 2011



In addition, we have made several investments in Israel, mainly in the energy manufacturing and energy related field through our ownership of 40% of the equity of U. Dori Energy Infrastructures Ltd., or Dori Energy, who, in turn, holds 18.75% of Dorad Energy Ltd., or Dorad, which plans and promotes the construction of an approximate 800 MWp power plant in the vicinity of Ashkelon, Israel. The Dorad power plant is currently under construction and is expected to commence operations in early-mid 2013. The Dorad power plant will be a bi-fuel station, using natural gas as the main fuel and diesel oil in the event of an emergency. Dorad previously executed a gas sale agreement for the supply of natural gas for its operations with the Egyptian company, East Mediterranean Gas Co., or EMG. Due to the instability in the region and the disruptions in the supply of natural gas by EMG during the past year, Dorad may be required to procure natural gas from other sources.

As of September 15, 2011, we hold approximately \$25.1 million in cash and cash equivalents, in addition to approximately \$16.4 million in restricted cash and approximately \$11.7 million in long term deposits.

Our plan of operation is to continue to operate in the Italian PV field and manage our investments in the Israeli market and, with respect to the remaining funds we hold, to identify and evaluate additional suitable business opportunities in the energy and infrastructure fields, including in the renewable energy field, through the direct or indirect investment in energy manufacturing plants, the acquisition of all or part of an existing business, pursuing business combinations or otherwise. Our securities are listed on the NYSE Amex Stock Exchange. The address of our registered office is 9 Rothschild Blvd., Tel Aviv, Israel.

The sale of our wide-format printing business to Hewlett-Packard Company, or HP, and several of its subsidiaries, hereinafter referred to as the HP Transaction, was consummated on February 29, 2008. The aggregate consideration in connection with the HP Transaction amounted to \$122.6 million, of which \$0.5 million was withheld in connection with NUR Europe's obligations with respect to government grants, and \$14.5 million was deposited into an escrow account to secure the indemnification obligations of the Company and its remaining subsidiaries pursuant to the HP Transaction. Following the submission of the claims and responses and negotiations between HP and us in connection with the funds deposited in the escrow account, we executed a settlement agreement with HP and received approximately \$7.2 million (plus accrued interest) out of the \$14.5 million that were deposited in the escrow account, and HP received the remainder of such funds. HP also released to us an amount of \$0.5 million withheld in connection with NUR Europe's obligations with respect to government grants.

Following the closing of the HP Transaction, we ceased conducting any operating activity until the execution of the first engineering, procurement and construction contracts for the construction of two PV Plants in Italy on March 4, 2010.

**As our Italian PV Plants have only commenced operations after January 1, 2011, the data presented in our unaudited condensed consolidated interim financial statements and in our discussion below are not necessarily indicative of our future operating results or financial position.**

#### **Certain Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based on our unaudited condensed consolidated interim financial statements, which have been prepared in accordance with IFRS. While all the accounting policies impact the financial statements, certain policies may be viewed to be critical. These policies are most important for the fair portrayal of our financial condition and results of operations and are those that require our management to make difficult, subjective and complex judgments, estimates and assumptions, based upon information available at the time that they are made, historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the condensed consolidated interim financial statements, as well as the reported amounts of expenses during the periods presented. Actual results could differ from those estimates.

The critical accounting policies described in Item 5 in our Annual Report on Form 20-F, filed with the SEC on April 14, 2011, and in notes 2 and 3 in our unaudited condensed consolidated interim financial statements as at June 30, 2011, are those that require management's more significant judgments and estimates used in the preparation of our condensed consolidated interim financial statements.

#### **Results of Operations**

##### ***Six Months Ended June 30, 2011 Compared with Six Months Ended June 30, 2010***

Revenues were approximately \$1.6 million for the six months ended June 30, 2011, compared to \$0 for the six months ended June 30, 2010. Cost of sales were approximately \$0.9 million for the six months ended June 30, 2011, compared to \$0 for the six months ended June 30, 2010. This increase was due to the commencement of operations of our Italian PV Plants subsequent to January 1, 2011.

General and administrative expenses were approximately \$1.8 million for the six months ended June 30, 2011, compared to approximately \$1.3 million for the six months ended June 30, 2010. This increase was primarily due to increased consulting expenses due to our enhanced operations and increased salary related expenses as a result of salary increases and bonuses paid.

Financial income was approximately \$0.3 million in the six months ended June 30, 2011 and 2010. Financial expenses were approximately \$0.6 million in the six months ended June 30, 2011, compared to \$0.1 million for the six months ended June 30, 2010. This increase was mainly attributable to the fair value measurement of swap contracts and interest expenses on our short-term loan and financial lease obligation.

Share of losses of equity accounted investees was approximately \$4.6 million in the six months ended June 30, 2011, compared to \$0 in the six months ended June 30, 2010. This increase was due to the closing of our investment in Dori Energy in January 2011. As noted above, Dori Energy holds 18.75% of the share capital of Dorad, which uses derivative financial instruments, specifically forward transactions, to hedge its foreign currency risk exposure to the U.S. dollar. As a result of these hedges and the changes in fair value of these derivatives, Dorad recorded losses during the six month period ended June 30, 2011 and our share of these losses is approximately \$4.6 million.

Tax benefit was approximately \$1.1 million in the six months ended June 30, 2011. Taxes on income were approximately \$0.4 million in the six months ended June 30, 2010. The tax benefit during the six months ended June 30, 2011 is primarily attributable to tax assessments that have reached their statute of limitation decreasing the amount of unrecognized tax benefit.

Profit from discontinued operations was \$0 for the six months ended June 30, 2011, compared to approximately \$7.2 million for the six months ended June 30, 2010. The income in the six months ended June 30, 2010 was due to the release of funds from the escrow account in connection with the HP Transaction, net of related expenses.

Other comprehensive income from foreign currency translation differences from foreign operation were approximately \$2.5 million in the six months ended June 30, 2011. Other comprehensive loss from foreign currency translation differences from foreign operations were approximately \$0.9 million in the six months ended June 30, 2010. The total increase in comprehensive income was due to our enhanced operations in the Italian PV field and resulted from the revaluation of the Euro against the US dollar. During the six months ended June 30, 2011 the revaluation of the Euro against the US dollar was approximately 8.4% compared to devaluation of approximately 14.8% during the six months ended June 30, 2010.

Our total comprehensive loss for the period was approximately \$2.4 million in the six months ended June 30, 2011, compared to income of approximately \$4.8 million in the six months ended June 30, 2010. The net loss for the six months ended June 30, 2011 was primarily due to the closing of our investment in Dori Energy in January 2011, which is accounted for under the equity method. The net income for the six months ended June 30, 2010 was primarily due to the release of funds from the escrow account following the execution of the settlement agreement with HP described above.

### ***Impact of Inflation, Devaluation and Fluctuation of Currencies***

The consideration received from HP upon consummation of the HP Transaction was denominated in U.S. dollars and has since been deposited in U.S. dollar denominated accounts. We currently conduct our business in Italy and in Israel and a significant portion of our expenses is in Euro and New Israeli Shekel, or NIS. We therefore are affected by changes in the prevailing Euro/U.S. dollar and NIS/U.S. dollar exchange rates. We cannot predict the rate of revaluation/devaluation of the NIS or the Euro against the U.S. dollar in the future, and whether these changes will have a material adverse effect on our finances and operations.

The tables below set forth the annual and semi-annual rates of devaluation (or revaluation) of the NIS against the U.S. dollar and of the U.S. dollar against the Euro.

	<b>Year ended December 31,</b>		<b>Six months ended June 30,</b>	
	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>
Revaluation(Devaluation) of the NIS against the U.S. dollar	0.7%	6%	(2.6)%	3.8%
Revaluation (Devaluation) of the Euro against the U.S. dollar	3.5%	(7.4)%	(14.8)%	8.4%

The semi-annual rate of inflation in Israel was 0.7% in the six months ended June 30, 2010 and it increased to 2.2% in the six months ended June 30, 2011.

The representative dollar exchange rate was Euro 1.23 for one U.S. dollar on June 30, 2010, and Euro 1.45 for one U.S. dollar on June 30, 2011. The average exchange rates for converting the Euro to U.S. dollars during the six-month periods ended June 30, 2010 and 2011 were Euro 1.33 and 1.4 for one U.S. dollar, respectively. The exchange rate as of September 15, 2011 was Euro 1.38 for one U.S. dollar.

The representative dollar exchange rate was NIS 3.875 for one U.S. dollar on June 30, 2010, and NIS 3.415 for one U.S. dollar on June 30, 2011. The average exchange rates for converting the NIS to U.S. dollars during the six-month periods ended June 30, 2010 and 2011 were NIS 3.76 and 3.52 for one U.S. dollar, respectively. The exchange rate as of September 15, 2011 was NIS 3.69 for one U.S. dollar.

A discussion concerning our functional currency, the functional currency of our subsidiaries and a description of the methods of currency translation we use is included in Item 5 of our Annual Report on Form 20-F, filed with the SEC on April 14, 2011.

### **Liquidity and Capital Resources**

As of September 15, 2011, we hold approximately \$25.1 million in cash and cash equivalents, approximately \$16.4 million in restricted cash and approximately \$11.7 million in long term deposits. Our plan of operation is to continue to operate in the Italian PV field and manage our investments in the Israeli market and, with respect to the remaining funds we hold, to identify and evaluate additional suitable business opportunities in the energy and infrastructure fields, including in the renewable energy field, through the direct or indirect investment in energy manufacturing plants, the acquisition of all or part of an existing business, pursuing business combinations or otherwise.

Although we now hold the aforementioned funds, we may need additional funds if we seek to acquire certain new businesses and operations. If we are unable to raise funds through public or private financing of debt or equity, we will be unable to fund certain business combinations that could ultimately improve our financial results. We cannot ensure that additional financing will be available on commercially reasonable terms or at all. We entered into leasing and financing agreements in connection with the financing of four of our PV Plants, an agreement with Bank Leumi USA in connection with short term bank financing used as interim financing of our PV operations in Italy until the remainder of our PV Plants are financed, and into an agreement with Discount Bank in connection with the financing of our portion of Dori Energy's obligations to Dorad. We currently have no commitments for additional financing, however we intend to finance the remainder of our PV Plants by bank loans or other means of financing.

Our management believes that the existing cash balance is sufficient for our present requirements.

We currently invest our excess cash in cash and cash equivalents that are highly liquid and in long term deposits.

At June 30, 2011, we had approximately \$46.7 million of cash and cash equivalents, approximately \$8.5 million in restricted cash and approximately \$1.2 million in long-term deposits, compared with approximately \$76.6 million cash and cash equivalents, approximately \$0.7 million in restricted cash and approximately \$0.4 million in long term deposits at December 31, 2010. The decrease in cash and cash equivalents is mainly attributable to payments made in connection with our Italian PV Plants and our investment in Dori Energy.

As of June 30, 2011, we had commitments for capital expenditures in the amount of approximately \$11 million for services that were preformed and will be performed in connection with agreements entered into for the construction of our PV plants. We anticipate to use our cash assets and financing from third party financing entities (especially in connection with the financing of our Italian PV Plants) in order to meet such commitments.

#### *Operating activities*

In the six months ended June 30, 2011, we had a loss of approximately \$4.9 million. General and administrative expenses were approximately \$1.8 million.

In the six months ended June 30, 2010, we had a profit of \$5.7 million. General and administrative expenses were approximately \$1.3 million.

Our main operating activity is currently related to our Italian PV Plants. We also manage our holdings in Dori Energy and indirect holdings in Dorad, *inter alia* through a representative on the Dorad board of directors. In addition to these operations, as a significant portion of our assets still consist of cash and cash equivalents and long term deposits, we also continue to conduct activities which attempt to locate additional business opportunities and strategic alternatives and activities relating to the investment of our funds. We cannot at this point predict whether following the consummation of other business transactions, in addition to the Italian photovoltaic transactions and the Israeli investments, we will have sufficient working capital in order to fund our operations.

Net cash used in operating activities was approximately \$3.7 million in the six months ended June 30, 2011 primarily due to operating expenses and VAT payments made in connection with our PV Plants.

Net cash used in operating activities was approximately \$1.3 million in the six months ended June 30, 2010 primarily due to general and administrative expenses.

#### *Investing activities*

Net cash used in investing activities was approximately \$34.1 million in the six months ended June 30, 2011 primarily due to payments related to our PV Plants and our investment in Dori Energy and the investment in restricted cash to secure repayment of short-term bank financing.

Net cash used in investing activities was approximately \$6.5 million in the six months ended June 30, 2010 primarily due to payments related to our PV Plants that were under construction and the investment in restricted cash to secure payments under documentary credit in connection with the purchase of solar modules for our PV Plants.

#### *Financing activities*

Net cash provided by financing activities in the six months ended June 30, 2011 was approximately \$7.5 million, primarily due to short-term loans received (approximately \$5 million) and proceeds from sale and finance lease back (approximately \$2.3 million).

Net cash provided by financing activities in the six months ended June 30, 2010 was \$0.

During the last quarter of 2010, we entered into leasing and financing agreements in connection with the financing of four of our PV Plants. As of June 30, 2011, we utilized approximately Euro 5.5 million out of the aggregate amount of Euro 6.2 million available under these leasing and financing agreements. During the first quarter of 2011, we entered into an agreement with Discount Bank in connection with the financing of our portion of Dori Energy's obligations to Dorad. The Bank extended to Dorad, as per Dori Energy's request, a NIS 120 million (approximately \$34 million) guarantee. We also entered into an agreement with Bank Leumi USA in connection with short term bank financing used as interim financing of our PV operations in Italy. As of June 30, 2011 we utilized approximately Euro 3.5 million of this loan.

As of June 30, 2011, our total current assets amounted to approximately \$60.4 million, out of which \$46.7 million was in cash and cash equivalents and approximately \$8.5 million was in restricted cash, compared with total current liabilities of approximately \$24.8 million. Our assets held in cash equivalents are held in money market accounts and short-term deposits, all of which are highly liquid investments that are readily convertible to cash with original maturities of three months or less at the date acquired.

As of June 30, 2010, our total current assets amounted to approximately \$80.6 million, out of which \$66.5 million was in cash and cash equivalents, approximately \$5.2 million was in restricted cash and approximately \$8 million was in discontinued operations (mainly in connections with amounts released by HP following the execution of the settlement agreement with HP) while our total current liabilities amounted to approximately \$4.1 million.

The decrease in our cash balance is mainly attributable to amounts invested in new operations and general and administrative expenses.

#### *Outstanding Warrants*

As of September 15, 2011, there are outstanding warrants to purchase a total of 324,273 of our ordinary shares, all of which are currently exercisable. All of these warrants were granted to the investors participating in our private placement in January and February 2007 and are exercisable at \$6.5 per share no later than January or February 2012.

#### *Contractual Obligations*

As of June 30, 2011, except for the short-term and long-term financing obtained through June 30, 2011 as described above, there have been no material changes to the contractual obligations we disclosed in our Annual Report on Form 20-F for the year ended December 31, 2010, filed with the SEC on April 14, 2011.

#### **Disclosure about Market Risk**

We currently have operations in Italy and Israel. Our expenses and income related to the Italian operations is denominated in Euro, and the functional currency of our investment in Dori Energy and our expenses in Israel are denominated, generally, in NIS. As a result, we are subject to adverse movements in foreign currency exchange rates between the Euro, NIS and the US dollar, in which most of our cash, cash equivalents and short-term deposits are denominated. In addition, in light of our financing activities, we are exposed to market risks resulting from changes in interest rates.

#### *Inflation, Deflation and Fluctuation of Currencies*

As detailed in our Annual Report on Form 20-F, filed with the SEC on April 14, 2011, we utilized certain foreign exchange forward contracts to hedge our exposure against the NIS in connection with our investment in Dori Energy. In the future, we may enter into additional forward foreign currency exchange or other derivatives contracts to further hedge our exposure to foreign currency exchange rates.

### *Interest Rate*

As detailed in our Annual Report on Form 20-F, filed with the SEC on April 14, 2011, we utilize interest rate swap derivatives to convert certain floating-rate debt to fixed-rate debt. Our interest rate swap derivatives involve an agreement to pay a fixed-rate interest and receive a floating-rate interest, at specified intervals, calculated on an agreed notional amount that matches the amount of the original loan and paid on the same installments and maturity dates. In the future, we may enter into additional interest rate swaps or other derivatives contracts to further hedge our exposure to fluctuations in interest rates.

In addition, as a majority of our assets are cash and short-term U.S. dollar-denominated deposits with a U.S. bank. We carefully monitor the banking institutions that we use with respect to their exposure to the current financial market situation. Other than that, the major market risk is currently the potential decline in the U.S. monetary interest rate that would impact our results of operations.

### **Forward-Looking Statements**

With the exception of historical facts, the matters discussed in this report and the financial statements attached hereto are forward-looking statements. Forward-looking statements may relate to, among other things, future actions, future performance generally, business development activities, future capital expenditures, strategies, the outcome of contingencies such as legal proceedings, future financial results, financing sources and availability and the effects of regulation and competition. When we use the words “believe,” “intend,” “expect,” “may,” “will,” “should,” “anticipate,” “could,” “estimate,” “plan,” “predict,” “project,” or their negatives, or other similar expressions, the statements which include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties or include statements that do not relate strictly to historical or current facts, we are making forward-looking statements.

Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Please see Item 4.A. “Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2010, filed with the SEC on April 14, 2011, in which we have identified important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to the following cautionary statements. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider the said section to be a complete discussion of all potential risks or uncertainties. Readers are cautioned not to place undue reliance on these forward-looking statements.

We warn you that forward-looking statements are only predictions. Actual events or results may differ as a result of risks that we face. Forward-looking statements speak only as of the date they were made and we undertake no obligation to update them.







**Ellomay Capital Reports Results for the Six Months ended June 30, 2011; Announces Share Buyback Program and Further Acquisitions in the Italian Photovoltaic Market**

Tel-Aviv, Israel, September 26, 2011 – **Ellomay Capital Ltd. (NYSE Amex: ELLO)** (“**Ellomay**” or the “**Company**”), today reported its financial results for the six month period ended June 30, 2011.

**Financial Highlights**

- Revenues were approximately \$1.6 million for the six months ended June 30, 2011, compared to \$0 for the six months ended June 30, 2010. Cost of sales were approximately \$0.9 million for the six months ended June 30, 2011, compared to \$0 for the six months ended June 30, 2010.
- General and administrative expenses were approximately \$1.8 million for the six months ended June 30, 2011, compared to approximately \$1.3 million for the six months ended June 30, 2010.
- Total comprehensive loss for the period was approximately \$2.4 million in the six months ended June 30, 2011, compared to income of approximately \$4.8 million in the six months ended June 30, 2010.
- As of September 15, 2011, the Company held approximately \$25.1 million in cash and cash equivalents, in addition to approximately \$16.4 million in restricted cash and approximately \$11.7 million in long term deposits.

The Company further announced that it will file its unaudited condensed consolidated interim financial statements for the six-month period ended June 30, 2011 and related Management’s Discussion and Analysis and financial disclosure with the Securities and Exchange Commission today under Form 6-K. To review this filing, visit the SEC’s website at: [www.sec.gov](http://www.sec.gov) or the Company’s website at: [www.ellomay.com](http://www.ellomay.com).

**Share Buyback Program**

The Company announced today that its Board of Directors approved on September 25, 2011 the repurchase of up to \$3 million of its ordinary shares. The authorized repurchases will be made from time to time in the open market. The timing, volume and nature of share repurchases will be at the sole discretion of management, subject to the funds available for share repurchases under the Israeli Companies Law, 1999, and will be dependent on market conditions, the price and availability of the Company’s ordinary shares, applicable securities laws and other factors. This buyback program is valid until the end of 2012. No assurance can be given that any particular amount of ordinary shares will be repurchased, the buyback program does not obligate the Company to acquire a specific number of shares in any period, and it may be modified, suspended, extended or discontinued at any time, without prior notice.

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## **Acquisition of Italian PV Plants**

The Company further announced today that it has entered into two agreements (the “Agreements”) with an Italian contractor in connection with the acquisition of two photovoltaic plants with fixed panel technology and aggregate capacity of approximately 1.9 MWp in the Puglia Region in Italy. Both photovoltaic plants are constructed and were connected to the Italian national grid in June 2011 under the applicable Tariff. In connection with the Agreements, a subsidiary of the Company purchased all outstanding shares of two Italian companies, each of which owns one of the photovoltaic plants. The aggregate cost of the photovoltaic plants is approximately Euro 6.2 million plus applicable VAT. It is the Company’s intention to finance the majority of the investment in connection with these photovoltaic plants by obtaining financing from a financial institution.

These photovoltaic plants join the Company’s eight existing photovoltaic plants in Italy, four of which are in the Puglia Region and four of which are in the Marche Region. These existing photovoltaic plants, with an aggregate capacity of approximately 8.9 MWp, are producing electricity and are connected to the Italian national grid.

## **About Ellomay Capital**

Ellomay Capital Ltd. is an Israeli company that invests in the energy and infrastructure fields, primarily in Italy and in Israel. The Company’s assets include several photovoltaic plants located in the Marche and Puglia Regions in Italy, holdings in the Dorad power plant located in Ashkelon, Israel and contracts to acquire rights in several gas and oil exploration licenses in the Mediterranean sea.

## **Information Relating to Forward-Looking Statements**

This press release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this press release regarding our plans and objectives of management are forward-looking statements. The use of certain words, including the words “estimate,” “project,” “intend,” “expect,” “believe” and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Various important factors could cause actual results or events to differ materially from those that may be expressed or implied by our forward-looking statements, including fluctuations in the market value of our shares, changes in the regulatory provisions applicable to the photovoltaic plants and the terms of the financing that can be procured from financial institutions. These and other risks and uncertainties associated with our business are described in greater detail in the filings we make from time to time with Securities and Exchange Commission, including our Annual Report on Form 20-F. The forward-looking statements are made as of this date and the Company does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## Condensed Consolidated Interim Statement of Financial Position as at

	June 30 2011 <u>(Unaudited)</u> US\$ <u>thousands</u>	December 31 2010 <u>(Audited)</u> US\$ <u>thousands</u>
<b>Assets</b>		
Cash and cash equivalents	46,669	76,583
Restricted cash	8,548	728
Other receivables	5,205	1,904
Assets attributable to discontinued operations	24	292
<b>Total current assets</b>	<u>60,446</u>	<u>79,507</u>
Advance payments on account of investment	-	3,612
Investments in equity accounted investees	10,456	-
Property, plant and equipment, net	46,508	21,752
Long-term deposits	1,150	400
Other assets	767	943
<b>Total non-current assets</b>	<u>58,881</u>	<u>26,707</u>
<b>Total assets</b>	<u>119,327</u>	<u>106,214</u>
<b>Liabilities</b>		
Loans and borrowings	5,281	-
Trade payables	5,415	2,820
Accrued expenses and other payables	13,800	9,151
Liabilities attributable to discontinued operations	266	380
<b>Total current liabilities</b>	<u>24,762</u>	<u>12,351</u>
Finance lease obligation	7,814	5,228
Other long-term liabilities	355	14
Excess of losses over investment in equity accounted investee	-	55
<b>Total non-current liabilities</b>	<u>8,169</u>	<u>5,297</u>
<b>Total liabilities</b>	<u>32,931</u>	<u>17,648</u>
<b>Equity</b>		
Share capital	26,180	26,103
Share premium	76,387	76,266
Reserves	2,722	194
Accumulated deficit	(18,893)	(13,997)
<b>Total equity</b>	<u>86,396</u>	<u>88,566</u>
<b>Total liabilities and equity</b>	<u>119,327</u>	<u>106,214</u>

## Condensed Consolidated Interim Statement of Comprehensive Income (loss)

	For the six months ended	
	June 30	
	2011	2010
	(Unaudited)	(Unaudited)
	US\$	US\$
	thousands	thousands
Revenues	1,601	-
Cost of sales	886	-
<b>Gross profit</b>	<b>715</b>	<b>-</b>
General and administrative expenses	1,805	1,330
<b>Operating loss</b>	<b>(1,090)</b>	<b>(1,330)</b>
Financing income	345	336
Financing expenses	(624)	(61)
Financing income (expenses), net	(279)	275
Share of losses of equity accounted investees	(4,641)	-
<b>Loss before taxes on income from continuing operations</b>	<b>(6,010)</b>	<b>(1,055)</b>
Tax benefit (taxes on income)	1,114	(449)
<b>Loss from continuing operations</b>	<b>(4,896)</b>	<b>(1,504)</b>
Profit from discontinued operation	-	7,166
<b>Profit (loss) for the period</b>	<b>(4,896)</b>	<b>5,662</b>
<b>Other comprehensive income (loss):</b>		
Foreign currency translation differences from foreign operations	2,528	(888)
<b>Total other comprehensive profit (loss)</b>	<b>2,528</b>	<b>(888)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(2,368)</b>	<b>4,774</b>
Earnings per share		
Basic earnings (loss) per share	*(0.45)	*0.8
Diluted earnings (loss) per share	*(0.45)	*0.6
<b>Continuing operations</b>		
Basic loss per share	*(0.45)	*(0.2)
Diluted loss per share	*(0.45)	*(0.2)
<b>Discontinued operation</b>		
Basic earnings per share	-	*1.00
Diluted earnings per share	-	*0.8

\* Adjusted for 1:10 reverse split

