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

27 September 2017

DekelOil Public Limited ('DekelOil' or 'the Company')

2017 Interim Results

DekelOil Public Limited, operator and 100% owner of the vertically integrated Ayenouan palm oil project in Côte d'Ivoire (the "Project"), is pleased to announce its interim results for the six months ended 30 June 2017.

Highlights

Record H1 financial performance

- Record H1 financial performance due to stronger pricing and the increase in CPO storage capacity from 5,000 to 8,000 tonnes which enabled the Company to sell CPO at a premium to international prices
- 22.6% increase in revenues to €19.6 million (H1 2016: €16.0 m) – includes sale of Crude Palm Oil ('CPO'), Palm Kernel Oil ('PKO'), Palm Kernel Cake ('PKC') and Nursery Plants
- 19.4% increase in EBITDA to €3.7 million (H1 2016: €3.1 m)
- 33.3% increase in net profit after tax to €2.4million (H1 2016: €1.8m)
- 26,947 tonnes of CPO produced in H1 2017 (H1 2016: 28,550 tonnes) – record Q1 like-for-like production was followed by lower Q2 CPO volumes due to now rectified mechanical issues

100% interest in Ayenouan secured

- Acquisition of outstanding 14.25% interest in CS DekelOil Siva Limited ('CSDS'), the owner of Ayenouan, from Biopalm Energy Limited ('Biopalm') by way of a share conversion
    - Executed on value accretive terms for shareholders – share conversion at 13.25p per DekelOil Ordinary share, a 19.2% premium to the closing price on 6 January 2017
- Secures 100% of Ayenouan's growing revenues and cash flows which will be used to accelerate the Company's strategy to build a leading West African palm oil producer

Maiden final dividend

- Progressive dividend policy adopted and final dividend of 0.17p per ordinary share declared and paid on 4 September 2017
- Follows conversion of all outstanding capital notes into 12,578,616 new ordinary shares at 13.25p per share, a 10.4% premium to the closing share price on 13 January 2016

DekelOil Executive Director Lincoln Moore said, "The record first half financial performance, specifically in terms of revenues, EBITDA and net profit, demonstrates how cash generative our 100%-owned palm oil project at Ayenouan is becoming. Not only does it generate funds for additional investment into the project to increase profitability further, such as the new 3,000 tonne storage tank, but also sufficient cash to pay down debt and to fund a progressive dividend policy.

"Ayenouan proves our strategy to work closely with local smallholders works for all parties and we are keen to roll-out our vertically integrated model, which includes a state of the art nursery, mill, and company-owned estates, elsewhere in the region. We are already making progress: as announced post period end, operations at Guitry, our second 100%-owned project in Côte d'Ivoire have formally commenced; and we remain in discussions to acquire an interest in Norpalm Ghana Limited, a vertically integrated palm oil producer in Western Ghana which produces approximately 15,000 tonnes of CPO a year from a 30t/hr mill. Becoming a multi-project palm oil producer is key to delivering on our goal to transform DekelOil into a leading palm oil company in West Africa and I look forward to providing further updates on our progress in due course."

Exercise of Warrants and Issue of Equity

The Company has received notice of exercise of warrants of 1,070,000 ordinary shares of €0.0003367 each ("Ordinary Shares") at a price of 10 pence per share. The gross proceeds of this exercise amounts to £107,000.

Application has been made to the London Stock Exchange for the admission of the 1,070,000 Ordinary Shares ("Admission") and it is expected that Admission will become effective on 6 October 2017. Following Admission, the Company's issued share capital will consist of 298,381,700 Ordinary Shares.

Chairman's Statement

As the table below highlights our 100% owned vertically integrated palm oil project at Ayenouan in Côte d'Ivoire has generated a fourth consecutive set of record H1 numbers:

	H1 2017	***H1 2016***	***H1 2015***	***H1 2014***
Sales	*€19.6 m*	*€16.0m*	*€12.9m*	*€4.5m*
EBITDA	*€3.7m*	*€3.1m*	*€2.3m*	*€0.3m*
Net Profit / (Loss) after Tax	*€2.4m*	*€1.8m*	*(€93k)*	*(€764k)*

In four years, we have more than quadrupled our total half yearly sales to €19.6m; increased EBITDA more than 12 times to €3.7m; and grown net profit to €2.4m in H1 2017 having reported a loss of (€764k) in 2014. In our view, this is testament to the strategy we adopted at the outset to rapidly build a palm oil producing operation at Ayenouan by working closely with local smallholders to effectively turn the traditional palm oil business model on its head.

Instead of investing considerable capital in planting out company-owned estates and having to wait at least five years for these to mature, DekelOil hit the ground running in terms of generating early cash flows by building a state of the art nursery to supply local smallholders with plants and one of West Africa's largest CPO processing mills. This has allowed us to capitalise on the major shortfall in regional CPO processing capacity which we had identified in the Ayenouan region, a shortfall which had resulted in DekelOil securing supply with thousands of local smallholders to provide fresh fruit bunches ('FFB') well before construction work had started at the mill site.

Execution has been and continues to be key. Not only was the mill built and commissioned on time and on schedule but the implementation of a comprehensive logistics solution in the surrounding area centred on collection hubs and a fleet of trucks have been crucial to rapidly growing CPO production from a standing start to 39,498 tonnes of CPO during the last full year. While we are focused on increasing capacity utilisation at the mill further, we continue to work hard to squeeze as much value as possible from each FFB that passes through our mill. In 2015, we added a Kernel Crushing Plant ('KCP') at Ayenouan which allowed us to increase sales and profitability via the production of Palm Kernel Oil and Palm Kernel Cake. 2016 saw us acquire an Empty Fruit Press to extract additional CPO from empty fruit bunches which is estimated to have increased the total CPO extraction rate by at least a half a percentage point, the benefits of which were felt in H1 2017 despite FFB oil content being lower than we have seen in previous years.

Our strategy to maximise returns is not limited to extracting the maximum oil from FFB. The installation during the period of an additional 3,000 tonne tank has increased the Project's overall CPO storage capacity to 8,000 tonnes. This provides us with the flexibility to finesse the timing of CPO sales, thereby allowing us to maximise sale prices. Coupled with stronger CPO pricing, this contributed to a 30.4% year on year increase in average CPO prices achieved by the Company to €707 per tonne in H1 2017 (H1 2016: €542), a 5% premium to average international CPO prices of €674 per tonne during H1 2017.

In terms of our half yearly revenues the more favourable pricing environment more than offset unscheduled downtime at the Mill during May and June 2017 following two separate mechanical issues, both of which have since been rectified. The first related to blockages in production flow in the kernel separation process. The second related to an equipment failure within the de-oiling tank which the Mill's original engineer Modipalm has taken responsibility for. The Company is in discussions with Modipalm in pursuit of capital reimbursement. As a result of lost hours, we estimate CPO production during this period was reduced by approximately 3,500 - 4,000 tonnes. However, thanks to record like for like CPO production in Q1 2017, the impact on overall CPO volumes produced during the half year was limited to a shortfall of 1,603 tonnes. Needless to say we are working hard to ensure similar mechanical issues do not happen again.

As this latest half year financial performance demonstrates, Ayenouan's cash flow generative credentials are clear. Importantly, having built up a track record of significant revenue and profit growth we are able to embark on the next leg of DekelOil's development, one which involves using Ayenouan as a platform from which to fund the Company's transformation into a multi-project palm oil producer, while at the same time rewarding our shareholders through the adoption of a progressive dividend policy. Major progress has already been made on both fronts. Firstly, in July we announced the formal commencement of operations at Guitry, our second project in Côte d'Ivoire, in which we hold a 100% interest. As with Ayenouan, we plan to develop Guitry into a vertically integrated palm oil operation including nursery, company-owned estates and a mill producing CPO from FFB grown by both the Company and local smallholders. Secondly, earlier this month DekelOil paid out a maiden final dividend of 0.17 pence per ordinary share for the year ending 31 December 2016. We are confident this maiden dividend, which reflects the Company's status as a financially stable, established and fast-growing palm producer, will be the first of many.

Financial

During the period, total sales amounted to €19.6m (H1 2016: €16m), and the Company reported a net profit after tax of €2.4m (H1 2016: €1.8m) and EBITDA of €3.7m (H1 2016: €3.1m).

At the beginning of the period, we increased our stake in Ayenouan to 100% from 85.75% following the acquisition, by way of a share conversion, of the remaining 14.25% interest we did not already own in CSDS, which owns the Project, from Biopalm. This completed the process initiated in May 2016 which has seen DekelOil acquire full ownership of Ayenouan. The acquisition of this last tranche of 285 shares in CSDS at €21,428.57 per share at a fixed £/€ exchange rate of 1.3, an 11.5 per cent premium to the prevailing £/€ exchange rate of c.1.17 was satisfied via the issue of 35,455,111 ordinary shares in the Company at 13.25p per share, a premium of 19.2 per cent to the closing share price on 6 January 2017. The premium achieved on both the conversion price and the prevailing exchange rate resulted in DekelOil obtaining this 14.25% interest in the Project via the issue of only 12.52 per cent in new shares, which in the Directors' view highlights the value accretive credentials of the transaction.

As mentioned earlier, the Company has adopted a progressive dividend policy for the next three years, after which the policy will be reassessed based on future years' trading results, the prevailing economic outlook, and the availability of distributable reserves. The dividend policy not only follows the progress made on the ground at Ayenouan, but also the cancellation of certain capital notes during the period, the settlement of which was required before dividends could be distributed to ordinary shareholders and the reduction of interest costs with the refinancing in H2 2016.

Outlook

The first half of the year has seen DekelOil acquire 100% of Ayenouan, further strengthen our balance sheet, pay out a maiden dividend and report record sales and profits. There is clear momentum behind the business, both at the operational and corporate level and we expect this momentum at the very least to be maintained going forward. We will continue to optimise our operations at Ayenouan, pay down debt as appropriate, develop our second project at Guitry, and at the same time progress discussions to acquire an interest in Norpalm Ghana Limited ('NGL'), a vertically integrated palm oil producer with approximately 4,000 hectares of mature palm plantations in Western Ghana and a 30t/hr mill which produces approximately 15,000 tonnes of CPO a year.

Having come a long way in such a short period of time, the Board is committed to continue to drive the fast-growing, profitable, dividend paying operator DekelOil further forward. We remain resolutely focused on implementing our strategy to transform DekelOil into a leading West African focused palm oil producer, and thanks to the progress we have made to date, we believe we are well on the way to achieving this objective.

I would like to take this opportunity to thank the Board and management team, along with our advisers, local stakeholders and partners for their continued hard work during the period. Finally, I would like to thank all our valued shareholders for the support they have provided to the Company. I look forward to keeping the market updated regularly in the months ahead.

Andrew Tillery

Non-Executive Chairman

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2017	31 December 2016
	Unaudited	Audited
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	1,918	1,978
Inventory	2,215	1,129
Accounts and other receivables	549	583
Total current assets	4,682	3,690
NON-CURRENT ASSETS:		
Property and equipment, net	31,060	30,325
Total non-current assets	31,060	30,325
Total assets	35,742	34,015
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term loans and current maturities of long-term loans	2,699	2,737
Trade payables	535	538
Advance payments from customers	1,956	1,265
Other accounts payable and accrued expenses	404	524
Total current liabilities	5,594	5,064
NON-CURRENT LIABILITIES:		
Long-term financial lease	56	62
Accrued severance pay, net	63	61
Long-term loans	14,461	15,722

Capital notes	-	1,979
Total non-current liabilities	14,580	17,824
Total liabilities	20,174	22,888
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	15,568	11,127
Total equity	15,568	11,127
Total liabilities and equity	35,742	34,015

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	Unaudited	Unaudited	Audited
	Euros in thousands (except share and per share amounts)		
Revenues	19,598	15,983	26,551
Cost of revenues	(14,610)	(11,818)	(19,921)
Gross profit	4,988	4,165	6,630
General and administrative	(1,756)	(1,503)	(3,192)
Operating profit	3,232	2,662	3,438
Finance cost	(847)	(810)	(2,079)
Income before taxes on income	2,385	1,852	1,359
Taxes on income	(18)	(3)	(13)
Net income and total comprehensive income	2,367	1,849	1,346
Attributable to:			
Equity holders of the Company	2,367	815	316
Non-controlling interests	-	1,034	1,030
Net income and total comprehensive income	2,367	1,849	1,346
Net income per share attributable to equity holders of the Company:			
Basic and diluted income per share	0.008	0.005	0.002
Weighted average number of shares used in computing basic and diluted income per share	294,796,829	161,005,396	205,798,786

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-controllin g interests	Total equity
	Euros in thousands							
Balance as of 1 January 2016 (audited)	50	7,535	(11,207)	2,532	5,526	4,436	5,041	9,477
Net income and total comprehensive income	-	-	316	-	-	316	1,030	1,346
Issuance of shares, net of expenses	33	14,760	-	-	-	14,793	-	14,793
Acquisition of non-controlling interests	12	4529	-	-	(13,280)	(8,739)	(6,071)	(14,810)
Share-based compensation	-	321	-	-	-	321	-	321
Balance as of 31 December 2016 (audited)	95	27,145	(10,891)	2,532	(7,754)	11,127	-	11,127
Net income and other comprehensive income	-	-	2,367	-	-	2,367	-	2,367
Issuance of shares	*)	26	-	-	-	26	-	26
Conversion of capital notes to equity	4	1,975	-	-	-	1,979	-	1,979
Share-based compensation	-	69	-	-	-	69	-	69
Balance as of 30 June 2017 (unaudited)	99	29,215	(8,524)	2,532	(7,754)	15,568	-	15,568

*) Represents an amount lower than €1.

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 interests	Total equity
	Euros in thousands							
Balance as of 1 January 2016 (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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	Unaudited	**Unaudited**	**Audited**
	Euros in thousands		
Cash flows from operating activities:			
Net income	2,367	1,849	1,346
Adjustments to reconcile net income to net cash provided by in operating activities:			
Adjustments to the profit or loss items:			
Depreciation	502	431	705
Share-based compensation	69	160	321
Accrued interest on long-term loan and non-current liabilities	727	782	1,995
Change in employee benefit liabilities, net	2	16	21
Changes in asset and liability items:			
Increase in inventories	(1,086)	(1,358)	(257)
Decrease (increase) in accounts and other receivable	34	126	(298)
Increase (decrease) in trade payables	23	(51)	(272)
Increase in advances from customers	691	1,029	984
Increase (decrease) in accrued expenses and other accounts payable	(120)	30	(540)
	3,209	1,165	2,659
Cash received (paid) during the year for:			
Taxes	-	(7)	(23)
Interest	(721)	(876)	(2,456)
	(721)	(883)	(2,479)
Net cash provided by operating activities	2,488	2,131	1,526

	2017	2016	2016
	Unaudited	Unaudited	Audited
	Euros in thousands		
Cash flows from investing activities:			
Purchase of property and equipment	(1,237)	(537)	(2,024)
Net cash used in investing activities	(1,237)	(537)	(2,024)
Cash flows from financing activities:			
Acquisition of non-controlling interests	-	(14,812)	(14,810)
Net proceeds from issuance of shares	-	14,723	14,793
Receipt (repayment) of long-term lease	(6)	-	(11)
Receipt of long term loans	-	9,217	18,266
Repayment of long-term loans	(1,305)	(8,930)	(16,173)-
Net cash provided by (used in) financing activities	(1,311)	198	2,065
Increase (decrease) in cash and cash equivalents	(60)	1,792	1,567
Cash and cash equivalents at beginning of period	1,978	411	411
Cash and cash equivalents at end of period	1,918	2,203	1,978
Supplemental disclosure of non-cash financing activities:			
Conversion of capital notes to equity	1,979	-	-
Issuance of shares for services	26	-	-
Purchase of non-controlling interests by issuance of shares	-	-	4,541
Non-cash purchase of property and equipment	-	-	42

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. In 2014 the Company completed the construction of its palm oil extraction mill and commenced production and sale of palm oil. Since then, the mill generated positive cash flows from its operations. Company's management expects the positive cash flows to continue to grow as the mill increases its production capacity. However, there is no certainty that the mill will be able to meet the Company's projections as to increased production and positive cash flows from such production. Furthermore, 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 Company's current resources 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 the financial statements are approved.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation:
   The interim condensed financial statements as of 30 June 2017 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 2016 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 2016.

   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

On 16 January 2017, all of the outstanding capital notes amounting to €1,979 thousands were converted into 12,578,616 new Ordinary shares at 13.25 pence per share. The carrying amount of the capital notes was transferred to equity.

NOTE 4: SUBSEQUENT EVENTS

On 4 September 2017, the Company distributed its maiden dividend of 0.17 pence per Ordinary share amounting to a total of £500,000 (€ 544 thousands), in respect of the year ending 31 December 2016.

A scrip alternative was offered to receive DekelOil shares in lieu of a cash payment. Certain shareholders elected to receive the dividend in shares and a total of 1,192,242 additional Ordinary Shares were issued.

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**** ENDS ****

Notes:

DekelOil Public Limited is a low-cost producer of palm oil in West Africa, which it is focused on rapidly expanding. 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.