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.

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

25 September 2019

DekelOil Public Limited

('DekelOil' or the 'Company')

2019 Interim Results and Shareholder Call

DekelOil Public Limited, the West African focused agricultural company, is pleased to announce its interim results for the six months ended 30 June 2019.

The Company will be hosting a shareholder conference call at 11am UK time on 2 October 2019. The call will be hosted by Executive Director, Lincoln Moore and Deputy CEO Shai Kol, who will discuss the interim results and provide an update on activity across its portfolio of projects. Further information about the call can be found at the end of this announcement, as well as in the presentation, which will be uploaded to the DekelOil website prior to the conference call.

Building a West African focused multi-commodity, multi-project agriculture company with a portfolio of diverse revenue streams and end markets

Production - palm oil project, Ayenouan Côte d'Ivoire

- 30.1% increase in Crude Palm Oil ('CPO') production to 28,934 tonnes compared to 22,242 tonnes in H1 2018
- Record first half performance driven by 37.1% increase in Fresh Fruit Bunches ('FFB') delivered to mill to 131,917 tonnes (H1 2018: 96,195 tonnes), as yields recovered after 2018's poor peak harvest season and successful enhancement of the logistics network
- 19.9% increase in CPO sales to 26,702 tonnes (H1 2018: 22,271 tonnes)
- Average realised sales price of €505 per tonne of CPO, a small premium to international benchmark prices which continued to trade at cyclical lows during the first half
- Improving pricing outlook post period end with CPO prices reaching US$570 per tonne in September 2019 compared to a low in May 2019 of US$480

Development - cashew processing project at Tiebissou in Côte d'Ivoire

- €1million project level investment secured with Concordia Corporation Ltd., a Hong Kong based private equity company at an implied €6 million pre-money valuation
- DekelOil's interest in the project now 37.8%, plus an option to acquire an additional 17.0% interest
- Funding enabled commencement of construction phase at Tiebissou post period

- First production expected in 2020, at which point Tiebissou will become DekelOil's second producing asset and provide exposure to favourable structural drivers of global cashew market

Financial overview

- 3.5% increase in revenue to €14.6m (H1 2018: €14.1m) as 30.1% increase in CPO production offset an 8.0% decrease in CPO prices
- Gross margin percentage improved to 15.4% (H1 2018: 14.6%) as lower raw material costs due to increased availability of fruit was largely offset by 8.0% lower CPO prices and 1.1 percentage point decrease in the CPO extraction rate
- 6.3% decrease in general administration expenses to €1.5m (H1 2018: €1.6m)
- 29.3% increase in EBITDA to €1.4m (H1 2018: €1.1m)
- Net loss of €0.1m (H1 2018: net loss of €0.5m)
- From 30 June 2019 onwards, DekelOil's interest in the Tiebissou cashew project through its ownership of Pearlside Holdings Ltd will be consolidated into the Company accounts (see Note 4)
- Post period €7.2million 10-year senior secured loan facility entered into with AgDevCo Limited ("AgDevCo"), a UK government-backed social impact investor in Africa's agriculture sector:
  - €6.2 million replaces an existing NSIA Bank loan
  - €1.0m for Environmental, Social and Governance ("ESG") activities and general working capital purposes
- The AgDevCo loan's four-year capital repayment holiday estimated to generate €5.8 million cash savings, after taking into account interest rate differential and transaction fees
- In addition to the loan facility, AgDevCo subscribed to €1.5 million in new ordinary shares in DekelOil

DekelOil Executive Director Lincoln Moore said, "Strong progress has been or is being made on numerous fronts including a rebound in first half palm oil production at Ayenouan, construction commencing at the cashew processing plant at Tiebissou and a €7.2 million loan facility and €1.5 million equity investment secured from leading social impact investor AgDevCo which has materially strengthened our Balance Sheet. This has been achieved despite operating within the framework of the lowest sustained palm oil prices we have seen since operations at our seed to oil project at Ayenouan commenced in 2014. Critically, in the last month we have seen palm oil prices begin to strengthen and we are optimistic palm oil prices will continue to rise over the next 6 to 12 months.

"Not all the aforementioned milestones were reached in the regulatory six-month reporting schedule and so the full positive impact of these have not been reflected in our first half financial numbers. Despite this, we are encouraged by the increase in first half revenues and EBITDA to €14.6m and €1.4m respectively, which provides a stable platform for the continued development and delivery of our second production asset: the cashew processing facility at Tiebissou."

Conference Call

To participate in the conference call to be held at 11.00am UK time on 2 October 2019, please dial 0808 109 0701, (if you are calling from outside of the UK, please dial +44 (0) 20 3003 2701 and enter participant pin 3418484# when prompted to do so. Please note that all lines will be muted with the exception of Company management, however the Company invites shareholders to submit questions to its public relations adviser, St Brides Partners Ltd, ahead of the call via email. Questions should be sent to shareholderenquiries@stbridespartners.co.uk.

Additionally, to view the presentation which will be referred to throughout the call, please use the link below and log in as a participant; the password is: DekelOil

Link to Presentation Function:
https://sbmf.webex.com/sbmf/onstage/g.php?MTID=e8c60f565eb7071b34847e732ee0470fd

If you have any problems accessing the call, please contact St Brides Partners Ltd on shareholderenquiries@stbridespartners.co.uk or call +44 (0) 20 7236 1177.

For further information please visit the Company's website at www.dekeloil.com or contact:

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Chairman's Statement

Subject to shareholders approving the change in the Company's name to Dekel Agri-Vision at the General Meeting to be held on 10 October 2019, the 2019 half year report is set to be the Company's last as DekelOil. The name change is being proposed as it better reflects how DekelOil is being transformed from a single project palm oil business, into a multi-project, multi-commodity agriculture company focused on West Africa. The diversification has already commenced with ground works for the 10,000tpa cashew processing plant now underway. In addition, we continue to evaluate a number of new ventures to add to our growing portfolio of agriculture projects.

For now, Ayenouan remains DekelOil's sole producing project. In July 2019, we were pleased to report that CPO production at the state-of-the-art mill for the six months ended 30 June 2019 came in at a record 28,934 tonnes, pushing total CPO volumes produced by the mill over the past five years to over 200,000 tonnes. The record half-yearly production figure was largely driven by fresh fruit bunches (FFB's) harvested during the 2019 peak season returning to more typical levels, after a weak peak harvest in 2018. FFB delivered to the mill increased 37.1% to 131,917 tonnes in H1 2019 compared to 96,195 tonnes in H1 2018. The recovery in FFB volumes harvested and CPO produced by our mill are in line with historical precedent, which had informed the industry-wide held view that 2018's poor harvest was an outlier and that conditions would recover in 2019. However, we also believe the project's collaborative model, which is centred on working closely with and supporting local smallholders, as well as the successful enhancement of our logistics network, has also played a key role in enabling us to consolidate our market share of local fruit delivered to the mill over the half year period.

This year's peak harvest did not just result in higher volumes of fruit delivered to the mill but also led to a normalisation in raw material prices resulting in a gross margin of 15.4%, a 5.5% improvement on the 14.6% achieved in the first half of 2018. This was achieved despite an 8.0% decrease in CPO prices and 1.1 percentage point decrease in the CPO extraction rate in the corresponding period. As detailed in the table below, the recovery in production volumes has resulted in a year on year improvement in Ayenouan's half year financial results.

	H1 2019	***H1 2018***	***H1 2017***	***H1 2016***	***H1 2015***
Revenue	*€14.6m*	*€14.1m*	*€19.6 m*	*€16.0m*	*€12.9m*
EBITDA	*€1.4m*	*€1.1m*	*€3.7m*	*€3.1m*	*€2.3m*
Net profit / (loss) after tax	*(€0.1m)*	*(€0.5m)*	*€2.4m*	*€1.8m*	*(€93k)*
FFB collected (tonnes)	*131,917*	*96,195*	*117,706*	*123,157*	*90,879*
CPO production (tonnes)	*28,934*	*22,242*	*26,947*	*28,550*	*21,836*
Average CPO price per tonne	*€505*	*€549*	*€707*	*€542*	*€617*

The relevant figures for the Company's previous first half year periods demonstrate how 2018 stands out as an anomaly caused by the atypical combination of a poor peak harvest (reflected by the drop in FFB collected) and weak global CPO prices (reflected by further price weakness). H1 2014 has been omitted from the table as the mill at Ayenouan was commissioned in Q1 2014 with CPO production incrementally ramped up over the course of the first half. As the table shows, the recovery in the harvest was partially offset by a further 8.0% fall in global CPO prices in H1 2019 to €505 compared to H1 2018's €549. Should CPO prices recover to at least long-term averages of approximately €700 per tonne we would be confident of exceeding the record 2017 financial result.

Encouragingly, pricing levels in September 2019 rallied to around €570, a significant increase on May's €480 per tonne low. While too late to positively impact the Company's financial results for H1 2019, we are optimistic that prices have bottomed out. Decreasing international stock levels of CPO over the past year and new initiatives in south east Asia to increase biodiesel production, of which CPO is a key feed stock, give cause for optimism that CPO prices will continue to strengthen over the next 6 to 12 months. Notwithstanding this, 2018's challenging trading conditions demonstrate the rationale behind our strategy to build a portfolio of diverse revenue streams to insulate the Company against weak trading conditions in any one particular market. As set out below, progress is being made in this regard.

Post period end in July 2019, we were pleased to announce the commencement of ground works of an initial 10,000 tpa cashew processing plant at Tiebissou. Tiebissou is being developed in line with the collaborative model that we successfully deployed at our 100% owned palm oil project in Ayenouan. This is centred on constructing a state-of-the-art plant to process raw cashew nuts ('RCN') grown by local smallholders and co-operatives.

As was the case with Ayenouan, before ground was broken, a shortfall in regional cashew processing capacity was first identified in the area around Tiebissou before relationships with local co-operatives to supply RCN to the project were established. Despite being the world's top cashew producer, Côte d'Ivoire only processes 10-15% of RCNs grown in the country. The project at Tiebissou will therefore allow more of the value-add available via the processing of RCN to be retained in the country, while at the same time providing local smallholders with an outlet for their produce. DekelOil holds an initial 37.8% interest, together with an option to acquire an additional 17% in the project which is expected to become a major income generator for the Company in due course.

In addition to Ayenouan and Tiebissou, we also intend to develop our 24,000 ha Guitry project site. While we regard Guitry as a long-term project, post period end we announced the commencement of operations at a nursery site in Dabou which, due to its close proximity to Guitry, will enable us to build relationships with local farmers and cooperatives and at the same time, test market nursery sales in the area.

Financial

During the half year period under review, total revenues from the production of CPO at Ayenouan were €14.6m (H1 2018: €14.1m) which generated EBITDA of €1.4m (H1 2018: €1.1m) and a loss after tax of €0.1m (H1 2018: loss after tax €0.5m). As described above, the improved half year financials were driven by a normalisation in volumes of fruit harvested during the peak season compared to the previous year.

The year on year improvement in our first half results was achieved despite global palm oil prices continuing to trade at cyclically low levels. Average CPO prices achieved during H1 2019 were €505, 8.0% lower than the €549 average price per tonne in H1 2018, and 28.6% below the €707 level seen in H1 2017. The challenging trading conditions of course affect all operators and DekelOil's marginal half year loss is among the lowest in the sector. As part of efforts to mitigate the impact of low global pricing levels, the Company secured CPO sales at a small premium to international benchmarks during the half year period and at the same time successfully implemented its strategy to acquire external kernels for processing. In addition, the Company's ongoing cost saving programme resulted in a 6.3% decrease in general administration expenses. Similarly, half year finance costs were lower than H1 2018, largely due to the absence of a one-off cost of approximately €150,000 relating to the February 2018 refinancing of short-term loans via a €4.3m drawdown from the Sogebourse credit rating back syndicated loan.

Post period end in July, we announced a further refinancing after securing a €7.2million 10-year senior secured loan facility with AgDevCo, a UK government-backed social impact investor in Africa's agriculture sector. €6.2 million of the AgDevCo loan facility will replace an existing NSIA Bank loan with the remaining €1.0 million earmarked for Environmental, Social and Governance ("ESG") activities and general working capital purposes. The ESG activities include an enhanced traceability programme and finalisation of the Roundtable for Sustainable Palm Oil ("RSPO") certification process that is currently underway at the Company's palm oil operations at Ayenouan. RSPO is recognised globally as a certification standard for sustainable palm oil and becoming a certified producer would therefore be a major milestone for the Company, which has been a member of RSPO since 2008.

The AgDevCo loan includes a four-year capital repayment holiday which we estimate will generate €5.8 million cash savings, after taking into account interest rate differential and transaction fees. In addition to the loan facility, AgDevCo subscribed to €1.5 million of new ordinary shares in DekelOil. The Company raised a further £0.77 million (before expenses) by the placing of 25,788,194 new ordinary shares in August 2019. A total of 69,723,361 new Ordinary Shares were issued via the AgDevCo equity investment and placing.

Outlook

Having had to pass AgDevCo's strict investment criteria and due diligence, we view the loan facility and equity investment from the social impact investor as an endorsement of not just what we have achieved in the past, but what we can achieve in the future. We are focused on rolling out our collaborative business model into other areas of the African agriculture sector. We are already doing this at Tiebissou where ground works are underway for an initial 10,000tpa cashew processing plant and also at Guitry where the foundations are being put in place to deliver a long term, large scale asset.

Our existing three projects do not represent the sum of our ambitions or the breadth and scope of the opportunities we see before us. With investors of the calibre of AgDevCo on our shareholder register, a significantly strengthened balance sheet following the post period refinancing and fundraise, and the normalisation of trading conditions at Ayenouan, we believe DekelOil is further advanced in its objective to become a leading West African focused agriculture company. As the AgDevCo loan and investment demonstrate, we are not alone in believing in our vision to generate value for shareholders, while at the same time serving the local communities in which we operate in and safeguarding the environment around us.

Finally, I would like to thank the Board, management team and all our employees, and advisers for their continued support and hard work. I look forward to working with them all closely during what promises to be an exciting period for the Company.

Andrew Tillery

Non-Executive Chairman

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2019	31 December 2018
	Unaudited	Audited
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	931	262
Accounts and other receivables	121	420
Inventory	2,230	1,543
Total current assets	3,282	2,225
NON-CURRENT ASSETS:		
Right-of-use assets	75	-
Goodwill	1,160	-
Property and equipment, net	32,492	31,172
Total non-current assets	33,727	31,172
Total assets	37,009	33,397
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term loans and current maturities of long-term loans	5,015	4,251
Trade payables	1,548	665
Advance payments from customers	2,170	2,471
Other accounts payable and accrued expenses	1,249	596
Total current liabilities	9,982	7,983
NON-CURRENT LIABILITIES:		
Lease liabilities	119	94
Accrued severance pay, net	48	32
Long-term loans	11,914	13,712
Total non-current liabilities	12,081	13,838
Total liabilities	22,063	21,821
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	13,514	11,576
Non-controlling interest	1,432	-
Total equity	14,946	11,576
Total liabilities and equity	37,009	33,397

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	Unaudited	Unaudited	Audited
	Euros in thousands (except share and per share amounts)		
Revenues	14,607	14,125	20,885
Cost of revenues	(12,356)	(12,059)	(19,152)
Gross profit	2,251	2,066	1,733
General and administrative expenses	(1,528)	(1,631)	(3,235)
Operating profit (loss)	723	435	(1,502)
Other income	33	-	-
Finance cost	(826)	(939)	(1,738)
Income (loss) before taxes on income	(70)	(504)	(3,240)
Taxes on income	(20)	(22)	(43)
Net income (loss) and total comprehensive income (loss) (*)	(90)	(526)	(3,283)
Basic and diluted net earnings (loss) per share	(0.00)	(0.00)	(0.01)
Weighted average number of shares used in computing basic and diluted net earnings (loss) per share	353,341,082	298,654,815	299,119,461

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non – controlling interest	Total Equity
	Euros in thousands							
Balance as of 1 January 2018 (audited)	99	29,669	(9,880)	2,532	(7,754)	14,666	-	-
Net loss and total comprehensive loss	-	-	(526)	-	-	(526)	-	-
Issuance of shares	*)	16	-	-	-	16	-	-
Share-based compensation	-	92	-	-	-	92	-	-
Balance as of 30 June 2018 (unaudited)	99	29,777	(10,406)	2,532	(7,754)	14,248	-	-
Net loss and total comprehensive loss	-	-	(2,757)	-	-	(2,757)	-	-
Issuance of shares	*)	17	-	-	-	17	-	-
Exercise of options	*)	-	-	-	-	*)	-	-
Share-based compensation	-	68	-	-	-	68	-	-
Balance as of 31 December 2018 (audited)	99	29,862	(13,163)	2,532	(7,754)	11,576	-	11,576

	Attributable to equity holders of the Company							
	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non – controlling interest	Total Equity
	Euros in thousands							
Net loss and total comprehensive loss	-	-	(90)	-	-	(90)	-	(90)
Issuance of shares for acquisition of Pearlside	18	1,874	-	-	-	1,892	-	1,892
Exercise of options	*)	-	-	-	-	*)	-	*)
Non-controlling interests arising from initially consolidated company	-	-	-	-	-	-	1,432	1,432
Share-based compensation	-	77	-	-	-	77	-	77
Balance as of 30 June 2019 (unaudited)	117	31,813	(13,194)	2,532	(7,754)	13,514	1,432	14,946

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	Unaudited	**Unaudited**	**Audited**
Cash flows from operating activities:			
Net loss	(90)	(526)	(3,283)
Adjustments to reconcile net income (loss) to net cash provided by (used in) in operating activities:			
Adjustments to the profit or loss items:			
Depreciation	655	631	1,318
Share-based compensation	77	92	160
Accrued interest on long-term loans and non-current liabilities	780	644	1,265
Change in employee benefit liabilities, net	16	(2)	(5)
Changes in asset and liability items:			
Increase in inventories	(687)	(8)	(174)
Decrease (increase) in accounts and other receivable	326	(607)	(103)
Increase in trade payables	863	437	506
Increase (decrease) in advances from customers	(301)	393	1,898
Increase in Right-of-use lease	30	-	-
Increase (decrease) in accrued expenses and other accounts payable	419	(383)	(333)
	2,088	1,197	4,532
Cash received (paid) during the period for:			
Taxes	-	(29)	-
Interest	(511)	(669)	(1,286)
	(511)	(698)	(1,286)
Net cash provided by (used in) operating activities	1,577	(27)	(37)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June 2019	Six months ended 30 June 2018	Year ended 31 December 2018
	Unaudited	**Unaudited**	**Audited**
	Euros in thousands		
Cash flows from investing activities:			
Cash acquired upon acquisition of subsidiary	780	-	-

Investment in Pearlside	(144)	-	-
Purchase of property and equipment	(235)	(794)	(1,041)
Net cash provided by (used in) investing activities	401	(794)	(1,041)
Cash flows from financing activities:			
Long-term lease, net	(5)	61	48
Receipt of short-term loans	209	-	662
Receipt of long-term loans	-	4,366	4,976
Repayment of long-term loans	(1,513)	(3,398)	(5,121)
Net cash provided by (used in) financing activities	(1,309)	1,029	565
Increase (decrease) in cash and cash equivalents	669	208	(513)
Cash and cash equivalents at beginning of period	262	775	775
Cash and cash equivalents at end of period	931	984	262
Supplemental disclosure of non-cash financing activities:			
Issuance of shares for services	15	16	-
Issuance of shares for acquisition of Pearlside	1,892	-	-

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's Ordinary shares are admitted for trading on the AIM, a market operated by the London Stock Exchange. The Company is engaged through its subsidiaries in developing and cultivating palm oil plantations in Cote d'Ivoire for the purpose of producing and marketing Crude Palm Oil ("CPO"). The Company's registered office is in Limassol, Cyprus.

b. As of 30 June 2019, the Company has a deficiency in working capital of approximately € 6.7 million. Since commencement of production and sale of palm oil in 2014, the Company has generated positive cash flows from its operations until 2017. In 2018 due to unusually low fruit yields across Cote d'Ivoire and a decrease in the market price of crude palm oil, the Company's cash flows generated from operations were nil. During the first six months of 2019 fruit yields have recovered to normal levels and efficiency measures implemented to date have reduced costs of production, resulting in a positive cash flow from the Company’s operation of €1.6 million. This is despite the continued decrease in crude palm oil market price during the first six month of 2019. Company management expects the positive cash flow to increase when crude palm oil market price will recover to more normal levels. However, there is no certainty that the Company will be able to meet management's projections as to the increase in cash flows from operations. Furthermore, the operations of the Company 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 Company's current resources (see also Note 5) and its projected cash flows from its operations, Company 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 of the financial statements.

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NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation:

The interim condensed financial statements as of 30 June 2019 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 2018 and the 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 2018, except as described in Note 3.

c. Fair value of financial instruments:

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

NOTE 3:- INITIAL ADOPTION OF NEW FINANCIAL AND REPORTING STANDARDS

a. Initial adoption of IFRS 16, Leases:

In January 2016, the IASB issued IFRS 16, "Leases" ("the new Standard") which supersedes IAS 17, "Leases". According to the new Standard, a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.
According to the new Standard, lessees are required to recognize all leases in the statement of financial position (except for low-value leases and short-term leases).
Lessees will recognize a liability for lease payments and a corresponding right-of-use asset, similar to the accounting treatment of finance leases according to IAS 17. Lessees will also recognize interest and depreciation expenses separately.
The effects of the initial adoption of the new Standard in these financial statements as of 1 January 2019 was immaterial.

b. IFRIC 23, "Uncertainty over Income Tax Treatments":

In June 2017, the IASB issued IFRIC 23, "Uncertainty over Income Tax Treatments" ("the Interpretation"). The Interpretation clarifies the accounting for recognition and measurement of assets or liabilities in accordance with the provisions of IAS 12, "Income Taxes", in situations of uncertainty involving income taxes. The Interpretation provides guidance on considering whether some tax treatments should be considered collectively, examination by the tax authorities, measurement of the effects of uncertainty involving income taxes on the financial statements and accounting for changes in facts and circumstances in respect of the uncertainty.

The effects of the initial adoption of the Interpretation in these financial statements as of 1 January 2019 was immaterial.

NOTE 4:- SIGNIFICANT EVENTS DURING THE PERIOD

On 20 December 2018 the Company entered into an agreement to purchase a 43.8% interest in Pearlside Holding Ltd ("Pearlside") by way of issuing 52,612,613 Ordinary shares of the Company. Pearlside, through its wholly-owned subsidiary, is in the initial stages of development and construction of a raw cashew nut processing plant in Cote d'Ivoire. The closing of this purchase transaction occurred on 7 January 2019. Based on the market price of the Company's shares on the date of the purchase, the cost of the investment in Pearlside amounted to approximately €1.9 million. Of the total Ordinary shares issued, 36,156,157 Ordinary shares were issued to related parties of the Company. As of June 2019, the holdings in Pearlside were accounted for as an investment in an associate using the equity method.

In addition, the Company has an option to purchase an additional 20.5% of Pearlside which may be exercised at any time following the date on which Pearlside is due to publish its audited annual accounts for the year ending 31 December 2020 until the date falling 6 months after Pearlside issues its audited annual accounts for the year ending 31 December 2021.

The exercise price will be calculated by reference to the higher of (i) 4.5times EBITDA of Pearlside in its last published audited annual accounts prior to exercise of the option and (ii) the valuation of € 18 million for the entire issued share capital of Pearlside.

If Pearlside has not achieved an EBITDA of € 4 million for the year 2020, DekelOil may acquire the shares of Pearlside under option based on an € 18 million valuation of Pearlside, at any time until the 2021 annual accounts are published at which point the valuation will be reset at the higher of 4.5 times EBITDA or € 18 million for 100% of Pearlside's equity. If the exercise price is determined by reference to the EBITDA of Pearlside, and the EBITDA is € 7 million or more, the EBITDA applied will be capped at € 7 million.

On 25 May 2019 Pearlside signed an equity investment agreement with an investor pursuant to which the subscriber invested €1 million in consideration for shares representing approximately a 15% ownership interest in Pearlside. At the same time, the Company elected to receive repayment of a €320 thousand short-term bridge loan provided to Pearlside in 2019 by receiving €238 thousand in cash (which was received subsequent to the end of the reporting period) and converting €82 thousand into new shares of Pearlside. Following these equity issuances, the Company has a 37.8% ownership interest in Pearlside and an option to purchase an additional 17% of Pearlside.

The investment agreement includes agreements over the management of Pearlside under which the Company obtained control over Pearlside as of the agreement date. The fair value of Pearlside as of the date control was obtained in May 2019 was not materially different than the fair value of Pearlside at the date of the Company's original investment at equity in January 2019.

The fair value of the identifiable assets and liabilities of Pearlside on the acquisition date:

	Fair value
	Euro in thousands
Assets	
Cash and cash equivalents	779
Receivables	23
Property, plant and equipment	1,757
	2,559
Liabilities	
Payables	(256)
Total identifiable net asset	2,303
	(1,432)

Non-controlling interests	
Goodwill arising on acquisition	1,127
Total purchase consideration	1,998
Consideration is comprised of:	
Investment in Pearlside at equity	1,916
Conversion of loan to shares of Pearlside	82
Total	1,998

The goodwill arising on acquisition is attributed to the expected benefits from the activity of Pearlside.

From the date control was obtained in May 2019 until the end of the reporting period, Pearlside had no revenues and the net loss from operations was immaterial. Had control and consolidation of Pearlside been obtained at the beginning of 2019, the effect on profit or loss would have been immaterial.

Pearlside has signed various agreements for the design and construction of its processing plant and related infrastructure. The total commitments amount to approximately €9 million. Pearlside has also signed loan facility agreements in the amount of €6.8 million to provide financing for the construction of the processing plant. The closing of these agreements is dependent on compliance with various conditions.

NOTE 5:-SUBSEQUENT EVENTS

In July the Company signed an agreement with AgDevCo Limited ("AgDevCo"), a leading African agriculture sector impact investor for a €7.2 million loan for a term of 10 years, (4 years of principal grace and 6 years of repayment), with a gross interest rate of 7.5% per annum. The funds from the loan are to be used as follows

- €6.2 million to replace existing NSIA Bank loan
- €1.0m for Environmental, Social and Governance ("ESG") activities and general working capital purposes

In addition, on August 8th the Company raised a total amount of approximately €2.5 million through the issuance of 69,723,361 Ordinary shares, of which €1.5 million was invested by Agdevco.