Delex Group Announces Consolidated Results for the First Quarter of 2008

May 30, 2008

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Tel Aviv, May 30, 2008 - Delek Group Ltd. (TASE: DLEKG) (hereinafter: "Delek Group" or “The Group") announced today its results for the three month period ending March 31, 2008. The full financial statements are available on Delek Group’s website at: www.delek-group.com.

Starting January 1, 2008, the Group adopted the IFRS Accounting Standards, and the comparable data for the first quarter of 2007 have been presented in accordance with IFRS principals. Additional information with regard to the changes between the previous and new accounting standards can be found in the full first quarter financial statements.

First Quarter Highlights

- **Revenues up 55% year over year reaching NIS 12.5 billion**
- **Net income reached NIS 174 million**
- **Automotive and Israel Fuel Sectors continue to drive strong revenue growth and profitability**
- **Declareddividend of NIS 75 million dividend, or 43% of net income, for first quarter of 2008**

Net income for the first quarter of 2008 totaled NIS 174 million, compared with NIS 196 million for the first quarter of last year. Net income for the quarter includes the strong growth in both the Israeli Automotive and Fuel sectors, as well as the continued growth at the US-based insurance group, Republic. This strong growth was offset by the lower contribution of the US retail fuel sector, resulting from the ongoing industry-wide refining margin erosion, as well as the weaker results of the Group's Israeli insurance and financial services holding, Phoenix, resulting from the challenging local capital market.

Consolidated revenues for the first quarter 2008 increased 55% reaching NIS 12.5 billion, compared to NIS 8 billion in the same period last year. The strong revenue increase follows the significant increase in sales in the retail energy sector, automotive sector and the consolidation for the first time of theIsraeli fuel storage and truck up load facilities.

Mr. Asaf Bartfeld, CEO of Delek Group commented, “The first quarter of 2008 continued to be a quarter of progress and development for the group, while laying the foundations for long term growth. During the quarter we showed solid business performance overall with our local fuel subsidiary, Delek Israel, showing especially strong performance culminating our successful retail fuel strategy which includes introducing new convenience stores and increased focus on capitalizing on economies of scale. Furthermore, our automotive holding also showed healthy performance driving a 50% increase in net profit. Despite some of our businesses encountering challenges in their specific industries, such as the ongoing refining margin erosions in the US as well as the weaker local capital markets, we continue to see and identify substantial opportunities, such as our acquisition in February of all the share capital of Elk Resources, the US oil and gas exploration and production company, enabling us to leverage our broad experience, global presence and asset base. Moving ahead, we are looking to further increase our focus in the areas of energy and infrastructure, where we can add significant value and take advantage of the inherent synergies within our business, specifically in Europe and Asia.”

“For the quarter, we distributed a dividend amounting to 43% of net profit. While we continue to focus on building our portfolio of leading and synergistic businesses, our overall goal is to create value and share the rewards of our efforts with our shareholders," **concluded Mr. Bartfeld.**

Main Business Highlights for the First quarter of 2008

Contribution of Principal Operations to Net Profit* (NIS millions)

	FY 2007	1-3/2007>	1-3/2008
US Fuel Sector Operations	353	57	1
Israeli Fuel Sector Operations	138	1	23
Delek Europe1	31	-	11
Oil and Gas Exploration	90	18	33
Oil Exploration Expenses	(58)	(43)	(26)
Automotive Operations	245	56	85

Real Estate Operations	210	35	30
Insurance and Finance Operations	151	83	17
Capital Gains on Sale of Amisragas2	86	-	-
Capital Gains & Others	31	(11)	-
Net Income	**1,277**	**196**	**174**

* This table has been extracted from Delek Group's First Quarter 2008 Directors Report. Please review the full report available on the Group's website www.delek-group.com to view the notes for each of the items above. Please note that 2007 results are restated according to IFRS accounting principles.

1 Delek's European activities started at the beginning of August 2007.
2 39% of Amisragas was sold by Delek – the Israel Fuel Company during the third quarter of 2007.

Energy & Infrastructure

During the quarter, an 89% owned subsidiary, Delek Energy Systems Ltd., acquired ELK Resources, a US-based Oil Company for $95 million. Elk deals in the production and sale of oil and gas, in the development of existing oil and gas assets and in low-risk oil and gas exploration. The Company's primary asset is a field located in Northern Utah, containing most of Elk's proven reserves of approximately eight million barrels of oil and where most of its oil production operations take place.

Delek USA (NYSE: DK; Delek Group holds 73% end-Q1 2008): Net income for the first quarter of 2008 totalled NIS 2 million compared to a net income of NIS 74 million in the first quarter of last year. Delek US's first quarter results were largely impacted by a 82% decline in refining margins that stemmed primarily from the sharp increase in crude oil prices. However, this was partially offset by the first time use of ethanol blending and increased use of sour crude.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS; Delek Group holds 89% end-Q1 2008): Net income for the quarter increased to NIS 26 million, compared with NIS 4 million in the same period last year. The increase in net income was driven by improved operating efficiencies, an increase in volume of sales, an increase in the contribution of the convenience store chain and the inclusion for the first time of the production and storage operations acquired August 2007.

Delek Europe. Net income for the period was NIS 11 million. Delek Europe was established in August 2007 following the acquisition of 869 gas stations in the Benelux region, therefore there is no comparable data for the first quarter of last year. During the reporting period, a wholly owned subsidiary of Delek Europe purchased two joint ventures resulting in an increased number of gas stations under the Company's control.

The Oil and Gas Exploration, and Gas Production sector, generated a net income of NIS 7 million in the quarter, compared to a loss of NIS 25 million in the same period last year. During this period net income includes a NIS 26 million expenses recorded following the abandoning of a dry well in the North Sea. Net income for the quarter, excluding expenses for the abandonment of dried wells totalled NIS 33 million, compared to a NIS 18 million net income in the first quarter of last year. The growth was driven by strong sales and increased gas prices from the Yam Tethys reservoir (off Israeli coast).

Infrastructure – The Group continues to develop its strategy in the infrastructure area with a focus on water desalination and power plant construction. Israel's first Independent Power Plant (IPP) of 87 MWatt capacity, wholly owned by the Group, began producing electricity at full capacity during the first quarter of 2008.

Real Estate Operations

Delek Real Estate (TASE: DLKR; Delek Group holds 64% end-Q1). Delek Real Estate's net income for the quarter reached NIS 27 million, compared with NIS 59 million in the same period last year. The lower net income for the current quarter was due mainly to an increase in financing expenses that was affected during the reported period compared to last year by the consolidation of affiliates.

Insurance and Financial Services

The activities of this segment are primarily conducted through Delek Capital, as well as two insurance companies; Israeli insurance company, **Phoenix Holdings Ltd**. (TASE: PHOE), and general US insurer, **Republic Companies, Inc**. held through wholly-owned Delek Finance US Inc. The insurance and financial services sector contributed NIS 17 million to the Group's net income in the first quarter of 2008, compared to NIS 83 million in the first quarter of last year. The lower net income contribution were primarily due to the results of the Phoenix that were effected by the more challenging financial market conditions compared with that of last year. These results were slightly offset by a 9% growth in revenues from gross premiums at Republic reaching $183 million in the first quarter of 2008.

Automotive Operations

Delek Automotive Systems Ltd. (TASE: DLEA; Delek Group holds 55% end-Q1 2008): Delek Automotive Systems' net income for the first quarter of 2008 totalled NIS 150 million, a 50% increase compared with NIS 100 million in the first quarter of last year. The increase in net income was driven mainly by the strong growth in sales of new cars in Israel. Delek Automotive maintains a 24% market share in the Israeli automobile market through the exclusive import and distribution of the Mazda and Ford brands.

Dividend Distribution

On May 29, 2008, the Board of Directors of Delek Group declared a cash dividend distribution for the first quarter of 2008 in the amount of approximately NIS 75 million (NIS 6.4 per share) to the shareholders on record as of July 6th 2008, 2008. The ex-date is 7th July 2008 and the dividend will be paid on July 20th 2008.

Conference Call Details

The Company will be hosting a **conference call in English** on **Monday, June 2nd, 2008** at **8:30am ET, 1:30pm UK time and 3:30pm Israel time**. On the call, CEO Asaf Bartfeld, CFO Barak Mashraki and Head of Investor Relations, Dalia Black, will review and discuss the results, and will be available to answer your questions.

To participate, please call one of the following teleconferencing numbers: US: 1 866 527 8676, UK: 0 800 917 9141, Israel: 03 918 0685.

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