DekelOil Public Limited / Index: AIM / Epic: DKL / Sector: Food Producers

21 September 2016

DekelOil Public Limited ('DekelOil' or 'the Company')
2016 Interim Results

DekelOil Public Limited, operator and 85.75% owner of the profitable Ayenouan palm oil project in Côte d'Ivoire (the 'Project'), is pleased to announce its interim results for the six months ended 30 June 2016.

Highlights

- Record half yearly production of 28,550 tonnes (2015: 21,836 tonnes) of crude palm oil ('CPO')
- First full half year production from kernel crushing plant in line with strategy to increase sales and profitability at Ayenouan:
- 1,998 tonnes of palm kernel oil ('PKO')
- 2,360 tonnes palm kernel cake ('PKC')
- 23.6% increase in revenues to €16.0 million, (2015: €12.9 million) and a 34.8% increase in EBITDA to €3.1 million (2015: €2.3 million)
- Derived through selling 25,225 tonnes of CPO (2015: 19,184 tonnes of CPO)
- 3,498 tonnes of CPO in stock at 30 June 2016
- Stock position reduced post period end to normal levels as CPO pricing has improved
- Significant increase in net profit after tax to €1.8million (2015: €0.1m net loss)
- Acquisition of additional 34.75% stake in CS DekelOil Siva Limited, the Company's majority owned joint venture in the producing palm oil project at Ayenouan Increases DekelOil's interest in Ayenouan to 85.75%
- Secures a greater proportion of Ayenouan's growing revenues and cash flows and has the potential to accelerate the roll out of the Company's strategy to build a leading West African palm oil producer

DekelOil Executive Director Lincoln Moore said, "The record half yearly performance at the Mill in terms of CPO production has translated into a 23.6% rise in revenues and a 34.8% increase in EBITDA. Together with the support we have received from our institutional cornerstone investor Miton Group, it is clear to see why we made the decision to increase our stake in Ayenouan by 34.75% to 85.75%. We expect the impact of this transformational transaction on our financials will become more apparent in our full year results. I am incredibly proud of our operations and team, which has achieved so much in the short time since our listing and which has already delivered significant profit growth and debt refinancing on more attractive terms since operations commenced at the Mill. Optimising these areas will be a firm focus for DekelOil in the coming months and years ahead."

Chairman's Statement

At the time of DekelOil's Admission to AIM in 2013, we set out our objective to build a leading West African focused producer of sustainable palm oil. Three years on and we are well on the way to achieving this goal, having successfully made the transition from a pure development company to a rapidly growing producer of palm oil with producing plantations. Our latest half year results highlight how far we have come in such a short space of time with production at our state of the art Mill in Ayenouan showing a 30.75% year on year increase in CPO to 28,550 tonnes compared to H1 2015, while half year EBITDA jumped 34.8% to €3.1 million.

Following the strong H1 performance, 2016 is set to be another record year, as we focus on increasing CPO production further towards the Mill's 70,000 tonnes per annum capacity. Set against such a positive operational backdrop, the recent increase in our interest in Ayenouan to 85.75% from 51% is timely, as thanks to this earnings enhancing acquisition DekelOil shareholders are now set to benefit from a larger share of the Project's growing revenues and profits.

The growth in production we are reporting today is testament to the comprehensive logistics network we have put in place in the area surrounding the Mill, as well as the importance we attach to fostering strong relationships with the local smallholder community who provide the majority of the Fresh Fruit Bunches ('FFB') that are processed at our Mill. As a result, DekelOil is able to report today a third consecutive set of record H1 numbers, as highlighted in the table below:

	H1 2016	*H1 2015*	*H1 2014*
Sales	*€16.0*	*€12.9m*	*€4.5m*
EBITDA	*€3.1m*	*€2.3m*	*€0.3m*
Net Profit (Loss) after Tax	*€1.8m*	*(€93k)*	*(€764k)*

The above numbers were achieved despite headwinds being encountered as a result of Nigeria's currency crisis, which resulted in significantly lower regional demand and lower sale prices achieved for refined CPO products during the second quarter. Following the recent floating of Nigeria's currency, trade is normalising and we are currently experiencing CPO prices higher than the average achieved during the first half of the year.

Financial
During the period total sales amounted to €16.0 million (H1 2015: €12.9 million), and the Company reported a net profit after tax of €1.8 million compared to a net loss of €0.1million for the six months to 30 June 2015 and EBITDA of €3.1 million (H1 2015: €2.3 million).

With operations firmly stabilised, we have for some time been keen to increase our interest in the Project, subject to securing a deal on acceptable terms for shareholders. With this in mind, we were pleased to announce in May 2016 an earnings enhancing transaction which has resulted in DekelOil acquiring an additional 34.75% interest in the Project. The funds were raised via the issue of 933,222,080 New Ordinary Shares in the Company at 1.325 pence share, which represented a 1.9% premium to the closing share price on 23 May 2016, a reflection of the strong support for the deal from new and existing shareholders. We were delighted to see Miton Group Plc increase its holding to circa. 19%, further institutionalising our shareholder register.

In conjunction with the placing and acquisition, shareholders approved a proposed consolidation of the Company's existing ordinary shares of €0.00003367 on a 10 for 1 basis into new ordinary shares of €0.0003367 (the 'Share Consolidation'). The Share Consolidation became effective on 21 June 2016.

In tandem with increasing our interest in Ayenouan, it has always been our intention that once positive EBITDA had been established we would take steps to ensure our balance sheet more fully reflects DekelOil's status as a growing cash generative palm oil producer rather than a pure project development company. Specifically, we have been focused on refinancing on improved terms our existing senior debt facilities, which had been secured when the project was very much at the development stage. During the period, we announced a new seven year €9.15 million loan with interest payable at a rate of 7% secured with NSIA Banque Côte d'Ivoire (the 'New Loan'). This replaced a €8.65 million loan with interest payable at a rate of 10.5% secured with BIDC-EBID (ECOWAS Bank of Investment and Development). The New Loan's lower interest rate of 7% results in an estimated €270,000 reduction in annual interest costs which drops straight to the bottom line. Discussions are also well advanced to improve the terms of our outstanding development loan with the West African Development Bank ('BOAD') of €7.1m which currently has an interest rate of 10.5%.

Outlook
The appearance of institutional investors such as Miton Group on our shareholder register and the successful refinancing of our development loan with BIDC-EBID can be viewed as third party recognition of DekelOil's rapid transformation into the profitable palm oil production company it is today. We are making positive progress with the BOAD facility and look forward to providing an update in due course. Despite a difficult pricing environment, we were pleased to see the additional earnings streams from the PKO and PKC sales kick in during the first half and help to ensure we maintained our margins during the period. We believe the higher CPO pricing we have seen during Q3 will be maintained for the rest of the current year. With such a strong cash flow generative platform in place, DekelOil has entered an exciting new phase, one in which increasing profitability will drive further growth, allow debt to be paid down or refinanced on improved terms and provide scope for a dividend policy to be introduced. We will also be able to develop and accelerate additional projects, such as at the 24,000 hectares we hold in the Côte d'Ivoire at Guitry. We remain a leading socially responsible West African palm oil producer and expect to receive RSPO accreditation in the near

future which we understand will be the first such accreditation to be granted in the region.

I would like to take this opportunity to thank our Board and management team, our advisers, our local stakeholders and partners and of course our valued shareholders for their continued support during the period. I look forward to keeping the market updated regularly in the months ahead.

Andrew Tillery

Non Executive Chairman

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**30 June**	**31 December**
	2016	**2015**
	Unaudited	**Audited**
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	2,203	411
Inventory	2,230	872
Government authorities and accounts receivable	143	262
Total current assets	4,576	1,545
NON-CURRENT ASSETS:		
Property and equipment	29,070	28,964
Total non-current assets	29,070	28,964
Total assets	33,646	30,509
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term loans and current maturities of long-term loans	3,602	4,930
Trade payables	717	768
Advance payments from customers	1,310	281
Other accounts payable and accrued expenses	1,094	1,064
Total current liabilities	6,723	7,043

NON-CURRENT LIABILITIES:				
Long-term capital lease		67		73
Accrued severance pay, net		56		40
Long-term loans		13,588		12,116
Capital notes and other liabilities		1,814		1,760
Total non-current liabilities		15,525		13,989
Total liabilities		22,248		21,032
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		9,569		4,436
Non-controlling interests		1,829		5,041
Total equity		11,398		9,477
Total liabilities and equity		33,646		30,509

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

19 September, 2016			
Date of approval of the financial statements	Youval Rasin Director and Chief Executive Officer	Yehoshua Shai Kol Director and Chief Finance Officer	Lincoln John Moore Executive Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Six months ended 30 June		**Six months ended 30 June**		**Year ended 31 December**
		2016		**2015**		**2015**
		Unaudited		**Unaudited**		**Audited**
		Euros in thousands (except share and per share amounts)				
Revenues		15,983		12,936		23,436
Cost of revenues		(11,818)		(9,671)		(17,998)
Gross profit		4,165		3,265		5,438
General and administrative		(1,503)		(1,442)		(2,518)
Operating profit		2,662		1,823		2,920
Finance cost		(810)		(1,909)		(2,776)
Profit (loss) before taxes on income		1,852		(86)		144
Taxes on income		(3)		(7)		(26)
Net income (loss) and total comprehensive income(loss)		1,849		(93)		118
Attributable to:						
Equity holders of the Company		815		(344)		(316)
Non-controlling interests		1,034		251		434
		1,849		(93)		118
Net income per share attributable to equity						
holders of the Company:						
Weighted average number of shares used in computing		161,005,396		153,554,815		153,817,940
basic and diluted income per share		0.005		0.000		0.000

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
Balance as of 1 January 2015 (audited)	50	6,891	(10,891)	2,532	3,175	1,757	2,148	3,905
Net income (loss) and other comprehensive income	-	-	(316)	-	-	(316)	434	118
Capital contribution to subsidiary by non-controlling interests	-	-	-	-	-	-	200	200
Classifying warrants as equity	-	318	-	-	-	318	-	318
Conversion of liability to non-controlling interests in subsidiary	-	-	-	-	2,351	2,351	2,259	4,610
Issuance of shares	*) -	37	-	-	-	37	-	37
Exercise of options to Ordinary shares	*) -	-	-	-	-	-	-	-
Share-based compensation	-	289	-	-	-	289	-	289
Balance as of 31 December 2015(audited)	50	7,535	(11,207)	2,532	5,526	4,436	5,041	9,477
Net income and other comprehensive income	-	-	815	-	-	815	1,034	1,849
Issuance of shares	31	14,692	-	-	-	14,723	-	14,723
Transaction with non-controlling interests in subsidiary	-	-	-	-	(10,566)	(10,566)	(4,246)	(14,812)
Share-based compensation	-	160	-	-	-	160	-	160
Balance as of 30 June 2016 (unaudited)	81	22,387	(10,392)	2,532	(5,040)	9,568	1,829	11,397

*) Represents an amount lower than €1.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
Balance as of 1 January 2015 (audited)	50	6,891	(10,470)	2,532	3,175	2,178	2,450	4,628
			(344)			(344)	251	(93)
Net profit loss and total comprehensive profit loss								
Issuance of shares	*) -	10	-	-	-	10	-	10
Capital contribution to subsidiary by non-controlling interests	-	-	-	-	-	-	200	200
Share-based compensation	-	296	-	-	-	296	-	296
Balance as of 30 June 2015 (unaudited)	50	7,197	(10,814)	2,532	3,175	2,140	2,901	5,041

*) Represents an amount lower than €1.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2016	2015	2015
	Unaudited	Unaudited	Audited
	Euros in thousands		
Cash flows from operating activities:			
Net income (loss)	1,849	(93)	118
Adjustments to reconcile net income (loss) to net cash provided by (used in) in operating activities:			
Adjustments to the profit or loss items:			
Depreciation	431	473	728
Share-based compensation	160	296	289
Accrued interest on long-term loan and non-current liabilities	782	2,035	2,775
Change in employee benefit liabilities, net	16	6	(16)
Changes in asset and liability items:			
Increase in inventory	(1,358)	(1,474)	(571)
Decrease (increase) in Government authorities and accounts receivable	126	(35)	27
Increase (decrease) in trade payables	(51)	(188)	(672)
Increase in advance from costumers	1,029	1,169	(1,049)
Increase in financial liability for warrants	-	79	-
Increase in accrued expenses and other accounts payable	30	295	619
	1,165	2,656	2,130
Cash received (paid) during the year for:			
Taxes	(7)	-	(24)
Interest	(876)	(1,081)	(2,361)
	(883)	(1,081)	(2,385)
Net cash provided by (used in) operating activities	2,131	1,482	(137)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December
	2016	2015	2015
	Unaudited	Unaudited	Audited
	Euros in thousands		
Cash flows from investing activities:			
Long-term deposits	-	118	119
Purchase of property and equipment	(537)	(1,437)	(1,672)
Net cash used in investing activities	(537)	(1,319)	(1,553)
Cash flows from financing activities:			
Issuance of shares, net	14,723	10	37
Acquisition of non-controlling interests	(14,812)	-	-
Capital contribution to subsidiary from non-controlling interests	-	200	200
Receipt of loans	9,217	661	1,158
Repayment of long-term loans	(8,930)	(1,377)	(1,440)
Receipt (repayment) of long-term lease	-	-	54
Net cash provided by financing activities	198	(506)	9
Increase (decrease) in cash and cash equivalents	1,792	(343)	(1,681)
Cash and cash equivalents at beginning of period	411	2,092	2,092
Cash and cash equivalents at end of period	2,203	1,764	411

Supplemental disclosure of non-cash financing activities:

Conversion of capital note to equity in subsidiary	-	-	4,611
Classification of warrants as equity	-	-	318

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

a. DekelOil Public Limited ("the Company") is a public limited company incorporated in Cyprus on 24 October 2007. The Company is engaged through its subsidiaries in developing and cultivating palm oil plantations in Cote d'Ivoire and the processing, production and marketing of Crude Palm Oil ("CPO"). The Company's registered office is in Limassol, Cyprus.

b. As of 30 June 2016, the Company has a working capital deficiency of Euro 2,147 thousands. During the six months ended 30 June 2016 the Company had net income of Euro 1,849 thousands and generated a positive cash flow from operations of Euro 2,131 thousands.

Company's management expects the positive cash flows to grow as its palm oil extraction mill increases its production capacity. However, the operations of the mill are subject to various market conditions that are not under the Company's control that could have an adverse effect on the Company's cash flows.

Based on the aforementioned, the Company's management believes that it will have sufficient funds necessary to finance its operations and meet its obligations as they come due at least for the next twelve months from the date the financial statements are approved.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation:

The interim condensed financial statements as of 30 June 2016 and for the six months then ended have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.
The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as of 31 December 2015 and their accompanying notes.

b. Accounting policies:

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2015.

c. Fair value of financial instruments:

The carrying amounts of the Company's financial instruments approximate their fair value.

NOTE 3:- SIGNIFICANT EVENTS DURING THE PERIOD

a. On 17 June the Company issued 933,222,080 ordinary shares of €0.00003367 nominal value each in consideration of £11,515 thousands (€14,673 thousands). Subsequently the Company purchased pursuant to an Option Agreement an additional 34.75% interest in its subsidiary ("CS DekelOil Siva") from Biopalm Energy Limited for a total consideration of £11,456 thousands (€14,812 thousands). The difference between the consideration paid and the carrying amount of the non-controlling interests acquired in the amount of €10,566 thousands has been recognized in equity as a reduction of Capital reserve from transactions with non-controlling interests. Following the acquisition, the Company holds an 85.75% interest in CS DekelOil Siva.

The remaining 14.25% of shares in CS DekelOil Siva are subject to a second option. Under the Option Agreement, the exercise price of the second option is fixed and the total consideration for the remaining shares is approximately £4.7 million. The Company has until 20 December 2016 to exercise the second option. In accordance with the terms of the Option Agreement, if upon the expiry of the second option there are unexercised Second Option Shares, Biopalm Energy has the option to convert such unexercised Second Option Shares in CS DekelOil Siva to shares in the Company within ten business days of the expiry of the Second Option. The number of shares in the Company to be granted to Biopalm Energy pursuant to such conversion shall be calculated by reference to the higher of either the Company's average trading price for the 3 month period prior to the expiry of the Second Option, or the Company's share price at the date of the above mentioned transaction which was £0.1325 per share (after adjustment for share consolidation - see b. below).

b. On 21 June the Company consolidated its shares so that every 10 ordinary shares of nominal value of €0.00003367 were consolidated to 1 ordinary share of nominal value of €0.0003367. Earnings per share data have been retroactively adjusted to reflect this consolidation of shares.

**** ENDS ****

Notes:
DekelOil Public Limited is a low cost producer of palm oil in West Africa, which it is focused on rapidly expanding. To this end, it has an 86% interest in one of the largest oil processing mills based in Côte d'Ivoire, which has a capacity of 70,000 tons of CPO. Feedstock for the Mill comes from several co-operatives and thousands of smallholders, however it also has nearly 1,900 hectares of its own plantations. Furthermore, it has a world-class nursery with a 1 million seedlings a year capacity.