DekelOil

2015
ANNUAL REPORT AND ACCOUNTS






DEKELOIL PUBLIC LTD.

(Company Registration Number HE 210981)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015

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CHAIRMAN'S STATEMENT

2015 has been a year of breaking production records, achieving major milestones and, as a result, making considerable progress towards delivering on our objective to build DekelOil into a leading West African palm oil producer.

Our core business activity is the production and sale of crude palm oil ('CPO') at our vertically integrated project at Ayenouan in Cote d'Ivoire (the 'Project'). So it is particularly pleasing that the amount of CPO we have produced and sold during the year, at around 35,000 tonnes, is more than twice the amount achieved over the course of the eight months of 2014 when our 60t/hr extraction Mill first became operational. The excellent progress is testament to the logistics network we have put in place covering the area around the Mill, which includes a fleet of trucks and three collection hubs to facilitate the delivery of fruit grown by local smallholders to the Mill. Thanks to the combination of this network and our modern Mill, which is one of West Africa's largest and most efficient, there is ample scope for further production records to be set in the years ahead, starting with full year 2016 which has already delivered our best ever first quarter in terms of production and sales.

The excellent performance on the ground has been reflected in our full year financial results. Both revenue of €23.4 million (2014: €10.0 million) and EBITDA of €3.7 million (2014: €0.4 million loss) increased considerably in 2015 demonstrating the upward growth curve DekelOil is on. 2015 is also our first year of profitability across all metrics, having reported a profit after tax of €0.1 million (2014: €3.2 million net loss). Notably this commendable performance has been achieved against a backdrop of a challenging CPO pricing environment in 2015 caused by a combination of factors including: lower crude oil prices, which have had the effect of reducing demand for palm oil use in biodiesel production; concerns over a slow-down in the Chinese economy, the second largest consumer of CPO; record soya crop planting in the United States and South America on the back of relatively high 2014 soya pricing; and seasonally high production of CPO in South East Asia, which typically takes place between August and November. CPO prices have rebounded over 20% in early 2016 primarily driven by a decrease in production in South East Asia caused by dry weather conditions in the second half of 2015 widely attributed to the El Nino effect, the continuation of which should enhance our 2016 results.

All the above factors are seasonal, and importantly they do not detract from the structural growth drivers we believe will underpin global palm oil markets for many years to come. Our long held view remains very much intact: thanks to favourable global vegetable oil demand and supply forecasts the outlook for CPO prices over the medium term is highly positive. In the short term, as our full year results demonstrate, DekelOil can still thrive in challenging market conditions. This is due to the state of the art equipment we have installed at Ayenouan, which generates market leading margins; the favourable local supply and demand dynamic for CPO; as well as the natural margin hedge between the price we pay for FFB from smallholders and our sales price for CPO, both of which are linked to the international palm oil price.

While increasing CPO production at the Mill towards its full capacity is a key growth driver for DekelOil, it is by no means the only one. The year ahead will see a full contribution made by our recently commissioned KCP which will allow us to sell Palm Kernel Oil and Palm Kernel Cake, both of which are additional value add products. The KCP therefore provides an additional and enhanced revenue stream, when compared to the revenues we previously received through the sale of non-processed kernels. As was the case with our Mill, the KCP, which has an installed capacity of 80t/day and operates at 60 t/day, was built on time and on budget and importantly ready for the peak fruit 2016 harvesting season which typically runs from March to June. Sales of Palm Kernel Oil and Palm Kernel Cake have already commenced from the factory-gate under arrangements secured with local refineries and suppliers, demonstrating the strong local demand for these products. Like the Mill, we are also looking to process kernels sourced from outside our own operations and discussions are underway with relevant parties. Still in Ayenouan, we intend to increase our own planted estates towards our target of sourcing 25% of FFB for our Mill from our own plantations, with the remaining 75% provided by local smallholders. We already have approximately 2,000ha of our own plantations and we have a medium term target to increase this to 5,000ha. Clearly as we do not have to buy FFB, using company-grown feedstock has a positive impact on margins and profitability at Ayenouan.

Thanks to the progress made we have a modern, highly cash generative platform in place to help fund further expansion across the region, and there is no shortage of suitable growth opportunities for us to pursue. We already hold a second project in the Cote d'Ivoire in Guitry (the 'Guitry Project'), which is located approximately 160 km west of Abidjan, and 240km west of our Ayenouan project. Here we have an agreement in place with landowners covering 24,000 hectares of brownfield estates in Guitry, which are mostly old cocoa and palm oil plantations. Our aim is to replicate the model we have successfully deployed at Ayenouan and build a vertically integrated palm oil project at Guitry, including a Mill, nursery and company estates.

From the outset, the foundation of our business model has been based on working closely with local smallholders to provide them with an additional route to market for their FFB and, in the process, close the gap between fruit production and processing capacity in the area. In keeping with this, we were delighted to sign an agreement with the Projet d'Appui au Secteur de l'Agriculture de Côte d'Ivoire project ('PSAC'), an organisation which is 70% financed by both the World Bank and International Finance Corporation ('IFC') and 30% by the local Inter-professional Association of Oil-Palm Industry. PSAC is establishing a pilot zone in DekelOil's operating region which involves improving the quality of the roads and providing 5,000ha of land suitable for palm oil for smallholder operations. Under the terms of the agreement, we provided the scheme with 140,000 plants from our nursery in 2015 and we have committed a total of 420,000 plants for 2016. PSAC is subsidising 50% of DekelOil's costs associated with preparing nursery plants for sale to smallholders. All plants sold will be planted in the region of Ayenouan, therefore the scheme complements the Company's strategy to increase production of FFB for input into our Mill and it is anticipated that these smallholders will become new trading or more significant partners with DekelOil as they come into FFB production in three years' time.

In addition to our close ties with smallholders, DekelOil plays an active role in the local community. In 2015, we funded the renovation of the school of the village next to our Mill at Ayenouan and also supported government initiatives including those directed by the Minister of Health. In recent weeks, we have embarked on a three year programme with the local village which involves DekelOil transporting the children of Ayenouan to the regional high school each morning and evening; funding the twice weekly visits of a doctor to the village; the building of three new classes to increase the school's capacity; the installation of water pipes and a pump to fill up the village water reservoir using the borehole at the Mill site; supporting the village football team by providing kit and balls; and providing the village clinic with additional space and equipment including a basic laboratory and labour ward.

At DekelOil, we take our social and environmental responsibilities seriously and as well as being a leading producer of palm oil, we are also focused on ensuring DekelOil is recognised as a sustainable and responsible producer. We are therefore working towards gaining certification by the RSPO, which would make us the first in Côte d'Ivoire and among the first in West Africa to be certified. Proforest, an internationally recognised environment and social consulting group, has been helping us with the execution of social and environmental programmes to ensure our activities are compatible with the standards set by the RSPO.

Financial

During the period total sales amounted to €23.4 million (31 December 2014: €10.0 million), and the Company reported a net profit after tax of €0.1 million compared to a net loss of €3.2 million over the year to 31 December 2014 and EBITDA of €3.7 million (2014: €0.4 million loss).

In December 2015, our balance sheet was significantly strengthened following a €5.1 million reduction in the Company's debt position. This followed the signing of an offset agreement with our joint venture partner, Biopalm Energy Ltd ('Biopalm'), whereby a capital note totalling €5.1 million owed to Biopalm at the project level was cancelled in return for DekelOil waiving Biopalm's outstanding €1.1 million equity contribution to the Project. This agreement allows Biopalm to maintain its 49% interest in the joint venture which we view as an endorsement of the attractive economics of our project at Ayenouan. It is worth noting that under the terms of the cancelled loan note, interest was payable by the Project at 10% per annum and ranked above that of future dividends to ordinary shareholders. The removal of the loan from the balance sheet therefore facilitates the adoption of a dividend policy at an appropriate juncture in DekelOil's development.

With CPO production and sales on an upwards trajectory, our first project at Ayenouan has been significantly de-risked. It has always been our intention that once positive EBITDA had been established, we would further strengthen our balance sheet so that it more fully reflects DekelOil's status as a growing palm oil producer rather than a pure project development company. Specifically we have been focused on refinancing our existing senior debt facilities on improved terms, which were previously secured when the project was very much at the development stage. Post period end, we announced a new seven year €9.15 million loan with interest payable at a rate of 7% secured with NSIA Banque Cote D'Ivoire (the 'New Loan'). This replaces 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 BOAD.

Outlook

We have said in the past that once operational our vertically integrated palm oil project at Ayenouan could be viewed as having annuity type characteristics thanks to its visible revenues stretching out over an extended period of time. We believe the years ahead will show this to be the case. Of course annuities pay out a regular income stream and it is our intention that DekelOil will do the same in the form of dividends to shareholders when it is appropriate to do so. In the meantime, the refinancing of the €8.65 million loan on improved terms, as well as the further institutionalisation of our shareholder register provides third party recognition of the excellent progress made in not only growing revenues but also in significantly de-risking the Project. We are confident that the momentum behind the business will continue to build in the year ahead and beyond in terms of increased production and sales. These will be reinvested into further growth opportunities to expand our regional footprint in a controlled and disciplined manner, as we look to replicate the success we have had at Ayenouan elsewhere in the region, and in the process deliver on our objective to build a leading West African focused palm oil producer.

I would like to take this opportunity to thank our Board and management team, employees, our advisers, our local stakeholders and partners for their hard work and support over the course of the year, and I look forward to working with them closely in 2016 as we focus on generating significant value for all our shareholders.

Andrew Tillery
Non-Executive Chairman   Date: 13 April 2016

COMPANY INFORMATION

Directors	Andrew James Tillery, Non-Executive Chairman Youval Rasin, Chief Executive Officer Yehoshua Shai Kol, Chief Financial Officer Lincoln John Moore, Executive Director Orli Arav, Non-Executive Director
Secretary	Absolute Trust Nominees Ltd
Registered Office	38 Agias Fylaxeos, Nicolas Court First Floor, Office 101 P.C. 3025
Company Registration Number	HE 210981
Country of Incorporation	Cyprus

INFORMATION ON THE BOARD OF DIRECTORS'

Andrew Tillery, Non-Executive Chairman

Mr Tillery is an experienced project manager and investment executive with over 25 years' operational management and private equity experience in Africa and other emerging markets. This includes eight years (1996-2003) as a CEO in Côte d'Ivoire, West Africa where he had responsibility for managing a group of oil palm operations and also founding a natural rubber business. Mr Tillery has an MA and MSc from Oxford University, an MBA from the University of Chicago and worked with CDC Group Plc (the UK Government development finance institution) from 1989 until 2004. Following this he spent several years in emerging markets investment management, including four years as a Senior Investment Manager with Norfund, the Norwegian Investment Fund for Developing Countries. He is currently on the board of three African agribusiness and adviser to several agribusiness investment funds in sub-Saharan Africa. He also recently joined the AXYS Group, a Dubai based corporate advisory firm, as director responsible for African agribusiness.

Youval Rasin, Chief Executive Officer

Mr Rasin is the co-founder of DekelOil and has held senior management positions in various companies within the Rina Group, a family holding company with diverse interests including agriculture, mining and hotels in Africa and Europe. By profession, Mr Rasin is a qualified lawyer and has been active in Côte d'Ivoire since 2002, with 7 years' experience in agro-industrial projects including 7 years in the palm oil industry with DekelOil.

Yehoshua Shai Kol, Deputy CEO and Chief Financial Officer

Mr Kol is the co-founder of DekelOil. By profession, Mr Kol is a Chartered Accountant, and has an MBA from Tel Aviv University. Mr Kol worked for 13 years in finance, with significant business & international exposure. Mr Kol is a former employee of KPMG Corporate Finance and Professional Practice. He was also the Financial Director for Europe, Middle East and Africa for an international software company, Director of Finance and Business Development for Yellow Pages Ltd in Israel, during which time he lead fund raising and Mergers & Acquisitions activities.

Lincoln John Moore, Executive Director

For the past 6 years Mr Moore has been actively involved in establishing and raising finance for oil palm projects in Liberia, Sierra Leone and Côte d'Ivoire. Mr Moore was the former Chief Financial Officer of Sierra Leone Agriculture Ltd until September 2011 and a co-founder and former director of Ragnar Capital Ltd, where he played a key role in raising over $US50m for oil palm projects in West Africa. This included the Biopalm investment into DekelOil of €8.3 million. Mr Moore is a Chartered Accountant and former senior manager in the restructuring division of Deloitte and Touche.

Orli Arav, Non-Executive Director

Ms Arav has an in-depth market and industry knowledge of Emerging Markets in particular Sub Sahara Africa. Ms Arav is Chief Investment Officer ("CIO") of Impala Energy an independent power project development. Prior to the formation of Impala, Ms Arav was the Managing Director of the Emerging Africa Infrastructure Fund ("EAIF"), a dedicated open-end commercial debt fund focused on infrastructure projects in SSA, where she was involved in the financing of over 35 infrastructure projects in SSA (approximately US$800 million of commitments) across 16 countries. Ms Arav has also held roles in the project finance divisions of global accountancy firms PriceWaterhouseCoopers and Ernst & Young.

PROFESSIONAL ADVISERS

Nominated Adviser and Lead Broker	Cantor Fitzgerald Europe 1 Churchill Place London E14 5RB United Kingdom
Joint Brokers	Optiva Securities Limited 2 Mill Street Mayfair London W1S 2AT United Kingdom
	Beaufort Securities Ltd 131 Finsbury Pavement London EC2A 1NT United Kingdom
Auditor	Kost Forer Gabbay & Kasierer (a member of Ernst & Young Global) 3 Aminadav St. Tel-Aviv 67067 Israel
Bankers	Bank Leumi (UK) plc 20 Stratford Pl London W1C 1BG United Kingdom
Solicitors	Kerman & Co LLP 200 Strand London WC2R 1DJ United Kingdom
Registrars	Cymain Registrars Ltd 26 Vyronos Avenue 1096 Nicosia Cyprus

DIRECTORS REPORT

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2015.

Principal Activities

DekelOil Public Ltd. is a Cyprus based holding company which indirectly owns 51% per cent. of and is the operator of DekelOil Cote d'Ivoire SA, an oil palm development company established in the Republic of Cote d'Ivoire.

Group Results

The Group results are set out from page 14 and are stated in thousands Euros. The Group made operating net profit of €0.1 million (2014 - loss of €3.2 million). The Directors do not recommend payment of a dividend (2014 - £Nil).

Review of the Business

A review of the business for the year is set out in the Chairman's Statement.

Key Performance Indicators

The Group implemented the following key performance indicators during 2015:

Key Performance Indicator	Budget	Actual
FFB Received	150,000 tn	151,702 tn
CPO Extraction Rate	23.5%	23.6%
CPO Produced	35,250 tn	35,770 tn

Future Developments

Future Developments are outlined in the Outlook section of the Chairman's Statement.

Going Concern

The Directors have prepared cash flow forecasts and budgets that show that, for a period of at least twelve months from the date of signing these Financial Statements, the Group expects to have sufficient resources to continue its business. Accordingly, the Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis.

Events After the Reporting Period

Events after the Reporting Period are outlined in Note 25 to the Financial Statements.

Directors

Details of Directors are set out on page 8. Details of Directors' interests as at 13 April 2016 in share options and warrants are set out in the table below:

	Number of Ordinary Shares	*Number of warrants*	*Number of Options*
Andrew Tillery	-	-	18,000,000
Youval Rasin	404,173,541	31,251,029	18,000,000
Yehoshua Shai Kol	132,906,738	-	18,000,000
Lincoln John Moore	13,675,000	-	18,000,000
Orli Arav	-	-	9,000,000

Substantial Shareholding

As at 13 April 2016, the Company had been notified of the following substantial shareholdings in the ordinary share capital:

Directors	
Youval Rasin	26.2%
Shai Kol	8.6%
Over 3%	
Yossi Inbar	6.2%
Erez Tirosh	4.6%
Miton UK Microcap Trust plc	4.0%

Corporate Governance

Audit and Remuneration Committees have been established and in each case comprise Andrew Tillery, Lincoln Moore and Orli Arav.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Group's employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Group and its accounting policies.

Suppliers' Payment Policy

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

Directors' Indemnities

In accordance with the Companies (Audit Investigations and Community Enterprise) Act 2004, which came into force on 6 April 2005, the Company has indemnified the Directors against liability to third parties, and undertaken to pay Directors' legal costs as incurred, provided that they are reimbursed to the Company if the individual is convicted.

By Order of the Board

Lincoln Moore, Executive Director Date: 13 April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements under IFRS. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Building a better working world

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of

DEKELOIL PUBLIC LTD.

We have audited the accompanying financial statements of DekelOil Public Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of 31 December 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and 2014, and its financial performance and cash flows for the years ended 31 December 2015 and 2014, in accordance with International Financial Reporting Standards as adopted by the European Union.

13 April, 2016	KOST FORER GABBAY & KASIERER
Tel-Aviv, Israel	A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December	
		2015	2014
			Restated (*)
	Note	Euros in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		411	2,092
Inventory		872	301
Accounts and other receivables	5	262	263
Total current assets		1,545	2,656
NON-CURRENT ASSETS:			
Long-term deposits	6	-	119
Property and equipment, net	7	28,964	28,024
Total non-current assets		28,964	28,143
Total assets		30,509	30,799

(*) Restated due to adoption of amendments to IFRS – see Note 2r.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December 2015	31 December 2014 Restated(*)
		Euros in thousands	
EQUITY AND LIABILITIES			
CURRENT LIABILITIES:			
Short-term loans and current maturities of long-term loans	10	4,930	2,182
Trade payables		768	1,440
Advance payments from customers		281	1,330
Other accounts payable and accrued expenses	8	1,064	445
Total current liabilities		7,043	5,397
NON-CURRENT LIABILITIES:			
Long-term financial lease	9	73	19
Accrued severance pay, net		40	56
Long-term loans	10	12,116	14,930
Capital notes	11	1,760	6,174
Financial liability for warrants		-	318
Total non-current liabilities		13,989	21,497
Total liabilities		21,032	26,894
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		4,436	1,757
Non-controlling interest		5,041	2,148
Total equity	14	9,477	3,905
Total liabilities and equity		30,509	30,799

(*) Restated due to adoption of amendments to IFRS – see Note 2r.

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2015	Year ended 31 December 2014 Restated(*)
		Euros in thousands (except share and per share amounts)	
Revenues	15	23,436	9,973
Cost of revenues	18a	(17,998)	(8,453)
Gross profit		5,438	1,520
General and administrative	18b	(2,518)	(2,573)
Operating profit (loss)		2,920	(1,053)
Finance cost	18c	(2,776)	(2,224)
Income (loss) before taxes on income		144	(3,277)
Taxes on income	16	(26)	(8)
Net income (loss) and total comprehensive income (loss)		118	(3,285)
Attributable to:			
Equity holders of the Company		(316)	(2,120)
Non-controlling interests		434	(1,165)
Net income (loss) and total comprehensive income (loss)		118	(3,285)
Net income (loss) per share attributable to equity holders of the Company:			
Basic and diluted income per share		0.00	0.00
Weighted average number of shares used in computing basic and diluted income per share		1,533,650,324	1,362,243,608

(*) Restated due to adoption of amendments to IFRS – see Note 2r.
The accompanying notes are an integral part of the consolidated financial statements.

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 January 1, 2014	44	4,049	(8,771)	2,532	3,175	1,029	2,844	3,873
Net loss and total comprehensive loss **)			(2,120)			(2,120)	(1,165)	(3,285)
Capital contribution to subsidiary by non-controlling interests (Note 12)	-	-	-	-	-	-	469	469
Conversion of liability to equity (Note 11)	*) -	179	-	-	-	179	-	179
Issuance of shares, net of issuance costs	6	2,476	-	-	-	2,482	-	2,482
Share-based compensation	-	187	-	-	-	187	-	187
Balance as of December 31, 2014	50	6,891	(10,891)	2,532	3,175	1,757	2,148	3,905
Net income and total comprehensive income	-	-	(316)	-	-	(316)	434	118
Capital contribution to subsidiary by non-controlling interests (Note 12)	-	-	-	-	-	-	200	200
Reclassification of warrants to equity (Note 13)	-	318	-	-	-	318	-	318
Conversion of liability to noncontrolling interests to equity in subsidiary (Note 11b)	-	-	-	-	2,351	2,351	2,259	4,610
Issuance of shares	*) -	37	-	-	-	37	-	37
Exercise of options	*) -	-	-	-	-	-	-	-
Share-based compensation	-	289	-	-	-	289	-	289
Balance as of December 31, 2015	50	7,535	(11,207)	2,532	5,526	4,436	5,041	9,477

*) Represents an amount lower than €1.
**) Restated due to adoption of amendments to IFRS – see Note 2r.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2015	2014
	Euros in thousands	
Cash flows from operating activities:		
Net income (loss)	118	(3,285)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation	728	631
Share-based compensation	289	187
Accrued interest on long-term loans and non-current liabilities	2,777	1,954
Change in employee benefit liabilities, net	(16)	23
Loss from changes in fair value of warrants	-	43
Changes in asset and liability items:		
Increase in inventories	(571)	(216)
Decrease in accounts and other receivables	27	226
Increase (decrease) in trade payables	(672)	1,054
Increase (decrease) in advance from customers	(1,049)	693
Increase in accrued expenses and other accounts payable	619	10
	2,132	4,605
Cash paid during the year for:		
Taxes	(24)	(8)
Interest	(2,361)	(1,370)
	(2,385)	(1,378)
Net cash used in operating activities	(137)	(58)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2015	2014
	Euros in thousands	
Cash flows from investing activities:		
Long-term deposits	119	13
Purchase of property and equipment	(1,672)	(5,434)
Net cash used in investing activities	(1,553)	(5,421)
Cash flows from financing activities:		
Net proceeds from issuance of shares	37	2,482
Capital contribution to subsidiary by non-controlling interests	200	469
Repayment of short-term loans	(1,440)	(142)
Receipt (repayment) of long-term lease	54	(5)
Receipt of long-term loans	1,158	3,650
Net cash provided by financing activities	9	6,454
Increase (decrease) in cash and cash equivalents	(1,681)	975
Cash and cash equivalents at beginning of year	2,092	1,117
Cash and cash equivalents at end of year	411	2,092
Supplemental disclosure of non-cash activities:		
Conversion of long-term liability to warrants and shares	-	179
Conversion of capital note to equity in subsidiary	4,611	-
Reclassification of warrants to equity	318	-

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

Notes to 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 for the purpose of producing and marketing Crude Palm Oil ("CPO"). The Company's registered office is in Limassol, Cyprus.

b. CS DekelOil Siva Ltd. ("DekelOil SIVA") was incorporated in Cyprus on 7 November 2008. At present, 51% of the issued shares in DekelOil SIVA are owned by DekelOil Public Limited while the remaining 49% of the issued shares are owned by Biopalm Energy Limited ("Biopalm") (see also Note 11b).

c. The Company established a subsidiary in Cote d'Ivoire, DekelOil CI SA, currently held 99.85%, by DekelOil SIVA. DekelOil CI SA was incorporated in March 2008. DekelOil CI SA is engaged in developing and cultivating palm oil plantations for the purpose of producing and marketing CPO. DekelOil CI SA constructed and is currently operating its first palm oil mill.

d. On 22 January, 2008, DekelOil Consulting Ltd was established in Israel. This company, which is presently a wholly-owned subsidiary of DekelOil SIVA, is engaged in providing services to the Company and its subsidiaries.

e. On March 18, 2013, the Company completed its Initial Public Offering ("IPO") on the AIM, a market operated by the London Stock Exchange ("the AIM"), by issuing 170 million Ordinary shares at a price of £ 0.01 per share for a total consideration of £ 1.7 million. Concurrently, upon Admission of its Share Capital to trading on the AIM and pursuant to an agreement dated 12 March 2013, the Company acquired, in consideration for the issuance of 100 million Ordinary shares, 100% of Boletus Resources Ltd. ("Boletus"). Boletus is an unquoted investment company which at the date of acquisition had cash and other assets (principally admission costs advanced by Boletus on behalf of the Company) in the approximate amount of € 650 thousand. The net proceeds received by the Company from the aforementioned (after Admission costs of approximately €529 thousand) amount to approximately € 2.01 million (see also Note 14).

f. As of 31 December, 2015, the Company has a working capital deficiency of approximately € 5.5 million. In the year ended 31 December, 2015 the Company recorded net income of € 118 thousand compared to 2014 during which the Company incurred a net loss of approximately € 3.2 million. In 2015 and 2014 the Company had negative cash flows from operations of approximately € 0.14 million and € 0.06 million, respectively.

In 2014 the Company completed the construction of its palm oil extraction mill and commenced production and sale of palm oil. In 2015 and 2014, 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 (See also Note 24b).

g. Definitions:

The Group - DEKELOIL PUBLIC LIMITED and its subsidiaries.

The Company - DEKELOIL PUBLIC LIMITED.

Subsidiaries - Companies that are controlled by the Company- CS DekelOil SIVA Ltd, DekelOil CI SA, DekelOil Consulting Ltd.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial Statements for all periods presented, except as described in 2r below.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements have been prepared on a cost basis, except for derivatives which are measured at fair value.

The Company has elected to present profit or loss items using the nature of expense method.

b. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

c. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

The local currency used in Cote d'Ivoire is the West African CFA Franc ("FCFA"), which has a fixed exchange rate with the Euro (Euro 1 = FCFA 655.957). A substantial portion of the Group's revenues and expenses is incurred in or linked to the Euro. The group obtains debt financing mostly in FCFA linked to Euros and the funds of the Group are held in FCFA. Therefore, the Company's management has determined that the Euro is the currency of the primary economic environment of the Company in its subsidiaries, and thus it's functional. The presentation currency is Euro.

2. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition

At the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences, other than those capitalized to qualifying assets or accounted for as hedging transactions in equity, are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (cont.)

d Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

e. Financial instruments:

1. Loans and receivables:

Loans and receivables are investments with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs.

After initial recognition, loans are measured based on their terms at amortized cost using the effective interest method and less any impairment losses. Short-term receivables are measured based on their terms, normally at face value.

2. Financial liabilities:

Financial liabilities are initially recognized at fair value. Loans and other liabilities measured at amortized cost are presented net of directly attributable transaction costs.

After initial recognition, the accounting treatment of financial liabilities is based on their classification as follows:

a) Financial liabilities at amortized cost:

After initial recognition, loans and other liabilities are measured based on their terms at cost less directly attributable transaction costs using the effective interest method.

b) Financial liabilities at fair value through profit or loss:

After initial recognition, derivatives (warrants) are measured at fair value and the changes in fair value are recorded in profit or loss.

3. Derecognition of financial instruments:

a) Financial assets:

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the cash flows in full without material delay to a third party and has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial liabilities:

A financial liability is derecognized when it is extinguished, that is when the obligation is discharged or cancelled or expires. A financial liability is extinguished when the debtor (the Group) discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

4. Extinguishing financial liabilities with equity instruments:

Equity instruments issued to extinguish a financial liability to shareholders are measured at the carrying amount of the financial liability extinguished.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (cont.)

f. Borrowing costs:

The Group capitalizes borrowing costs that are attributable to the acquisition, construction, or production of qualifying assets which necessarily take a substantial period of time to get ready for their intended use or sale.

The capitalization of borrowing costs commences when expenditures for the asset are incurred, the activities to prepare the asset are in progress and borrowing costs are incurred and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. The amount of borrowing costs capitalized in a reporting period includes specific borrowing costs and general borrowing costs based on a weighted capitalization rate.

g. Leases:

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and are made at the inception of the lease in accordance with the following principles as set out in IAS 17.

The Group as lessee:

1. Finance leases:

Finance leases transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset. At the commencement of the lease term, the leased assets are measured at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The liability for lease payments is presented at its present value and the lease payments are apportioned between finance cost and a reduction of the lease liability using the effective interest method.

The leased asset is amortized over the shorter of its useful life or the lease term.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

2. Operating leases:

Lease agreements are classified as an operating lease if they do not transfer substantially all the risks and benefits incidental to ownership of the leased asset. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

h. Biological assets:

Biological assets of the Company are fresh fruit bunches (FFB) that grow on palm oil trees. The period of biological transformation of FFB from blossom to harvest and then conversion to inventory and sale is relatively short (about 2 months). Accordingly, any changes in fair value at each reporting date are generally immaterial.

i. Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Palm oil trees before maturity are measured at accumulated cost, and depreciation commences upon reaching maturity. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Extraction mill	2.5
Palm oil plantations	3.33
Computers and peripheral equipment	33
Equipment and furniture	15 – 20
Motor vehicles	25
Agriculture equipment	15

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

j. Impairment of non-financial assets:

The Company evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

k. Revenue recognition:

Revenues are recognized in profit or loss when the revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenues are measured at the fair value of the consideration received less any trade discounts, volume rebates and returns.

Following are the specific revenue recognition criteria which must be met before revenue is recognized:

Revenues from the sale of goods:

Revenues from the sale of goods are recognized when all the significant risks and rewards of ownership of the goods have passed to the buyer and the seller no longer retains continuing managerial involvement. The delivery date is usually the date on which
Ownership passes.

l. Inventories:

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.
Cost of finished goods inventories is determined on the basis of average costs including materials, labor and other direct and indirect manufacturing costs based on normal capacity.

m. Earnings (loss) per share:

Earnings (loss) per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of Ordinary shares

outstanding during the period.
Basic earnings (loss) per share only include shares that were actually outstanding during the period. Potential Ordinary shares are only included in the computation of diluted earnings (loss) per share when their conversion decreases earnings per share or increases loss per share from continuing operations.

Further, potential Ordinary shares that are converted during the period are included in diluted earnings (loss) per share only until the conversion date and from that date in basic earnings (loss) per share. The Company's share of earnings of investees is included based on the earnings (loss) per share of the investees multiplied by the number of shares held by the Company.

Basic and diluted earnings per share are adjusted retrospectively due to increases in shares outstanding resulting from bonus issues and share splits, including those that occur after the reporting period and through the date the financial statements are approved for issuance.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

n. Provisions:

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in profit or loss net of any reimbursement.

o. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (cont.)

p. Share-based payment transactions:

The Company applies the provisions of IFRS 2, "Share-Based Payment". IFRS 2 requires an expense to be recognized where the Company buys goods or services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares of rights over shares ("cash-settled transactions"). The main impact of IFRS 2 on the Company is the expensing of employees' and directors' share options (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using an acceptable option model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

q. Taxes on income:

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

1. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future.
Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (cont.)

r. Restatement upon adoption of amendments to IFRS:

The Group has elected to early adopt certain amendments to IAS 16 and IAS 41. These amendments change the accounting requirements for biological assets, such as palm oil trees, that meet the definition of bearer plants. Under the amendments, palm oil trees are no longer within the scope of IAS 41 and remeasured to fair value. Instead, IAS 16 applies. After initial recognition, palm oil trees are measured under IAS 16 using the cost model.

In accordance with the amendments, the Group has elected to use the fair value of the palm oil trees as of 1 January 2014 in the approximate amount of € 6.5 million as their deemed cost at that date, and accordingly, that amount was reclassified from biological assets to property and equipment.

The effects of the retrospective application of the amendments on the statement of financial position as of 31 December, 2014 were as follows:

	Euros in thousands
Decrease in biological assets	(7,299)
Increase in inventory	85
Increase in property and equipment	6,491
Decrease in equity	723

The effects of the retrospective application of the amendments on the statement of comprehensive income for the year ended 31 December 2014 were as follows:

	Euros in thousands
Increase in cost of revenues	(135)
Decrease in net gain from changes in fair value of biological assets	(588)
Increase in net loss	(723)
Attributable to:	
Equity holders of the Company	(421)
Non –controlling interests	(302)

The effects of the amendments on net loss per share and on the statement of cash flows for the year ended 31 December 2014 were immaterial.

NOTE 3:- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Deferred tax assets:

Deferred tax assets are recognized for unused carryforward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits, its source and the tax planning strategy.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

a. IFRS 9, "Financial Instruments":

In July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" ("IFRS 9"), which replaces IAS 39, " Financial Instruments: Recognition and Measurement". IFRS 9 mainly focuses on the classification and measurement of financial assets and it applies to all assets in the scope of IAS 39.

According to IFRS 9, the provisions of IAS 39 will continue to apply to derecognition and to financial liabilities for which the fair value option has not been elected.
IFRS 9 also prescribes new hedge accounting requirements.
IFRS 9 is to be applied for annual periods beginning on 1 January 2018. Early adoption is permitted.

The Company believes that the amendments to IFRS 9 are not expected to have a material impact on the financial statements.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION (cont.)

b. IFRS 15, "Revenue from Contracts from Customers"

In May 2015, the IASB issued IFRS 15, "Revenue from Contracts with Customers." The new standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will apply a five-step model to determine when to recognize revenue and at what amount. The new standard also provides guidance on when to capitalize costs
of obtaining or fulfilling a contract.

IFRS 15 is effective for annual periods beginning on 1 January 2018, with early adoption permitted. An entity may adopt IFRS 15 on a full retrospective basis or using the cumulative effect approach.

The Company is evaluating the possible impact of IFRS 15, but is presently unable to assess its effect, if any, on the consolidated financial statements.

c. IFRS 16, "Leases":

In January 2016, the IASB issued IFRS 16, "Leases", ("the new Standard"). According to the new Standard, a lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

In respect of all leases, lessees are required to recognize an asset against a liability in the statement of financial position (except in certain cases) similarly to the accounting treatment of finance leases according to the existing IAS 17, "Leases".

The new Standard is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided that IFRS 15, "Revenue from Contracts with Customers", is simultaneously applied.

The Company believes that the new Standard is not expected to have a material impact on the Company's financial statements.

d. Amendments to IAS 7, "Statement of Cash Flows", regarding additional disclosures of financial liabilities:

In January 2016, the IASB issued amendments to IAS 7, "Statement of Cash Flows", ("the amendments") which require providing additional disclosures of financial liabilities. The amendments require presenting the movement between the opening balance and the closing balance of financial liabilities, including changes arising from cash flows from financing activities, changes arising from obtaining or losing control in investees, the effect of changes in foreign exchange rates and changes in fair value.

The amendments are effective for annual periods beginning on or after 1 January, 2017. No disclosure is required for comparative figures in previous periods before the effective date of the amendments. Earlier application is permitted.

The Company will include the necessary disclosures in the financial statements when applicable.

NOTE 5:- ACCOUNTS AND OTHER RECEIVABLES

	31 December	
	2015	**2014**
		Restated
	Euros in thousands	
Government authorities (VAT)	4	2
Prepaid expenses and other receivables	254	205
Loans to employees	4	56
	262	263

NOTE 6:- LONG-TERM DEPOSITS

As a guaranty for a bank loan (see Note 10c(4), the Company deposited FCFA 75 million (approximately € 119 thousand) on which a fixed lien was recorded. The deposit bears interest at an annual rate of 3% and matures upon the repayment of the loan. During 2015, the Company repaid the associated loan and withdrew this deposit.

NOTE 7:- PROPERTY AND EQUIPMENT, NET

Composition and movement:

	Computers and peripheral equipment	**Equipment and furniture**	**Motor vehicles**	**Agricultur e equipme nt**	**Extraction mill and land *)**	**Palm oil plantations **)**	**Total**
Cost:							
Balance as of 1 January, 2014	53	46	246	344	16,194	6,474	23,248
Acquisitions during the year	99	50	471	-	4,662	152	5,434
Disposals during the year	-	-	(41)	-	-	-	(41)
Capitalized borrowing costs	-	-	-	-	377	-	377
Balance as of 31 December, 2014	152	96	676	344	21,233	6,626	29,018
Acquisitions during	78	3	223	32	1,022	275	1,633

the year							
Disposals during the year	-	-	(8)	-	-	-	(8)
Capitalized borrowing costs	-	-	-	-	39	-	39
Balance as of 31 December, 2015	230	99	891	376	22,294	6,901	30,682
Accumulated depreciation:							
Balance as of 1 January, 2014	37	31	96	332	-	-	496
Depreciation Disposal during the year	15	8	84	4	479	41	522
Disposals during the year	-	-	(24)	-	-	-	(24)
Balance as of 31 December, 2014	52	39	156	336	479	41	994
Depreciation during the year	22	9	116	9	489	83	728
Disposals during the year	-	-	(4)	-	-	-	(4)
Balance as of 31 December, 2015	77	48	268	345	859	124	1,718
Depreciated cost as of 31 December, 2015	156	51	623	31	21,326	6,777	28,964
Depreciated cost as of 31 December, 2014	100	57	520	8	20,754	6,585	28,024

NOTE 7:- PROPERTY AND EQUIPMENT, NET (cont.)

*) On 19 January 2011, a subsidiary of the Company, DekelOil CI SA, signed the agreement with Modipalm Engineering SDN ("Modipalm"), a Malaysian company, for the engineering, manufacturing, delivering and installing a palm oil extraction mill in Cote d'Ivoire. The total value of the agreement is € 9,596 thousands. As of 31 December 2015 DekelOil CI SA paid Modipalm € 9179 thousands, the amount was financed by loans from EBID and BOAD.

The balance of € 417,500 is payable upon the successful completion of the warranty period. As of 31 December 2015, this amount has been accrued in the financial statements.

On 9 December 2014 a subsidiary of the Company, DekelOil CI SA, signed an agreement with Modipalm for the manufacture and supervision over installation and commissioning of a Kernel Crashing Plant to be installed as an extension to the existing Crude Palm Oil extraction mill for the production of Palm Kernel Oil. The total value of the agreement is € 889,600. The Kernel Crashing Plant was installed and commenced production in November 2015. As of 31 December 2015 DekelOil CI SA paid Modipalm an amount of €598,220. The remaining amounts are due upon acceptance of the Kernel Crashing plant and the end of warranty period and are not due at this date.

For further information about the Company lease agreement see also Note 9.

**) See Note 2r regarding retrospective reclassification of palm oil trees to property and equipment as of 1 January 2014.

Company plantations of palm oil trees are held by the Company's subsidiary, DekelOil CI SA. Most of the plantations are planted according to agreements with land owners under which DekelOil CI SA develops oil palm plantations on the land and the land owner is entitled to receive a third of the annual agriculture profit generated from the plantation, being the revenue from the sale of FFB less the cost of cultivation and harvesting of the plantation.

The balance as of 31 December 2015 includes palm oil trees before maturity in the approximate amount of € 3.8 million (2014 - € 4.9 million) which are measured at their accumulated cost and which are not yet depreciated.

NOTE 8:- OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	31 December	
	2015	2014
		Restated
	Euros in thousands	
Employees and payroll accruals	374	210
VAT payable	544	118
Other accounts payable	146	117
	1,064	445

NOTE 9:- LONG-TERM FINANCIAL LEASE

On 24 June 2008, DekelOil CI SA signed a lease agreement for 42 hectares near the village of Ayenouan, Cote d'Ivoire. The agreement is with the village of Adao and the people occupying the land in Ayenouan. The lease is for 90 years and the payment for the lease is FCFA 3,000,000 (app. € 4,573) per annum.
In July 2015 a subsidiary of the Company signed a capital lease agreement for a vehicle. The lease is for 4 years and the payment is €1,062 per month.

NOTE 10:- LONG-TERM LOANS

a. Comprised as follows:

	Currency	Interest rate as of 31 December, 2015	31 December, 2015	31 December , 2014
			Euros in thousands	Euros in thousands
EBID (c. 2)	In SDR	10.5%	8,727	8,592
BOAD (c. 1)	In FCFA	10.5%	7,057	6,961
SGBCI (c.3)	In FCFA	7%	188	223
BGFI(c. 4)	In FCFA	10%	-	708

NSIA (c. 5)	In FCFA	8.3%	1,074	-
Total loans			17,046	16,484
Less - current maturities			(4,930)	(1,554)
			12,116	14,930

NOTE 10:- LONG-TERM LOANS (cont.)

b. Short-term loans and current maturities:

	31 December	
	2015	2014
	Euros in thousands	
Short-term loan from bank	-	628
Current maturities - per a. above (See also Note 24)	4,930	1,554
	4,930	2,182

c. 1. On 3 August 2010, DekelOil CI SA signed a loan agreement with the West Africa Development Bank ("BOAD") according to which the subsidiary has receive a loan at the amount of FCFA 4,241,000 thousand (approximately € 6,465 thousand). The BOAD loan shall bear interest at a rate of 10.5% per annum which would be payable on the maturity of each interest period (31 January and 31 July). The loan has tenure of eight years with grace period on principal payments of four-years, and shall be repaid in 7 semi-annual installments overfour years, commencing 31 January, 2016.

2. On 5 February 2010, DekelOil CI SA, signed a loan agreement with the agreement with the Bank of Investment and Development of CEDEAO ("EBID") according to which EBID agreed to grant DekelOil CI SA a facility of 6,681,000 SDR (approximately € 8,504 thousand).

The EBID loan shall bear interest at a rate of 10.5% per annum. The loan has a tenure of eight years, and shall be repaid in 16 quarterly installments over four years, commencing after a grace period on principal payments of four-years from its first withdrawal (March 2012) .

As a security for the EBID loan, DekelOil CI SA provided a lien over the equipment purchased from Modipalm and Boilermech (see also Note 7), a floating charge over the DekelOil CI SA assets, credit insurance cover of up to approximately € 4,500 thousand was purchased from Fond Gari. (Please see also Note 24 regarding refinancing of this loan in 2016.)

3. On 7 May, 2013, DekelOil CI SA signed a line of credit agreement with the Societe Generale de Banque Cote d'Ivoire ("SGBCI) for financing the purchase of vehicles, according to which the subsidiary has received a loan amount of up to FCFA 146 million (approximately € 223 thousand). The loan is for a term of three years from the date of each loan withdrawal. The

effective interest rate of the loan is between 6.2 – 7.3% per annum.

4. On 10 September 2013, DekelOil CI SA signed a loan agreement with the Banque Gabonaise Francaise International ("BGFI") for its working capital needs, under which DekelOil CI SA received FCFA 500 million (approximately €762 thousand). The loan is for a term of four years with a grace period of one year. The loan shall bear interest at a rate of 10% per annum. As a guaranty for this loan DekelOil CI SA deposited a sum of FCFA 75 Million (approximately € 115 thousands) at BGFI

for the duration of the loan and a guaranty of first demand from La-Loyal insurance company at the sum of 300 million FCFA (approximately € 457 thousands). During 2015 the Company repaid this loan in full.

NOTE 10:- LONG-TERM LOANS (cont.)

5. In June 2015 DekelOil CI SA signed a loan agreement with NSIA Banque ("NSIA") according to which NSIA agreed to grant DekelOil CI SA a loan of 700 million FCFA (approximately € 1,067 thousand). The loan is for 4 years and shall bear interest at a rate of 8.4% per annum.

NOTE 11:- CAPITAL NOTES

	31 December	
	2015	**2014**
	Euros in thousands	
Due to shareholders (a)	1,759	1,563
Due to shareholder of a subsidiary (b)	-	4,611
	1,759	6,174

a. In the years 2008 to 2010, the shareholders of the Company invested in the Company a total amount of € 4,161 thousand by way of capital notes.

The capital notes are linked to the Euro and are payable by the earlier of: (a) prior to first dividend distribution by the Company to its shareholders, or (b) on 31 January 2017, provided the Company has profits available for distribution. Payment of the principal of these capital notes is subordinated and junior in right of payment to the Company's obligation to pay principal and interest on its indebtedness.

The fair value of the capital notes was determined at each investment date by discounting the expected future payments relating to each capital note using the cost of debt of the Group estimated at 12.5%.

The differences between the face amounts of the capital notes according to their terms and their fair value at the date of investment were recorded as a capital reserve in the aggregate amount of € 2,532 thousand.

On 3 February, 2013 the Company issued to certain existing shareholders

49,005,049 Ordinary Shares in consideration for the cancellation of capital notes at a face amount of € 225 thousand.

On 20 February, 2013 the Company granted warrants to purchase 33,317,674 Ordinary Shares and issued 42,642,947 Ordinary Shares in consideration for the cancellation of capital notes at a face amount of € 261 thousand and € 1,105 thousand, respectively. (see Note 13 for details of the warrants).

On 29 December, 2013, the Company issued to certain existing shareholders 43,913,713 Ordinary Shares in consideration for the cancellation of capital notes at a face amount of € 570 thousand.

The carrying amounts of the capital notes on the date of cancellation amounted to approximately € 1,378 thousand. The difference between the carrying amounts and the fair value (€ 261 thousand) of the warrants granted, in the amount of € 1,117 thousand was credited to equity.

As of 31 December, 2015, the face amount of the outstanding capital notes amounts to € 2,000,000.

NOTE 11:- CAPITAL NOTES (cont.)

b. In 2010 in connection with Biopalm's acquisition of a 49% interest in DekelOil SIVA, Biopalm also invested € 3.3 million in DekelOil SIVA as a capital note with the following terms:
The capital note accrues interest at 10% per year until paid. The capital note is either to be repaid or converted into share premium in DekelOil SIVA Limited. Assessment will be made after 3 years and after 7 years from the disbursement date (i.e. 1 November 2010) as follows:

1. If DekelOil SIVA will reach an IRR of 40% by either of these dates (3 or 7 years), then the capital note, principal and accrued interest will be converted to share premium; or
2. If DekelOil SIVA will not reach an IRR of 40% after 7 years, then the capital note is payable to Biopalm.

The fair value of the capital note was determined at investment date by discounting the expected future payments relating to the capital note using the cost of debt of the Group estimated at 12.5%. The difference between the capital note face amount according to its terms and its fair value at the date of transaction in the amount of € 480 thousands was accounted for as part of the equity investment of Biopalm in the subsidiary.

In November 2013, the assessment was made that the IRR in 1. above had not been reached.

In the second half of 2015, Biopalm and the Company agreed to cancel this capital note by way of contribution to the equity of DekelOil SIVA. In exchange for the cancellation, the Company agreed to waive Biopalm's outstanding equity contribution totaling to approximately € 1.1 million. The carrying amount of the capital note on the date of conversion was approximately € 4.6 million, of which approximately € 2.4 million was credited in the consolidated financial statements to capital reserve from transactions with non-controlling interests.

c. The liability to the related party was converted to equity as part of the equity fund raising by the Company that took place on 24 October 2014. See also Note 14.

NOTE 12:- CAPITAL CONTRIBUTIONS TO SUBSIDIARY (BIOPALM)

In February 2013, the Company, Biopalm and the subsidiary CS DekelOil Siva Ltd entered into a binding letter of undertaking under the terms of which the parties confirmed the Company's intention to subscribe for ordinary shares in CS DekelOil Siva Ltd up to an aggregate amount of €3,000,000. Biopalm has, under the terms of the letter, issued an irrevocable undertaking that pursuant to the Company's investment (up to a maximum of €3,000,000), it shall subscribe for such number of shares in CS DekelOil Siva Ltd as is required to maintain its 49% Shareholding. During 2014 and 2015 both the Company and Biopalm have made capital contributions to the subsidiary. The contributions of Biopalm in the amount of €469 thousand and €200 thousand in 2014 and 2015, respectively, were recorded as additions to non-controlling interests in equity.

NOTE 13:- FINANCIAL LIABILITY FOR WARRANTS

On 20 February, 2013 the Company granted warrants to purchase 33,317,674 Ordinary Shares in partial consideration for the cancellation of capital notes (see Note 12).
Each warrant entitles the holder to purchase one Ordinary share at an exercise price of £ 0.01 per share. The warrants can be exercised at any time until February 2018.

The warrants were classified as a liability measured at fair value through profit or loss since the exercise price of the warrants is denominated in GBP and therefore is not a fixed amount of currency in relation to the functional currency (Euro) of the Company.

The fair value of the warrants is calculated based on the Black-Scholes option pricing model using the following parameters:

- As of the date of grant: Expected volatility of the share price - 53%; risk-free interest rate - 1.22%; share price – £ 0.01
- As of 31 December 2014: Expected volatility of the share price - 56%; risk-free interest rate –0.77%; share price – £ 0.0108

Based on the above model, the fair value of the warrants was € 275 thousand on the grant date and €318 thousand as of 31 December 2014.The change in fair value in the amount of € 43 thousand was recorded in finance cost in 2014.

On 1 January 2015, the Company and the holders of the warrants agreed to establish the exercise price of the warrants in Euro in the amount of € 0.0128 for one Ordinary share. As a result, the fair value of the warrants on that date in the amount of €318 thousand was reclassified to equity of the Company.

NOTE 14:- EQUITY

a. Composition of share capital:

	31 December		31 December	
	2015	2014	2015	2014
	Authorized		Issued and outstanding	
	Number of shares			
Ordinary shares of € 0.00003367 par value each	4,000,000,000	4,000,000,000	1,541,319,951	1,531,980,571

See Note 24 regarding issuance of shares subsequent to 31 December 2015.

NOTE 14:- EQUITY (Cont.)

Ordinary shares:

Each Ordinary share confers upon its holder voting rights, the right to receive cash and share dividends, and the right to share in excess assets upon liquidation of the Company.

On 3 February, 2013 the authorized share capital limit of the Company was increased to € 70,000 divided into 7,000,000 shares of € 0.01 each, following which the par value of each Ordinary Share was sub-divided from € 0.01 each to € 0.00003367 each and a further 807,488,000 shares were issued to the existing shareholders pro-rata to their shareholding in the Company.

On 3 February, 2013, the Company issued to certain existing shareholders 49,005,049 Ordinary Shares in consideration for the cancellation of capital notes (see Note 12)

On 20 February, 2013, the Company issued 162,855,339 Ordinary Shares pursuant to a private subscription at a price of € 0.00003367 raising a total of € 5,483.

On 20 February, 2013, the Company granted warrants to purchase 33,317,674 Ordinary Shares and issued 42,642,947 Ordinary Shares in consideration for the cancellation of capital notes (see Note 13 and Note 11).

In March 2013, the Company completed its IPO on the AIM, by issuing 170 million Ordinary shares (see Note 1f). In addition, the Company issued 13,675,000 Ordinary shares to a Director.

On February 2014, the Company raised £700,000 (€846 thousand before fund raising costs of €46 thousand) by issuing 46,666,666 new Ordinary shares.

On July 22, 2014, the authorized share capital of the Company was increased to 4,000,000,000 shares of € 0.00003367 each.

In October 2014, the Company increased its equity by £1,536 thousand (€1,970 thousand before fund raising costs of €110 thousand) by issuing 122,906,720 new Ordinary shares for funds raised including the conversion of a debt of €179 thousand to a related party. See also Note 11c.

In December 2014, the Company issued 2,056,466 Ordinary shares to certain brokers in consideration for services provided. The fair value of the shares issued amounting to £7.5 thousands was recorded in general and administrative expenses.

In 2016 the Company issued 2,388,996 Ordinary shares in to certain brokers in consideration for services provided. The fair value of the shares issued amounting to £25.4 thousand (€ 37 thousand) was recorded in general and administrative expenses.

NOTE 14:- EQUITY (Cont.)

e. Share option plan:

In April 2008, the shareholders of the Company adopted a share option plan ("the 2008 plan"), according to which shares will be granted to employees.

On 2 September 2014, certain employees of the subsidiary were granted 6,566,364 Ordinary shares for no consideration. The total fair value amounted to €123 thousand.

On 15 January 2015 the Company granted directors and senior employees options to purchase 81,000,000 Ordinary shares. Of that amount, 18,000,000 options vested immediately and the remainder will vest ratably over 3 years. Half of the options have an exercise price of 1.25 pence per share while the remainder is exercisable at a price of 2 pence per share. The fair value of the options granted calculated based on Black-Scholes option pricing model is approximately €820 thousands

On 19 October 2015 the Company granted directors and senior employees options to purchase 18,000,000 Ordinary shares. The options will vest ratably over 3 years. Half of the options have an exercise price of 1.25 pence per share while the remainder is exercisable at a price of 2 pence per share. The fair value of the options granted calculated based on Black-Scholes option pricing model is approximately €139 thousands

A summary of the activity in options for the years 2015 and 2014 is as follows:

	Year ended 31 December			
	2015		2014	
	Number of options	Weighted average exercise price-Euro	Number of options	Weighted average exercise price-Euro
Outstanding at beginning of year	6,950,385	0.0000367	13,238,833	0.0000367
Exercised	(6,950,385)	0.0000367	(6,288,448)	0.0000367
Granted	99,000,000	0.02122	-	-
Granted				
Outstanding at end of year	99,000,000	0.02122	6,950,385	0.0000367

Exercisable options	39,396,694	0.0163	5,560,307	0.0000367

NOTE 14:- EQUITY (Cont.)

f. Capital reserve

The capital reserve comprises the contribution to equity of the Company by the controlling shareholders – see Note 11.

NOTE 15:- REVENUES

a. The Company has one operating segment – production and sale of Palm Oil, Palm Kernel and Palm Kernel Oil. In March 2014 the Company commenced production and sale of Palm Oil and Palm Kernel from its palm oil extraction mill. In November 2015 the Company started to produce Palm Kernel Oil. Substantially all of the revenues were derived from the sales of Palm Oil, Palm Kernel Oil and Palm Kernel in Cote d'Ivoire.

b. Major customers:

	Year ended 31 December	
	2015	**2014**
	Euros in thousands	
Revenues from major customers which each accounts for 10% or more of total revenues reported in the financial statements:		
Customer A -	12,539	5,412
Customer B -	4,933	1,959
Customer C -	3,025	1,253

NOTE 16:- FAIR VALUE MEASUREMENT

Quantitative disclosures of the fair value measurement hierarchy of the Group's assets and liabilities :

	2015	**2014**
	Fair value hierarchy	**Fair value hierarchy**
	Level 3	**Level 3**
	Euro in thousands	**Euro in thousands**
Assets measured at fair value:		
Biological assets(See Note 2r):	-	7,299

	Fair value hierarchy Level 3 Euro in thousands	Fair value hierarchy Level 3 Euro in thousands
Liabilities measured at fair value:		
Warrants (Note 13)	-	318

The carrying amount of short-term, trade payables, other accounts payable and capital notes approximate their fair value.

The fair value of long term loans with a carrying amount of € 17.046 million (including current maturities) is approximately € 18.354 million as of 31 December 2015.

NOTE 17:- INCOME TAXES

a. Carryforward losses:

As of 31 December 2015, the Company has no accumulated losses for Cypriot tax purposes.

As of 31 December 2015, the subsidiary of the Company, CS DekelOil Siva Ltd, has no accumulated losses for Cypriot tax purposes.

As of 31 December 2015, the tax loss carryforwards of DekelOil CI SA, the Company's subsidiary in Cote d'Ivoire amounted to approximately € 6,365 thousand, which may be carried forward, in order to offset taxable income in the future, for an indefinite period.

b. Tax rates applicable to the income of the Company and its subsidiaries:

The Company and its subsidiary, CS DekelOil Siva Ltd, were incorporated in Cyprus and are taxed according to Cyprus tax laws. The statutory federal tax rate is 10%.

The subsidiary, DekelOil CI SA, was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. Based on its investment plan, DekelOil CI SA received a full tax exemption from local income tax, "Tax on Industrial and Commercial profits," for the thirteen years starting 1 January 2013, 50% tax exemption for the fourteenth year and 25% tax exemption for the fifteenth year.

The tax exemptions were conditional upon meeting the terms of the investment plan, which the Group has met.

The subsidiary DekelOil Consulting Ltd was incorporated in Israel and is taxed according to Israeli tax laws.

c. Tax assessments:

The Company's subsidiary, DekelOil CI SA, received a final tax assessment through 2012.
As of 31 December 2015 the Company and all its other subsidiaries had not yet received final tax assessments

d. Deferred taxes:

Deferred tax assets relating to carryforward losses and other temporary deductible
differences in excess of temporary taxable differences have not been recognized because their utilization in the foreseeable future is not probable.

NOTE 18:- COMMITMENTS

a. Property and equipment – See Note 7.

NOTE 19:- SUPPLEMENTARY INFORMATION TO THE STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
		Restated(*)
	Euros in thousands	
a. Cost of Revenues:		
Cost of fruits	15,179	5,915
Change in inventories	(382)	(192)
Salaries and related benefits	1,244	871
Cultivation costs	504	419
Vehicles	274	437
Maintenance and other operating costs	515	417
Depreciation	664	586
	17,998	8,453
b. General and administrative expenses:		
Salaries and related benefits	1,086	882
Subcontractors	116	351
Rent and office maintenance	191	261
Travel expenses	117	121
Legal & accounting fees	109	218
Vehicle maintenance	72	75
Insurance	84	84
Brokerage & nominated advisor fees	151	96
Depreciation	64	45
Share-based compensation	289	187
Other	239	253
	2,518	2,573

*) Restated – see Note 2r.

Year ended

	31 December	
	2015	2014
	Euros in thousands	
c. Finance cost:		
Interest on loans and capital notes	2,784	2,182
Bank loans and fees	48	27
Exchange rate differences	(56)	15
	2,776	2,224
Net of amounts capitalized	39	377

NOTE 20:- LOSS PER SHARE

The following reflects the income (loss) and share data used in the basic and diluted earnings (loss) per share computations:

	Year ended 31 December	
	2015	2014
	Euros in thousands	
Loss attributable to equity holders of the Company	(316)	(2,120)
Weighted average number of Ordinary shares for computing basic and diluted earnings (loss) per share	1,533,650,324	1,362,243,608

All share options and warrants have been excluded from the calculation of diluted loss per share as their effect would be anti-dilutive.

NOTE 21:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Year ended 31 December	
	2015	2014
	Euros in thousands	
a(1). Balances:		
Capital notes (1)	1,759	1,563
Trade payables	-	30
Other accounts payable and accrued expenses	32	44
a(2) Transactions:		
Services and expense reimbursements (2)	267	312
Interest on capital notes	195	173

b. Compensation of key management personnel of the Company:

Short-term employee benefits	555	445
Share-based compensation	263	123

1) See Note 12

2) See c. 3; c. 4 and c.5.

NOTE 21:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (cont.)

c. Significant agreements with related parties:

1. In February 2008, DekelOil Consulting Limited ("Consulting") signed an employment agreement with a shareholder, who is a director of the Company, the CEO of Consulting and the chairman of the Board of Directors of DekelOil CI SA.

   Under the employment agreement, the director is entitled to a monthly salary of € 20,000 per month. The agreement is terminable by the Company with 24 months' notice. The actual average salary, social benefits including management fee (see also (3) below) paid to the employee during 2015 was app. €18,000 per month.

2. In March 2008, DekelOil Consulting Limited signed an employment agreement with a shareholder, who is a director of the Company, it's Deputy CEO and Chief Financial Officer. The agreement was amended on 11 July 2014 by the board of the subsidiary to reflect the same terms as the employee described in c(1) above. The actual salary and social benefits paid to the employee during 2015 was app. €15,000.

3. On 20 May 2008, the Company signed a service agreement with Starten Ltd, a related company for a total remuneration of € 5,000 per month. The Company and Starten can terminate the agreement with a notice of 60 days. During 2014 and 2015 the amount of € 60 thousand and € 30 thousand, respectively, was paid per year under this service agreement. The amount was paid to the party in c.1 above.

4. In July 2012 a subsidiary of the Company entered into an agreement with a related party of a shareholder who is also a director of the Company and the chairman of the Board of Directors of the Company's subsidiary. For these services the related party is entitled to receive € 4,000 per month.

5. In March 2014 a subsidiary of the Company entered into an agreement with a related party for renting tractors for its mill and logistic centers operation. During 2014 and 2015 the subsidiary paid to the related company for these services approximately €104 thousand and €162 thousand.

NOTE 22:- FINANCIAL INSTRUMENTS

a. Classification of financial liabilities:

The financial liabilities in the statement of financial position are classified by groups of financial instruments pursuant to IAS 39:

	31 December	
	2015	2014
	Euros in thousands	
Financial liabilities measured at amortized cost:		
Long-term capital lease	73	19
Long-term loans (including current maturities)	17,042	16,484
Capital notes	1,759	6,174
Total	18,874	22,677
Financial liabilities at fair value through profit or loss (see also Note 13: Financial Liability for Warrants)	-	318

NOTE 22:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risks factors:

The Group's activities expose it to market risk (foreign exchange risk). The Group's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Group's financial performance. As the Group's long-term obligations at the reporting date bear fixed rates of interest, the Group is not exposed to cash flow risks due to changes in market rates of interest.

Foreign exchange risk:

The Company is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly, SDR and NIS. Since the FCFA is fixed to the Euro, the Group is not exposed to foreign exchange risk in respect of the FCFA. As of 31 December 2015 and 2014, balances in other foreign currencies are as follows:

	31 December	
	2015	2014
		Restated
	Euros in thousands	
Long-term loan linked to the SDR (see also Note 24b)	8,727	8,592
Current & long term liabilities attached to the NIS	56	179
Total	8,873	8,771

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity test to a reasonably possible change in SDR exchange rates, with all other variables held constant. . The Company's exposure to foreign currency changes for all other currencies is immaterial.

	Change in SDR rate	Effect on income before tax
		Euros in thousands
2015	5%	433
2014	5%	215

NOTE 22:- FINANCIAL INSTRUMENTS (Cont.)

Liquidity risk:

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

31 December 2015

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	Euros in thousands						
Long-term loans (1)(2)	4,789	4,990	4,626	4,279	4,225	506	23,415
Trade payables and other accounts payable	2,044	-	-	-	-	-	2,044
Long-term capital lease	18	18	18	18	13	350	435
Capital note	-	2,000	-	-	-	-	2,000
	6,851	7,008	4,644	4,297	4,237	856	27,894

(1) Including current maturities.
(2) See also Note 24b: Subsequent Events.

31 December 2014

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	Euros in thousands						
Long-term loans (1)	1,885	4,361	4,308	3,786	3,479	3,570	21,389
Trade payables and other accounts payable	1,885	-	-	-	-	-	1,885

Long-term capital lease	5	5	5	5	5	355	380
Capital note	-	-	8,430	-	-	-	8,430
	3,775	4,366	12,743	3,791	3,484	3,925	32,084

(1) Including current maturities.

NOTE 23:- INVESTMENTS IN SUBSIDARY

a. Additional information on subsidiaries held by the Company:

1. General information:

	Principal place of business	Company's equity and voting rights	Ownership interests held by non-controlling interests
		%	%
December 31, 2015:			
DekelOil SIVA	Cyprus and Cote d'Ivoire	51%	49%
December 31, 2014:			
DekelOil SIVA	Cyprus and Cote d'Ivoire	51%	49%

b. Summarized financial data of subsidiary:

	31 December 2015	31 December 2014
	Euros in thousands	
Statement of financial position at reporting date (as presented in the subsidiary's financial statements):		
Current assets	1,534	1,536
Non-current assets	28,828	28,426
Current liabilities	(6,846)	(4,791)
Non-current liabilities	(12,225)	(19,535)
Total equity	11,291	5,636

	Year ended 31 December 2015	Year ended 31 December 2014
	Euros in thousands	
The subsidiary's operating results (as presented in the subsidiary's financial statements):		
Revenues	23,436	9,973
Net income (loss) and total comprehensive income (loss)	845	(1,763)

NOTE 23:- INVESTMENTS IN SUBSIDARY (Cont.)

	Year ended 31 December 2015	Year ended 31 December 2014
	Euros in thousands	
The subsidiary's cash flows (as presented in the subsidiary's financial statements):		
From operating activities	1,128	10
From investing activities	(1,550)	(4,896)
From financing activities	(228)	5,435
Net increase (decrease) in cash and cash equivalents	(650)	549

Balances of non-controlling interests:

	31 December 2015	31 December 2014 Restated
	Euros in thousands	
DekelOil SIVA	5,041	2,148

Income (loss) attributable to non-controlling interests:

	Year ended December 31, 2015	Year ended December 31, 2014
	Euros in thousands	
DekelOil SIVA	434	(1,165)

NOTE 24:- SUBSEQUENT EVENTS

a. On 13 January 2016, the Company issued 1,946,371 Ordinary shares to certain brokers as consideration for services provided. The fair value of the shares was € 27 thousand.

b. In March 2016 the Company signed a long-term loan agreement with NSIA Banque Cote d'Ivoire ("NSIA Bank") for 6 billion FCFA (approximately €9.15 million) in order to refinance the Bank of Investment and Development of CEDEAO ("EBID") loan (See also Note 10 – Long term loans). The loan shall be repaid over 7 years in equal monthly payments. The loan shall bear interest of basic bank rate minus 3.7% which is currently equal to 7%.

On 22 March 2016 NSIA bank transfered the funds and the EBID loan was repaid in full.