Delek Group Announces Consolidated Results for the First Six Months of 2011

Tel Aviv, September 1, 2011, Delek Group Ltd. (TASE: DLEKG , OTCQX: DGRLY) (hereinafter: "Delek Group" or "The Group") announced yesterday its results for the three and six month period ended June 30, 2011. The full financial statements will be available in English on Delek Group's website at: www.delek-group.com.

FIRST SIX MONTHS 2011 HIGHLIGHTS

- **Net income of NIS 311 million compared with net income of NIS 269 million in the same period last year;**
- **Group operating profit grew to NIS 1.2 billion, a 56% increase compared with NIS 786 million in the same period last year**
- **Delek Group distributed a dividend of NIS 100 million for the second quarter;**
- **Completed purchase of remaining shares of Roadchef and Delek US acquired control of Lion Oil;**
- **Strong improvement at US Oil Refineries and in Oil & Gas Israeli E&P sectors**

Group revenues for the first six months of 2011 were NIS 27.1 billion, a 46% increase compared with NIS 18.6 billion in the first half of 2010. The increase was primarily due to the increase in the quantity sold at the refinery in Tyler Texas as well as the increased contribution from the downstream energy assets; Delek Europe, Delek Israel and Delek US. The revenues in the period also include the contribution from Delek France and Lion Oil which were not included last year.

Net income in the first six months of 2011 totaled NIS 311 million, and grew 15.6% compared with a net income of NIS 269 million in the first six months of 2010. Net income increased due to an improvement at the Delek US oil refinery as well as the Oil and Gas exploration and production activities.

Group total assets as of June 30, 2011, amounted to NIS 96.2 billion, compared with NIS 92 billion as of December 31, 2010.

Commented Mr. Bartfeld, CEO of Delek Group, "Our diverse range of assets, the strong improvements in our US refining activity, as well as our proven ability to capitalize on market opportunities, led to a solid second quarter, with improvements in most parameters, despite the uncertainty prevailing in global markets. At the same time, we maintain a very strong balance sheet with excellent liquidity, which includes a strong portfolio of financial assets, lines of credit with banks and other liquid assets."

Continued Mr. Bartfeld, "During the first half of 2011, we made a number of important acquisitions including the purchase of the Lion refinery in the United States and Roadchef in England. The long-term success of our acquisition strategy is clear from the significant shareholder value we have created over the years, as well as the large dividend distributions we have issued to shareholders over the past year. We continue to work diligently to realize the value in our existing assets, particularly on further developing and bringing to market the natural gas in the Tamar and Leviathan wells, while continuing further exploration of the licenses."

MAIN BUSINESS HIGHLIGHTS

CONTRIBUTION OF PRINCIPAL OPERATIONS TO NET INCOME* (NIS MILLIONS)

	H1 2011	H1 2010	Q2 2011	Q2 2010	FY 2010
Oil and Gas Exploration	97	52	18	22	64
US Fuel Sector Operations	215	(2)	151	40	(213)
Delek Europe	2	69	7	55	69
Israeli Fuel Sector Operations	18	34	6	10	48
Road services in the UK	(21)	-	1	-	-
Insurance and Finance Operations	7	122	(68)	27	188
Automotive Operations	48	130	16	36	195
Capital Gains & Others	(55)	(136)	(30)	(126)	1,350
Net Income attributed Group's shareholders	**311**	**269**	**101**	**64**	**1,701**

* Parts of the above table have been extracted from Delek Group's First Half 2011 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.

ENERGY & INFRASTRUCTURE

The Oil and Gas Exploration, and Gas Production sector. Delek Energy is a public company (TASE: DLEN.TA) and is 80% held as of end-Q2 2011. The activities in Israel are carried out through Delek Drilling LP and Avner Oil Exploration LP which are partners in *Yam Tethys* (together with Delek Investments LP), *Noa*, *Tamar, Dolphin,* and *Leviathan* as well as holding additional exploration licenses in Israel. Delek Energy recently sold its oil and gas assets in the United States and its main focus is now its Israeli E&P activities.

Yam Tethys; A number of additional contracts for the *Yam Tethys* gas was signed; approximately $350 million with Oil Refineries Ltd. ("ORL") for the supply of 1.2 BCM of natural gas over 27 months starting in June 2011, approximately $63 million to supply Hadera Paper with an additional 0.21 BCM of natural gas, and a continuation agreement with Delek Ashkelon. Note that the above mentioned estimated amounts are based oil and natural gas prices on the date of signing, which may change.

Tamar; *Tamar* remains on track for production at the beginning of 2013.

On August 1st, an update was provided by Noble Energy. With regards to the *Tamar 5* development drilling, the drill head reached a final depth of 5,044 meters after passing through the *Tamar* Sands' three natural gas layers and penetrated to the D Sand level. Noble stated that an initial analysis of the drilling data showed that no natural gas was found in the D Sand layer. Noble is currently running a series of electric logs, and eventually intends to seal the lower section of the well, and to undertake a diagonal drilling to the top of the B Sand layer, which is intended for extraction purposes. The *Tamar 3* well, which reached the fault block, which differs from the fault block of the *Tamar 5* drill well, showed natural gas in the D Sand layer.

Leviathan; During the drilling at the *Leviathan 2* well, a flow of water was identified in the bore hole. The Operator decided that the particular well was not suitable as a production well and ceased drilling. The total costs incurred at *Leviathan 2* were approximately NIS 40 million, and it should be noted that the "Control of Well" insurance policy maintained by the subsidiaries generally cover risks and costs such as those incurred in the *Leviathan 2* well up to a ceiling of $200 million, subject to the terms of the policy and participation fees. The income from the insurance is expected to be recognised in the third quarter.

It is important to note that there may be disagreement on the extent of damages covered and the date of payment thereof.

On June 24, 2011, drilling at *Leviathan 3* began 4.4km away from where drilling was carried out *Leviathan 2* and a distance of about 9.6 km drilling from the discovery at *Leviathan 1*. Drilling *Leviathan 3* will be to a total depth of 5,300 meters including a water depth of approximately 1,670 meters. The drilling is expected to continue for approximately 3 months and the total cost is estimated at $100 million, excluding production tests, if required.

***Noa*;** On July 31, 2011, *Noa* reserve's budget and development program was approved in accordance with a plan presented by Noble Energy. Development of the *Noa* reserve is geared to allow for additional supplies of natural gas to the Israeli market, primarily to customers who have signed natural gas supply agreements with the partnership, until the start of natural gas supplies from the Tamar project. The development program includes two diagonal extraction drillings - *Noa 2* and *Noa 3* - to a planned vertical depth of 1,880 meters. The drillings will be complimented by subsea completion, which will allow, in the drill operator’s estimate, a total extraction of 100 million cubic meters per day. The natural gas will flow by pipeline, to the *Mari B* reserve's extraction platform, for handling, and onwards through an existing 30-inch pipeline to the *Yam Tethys* project's Ashdod receiving station. The *Noa 2* drilling work started on July 28, 2011, and development of the *Noa* reserve is expected to be completed by September 2012. The overall cost of development is estimated at $212 million.

Gas Production Summary; During the first half of 2011, revenues from the sale of oil and gas reached NIS 323 million compared with NIS 241 million in the same period, last year.

Net income from the sector for first half of 2011 was NIS 97 million, as compared to a net income of NIS 52 million in the first half of 2010. The growth was due to a large increase in the quantity of gas sold to the Israel Electric Company due to interruptions of supply by their Egyptian Gas supplier, EMG. Profit from the sale of the oil and gas assets in the United States also contributed to net income.

Delek US (NYSE: DK; Delek Group holds 68% end-Q2 2011): Revenues in the first half of 2011 were NIS 10.5 billion compared with NIS 7.1 billion in the first half of 2010. The growth was due to the consolidation for the first time of the refinery in El Dorado. It was also due to an increase in the average number of barrels sold per day in Tyler as well as the increase in the price of oil which affected sales in both the refining and marketing segment, and in filling stations.

Net profit in the first half of 2011 was NIS 318 million compared with a net loss of NIS 1 million in the first half of 2010.

In April 2011, Delek US increased their holdings to 88.3% of Lion Oil, and assumed operational control and management of the Lion Oil refinery. Lion Oil owns and operates an 80,000 barrel per day, 9.0 complexity refinery located in El Dorado, Arkansas, as well as crude oil transportation systems and associated product pipelines, and three light product distribution terminals located in Memphis and Nashville, Tennessee and El Dorado, Arkansas. Lion Oil also owns and operates an asphalt distribution terminal located in El Dorado, Arkansas.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS.TA; Delek Group holds 77% end-Q2 2011): Revenues in the first half of 2011 were NIS 3.1 billion compared with NIS 2.5 billion in the first half of last year, representing an increase of 25%. This increase was due primarily to the increased average price of gasoline during the period compared with that of last year, as well as an increase in sales of the direct marketing segment.

Net income in the first half of 2011 amounted to NIS 19 million compared with a net income of NIS 53 million in the same period in 2010. The reduction in net income was mainly due to an increase in operating expenses compared with those of the first half of last year.

Following the end of the second quarter, Delek Group purchased additional shares of Delek Israel and as of the date of this press release holds 86.9% of Delek Israel.

Delek Europe (Delek Group holds 80% end-Q2 2011)**.** Revenues in the first half of 2011 were NIS 7.9 billion compared with NIS 4.0 billion in the same period last year. The results of the first half 2010 do not include the activities of Delek France which only started contributing in the fourth quarter of 2010. Apart from the inclusion of Delek France which contributed NIS 2.4 billion, the increase in revenues were also due to the increased price of gasoline compared with that of last year as well as increased sales at its convenience stores.

Net income in the first half of 2011 was NIS 2 million, compared with a net income of NIS 75 million in the first half of 2010. The reduction in net income compared with last year, was due to an increase in operating expenses at the gas stations operated by the company.

Roadchef (fully held by Delek Group). RoadChef Ltd. is an operator of 21 motorway services areas across the UK. Delek Group acquired the remaining 75% of Roadchef, becoming a fully owned subsidiary in the first quarter of 2011. In August 2011, Roadchef acquired First Motorways company strengthening its UK portfolio, adding two major sites.

Roadchef's revenue in the first half of 2011 was NIS 554 million versus NIS 566 million in the first half a year ago. Net loss for Roadchef was reduced to NIS 21 million in the first half versus a net loss NIS 58 million in the first half of last year. In the second quarter of 2011, the company returned to profitability contributing net income of NIS 1 million.

INSURANCE AND FINANCIAL SERVICES

The activities of this segment are primarily conducted through two insurance companies; Israeli insurance company, Phoenix Holdings Ltd. (TASE: PHOE) of which Delek Group holds 55%, and general US insurer, Republic Companies, Inc. that is a wholly owned subsidiary.

The insurance and financial services sector contributed NIS 7 million to the Group's net income in the first half, compared to a contribution of NIS 122 million in the same period last year.

Phoenix reported net profit amounting to NIS 129 million in the first half of 2011, compared to NIS 172 million last year. This was primarily due to lower equity market returns in the first half of 2011 compared to that of the same period last year.

Republic Companies reported a net loss amounting to US$ 21 million in the first half of 2011, compared with a net profit of US$ 7 million, in the first half of last year. The loss was primarily due to after tax losses of US$ 30 million because of damage caused by adverse weather including hurricanes in the States in which Republic operates.

DIVIDEND DISTRIBUTION

On August 31, 2011, the Board of Directors of Delek Group declared a cash dividend distribution for second quarter of 2011 in the amount of approximately NIS 100 million (approximately NIS 8.7895 per share) to the shareholders on record as of September 13, 2011. The ex-date is September 14, 2011 and the dividend will be paid on September 27, 2011.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on September 1, 2011 at 6pm Israel time, 11am Eastern Time. Management will also be available to answer investor questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 5 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 888 407 2553

UK Dial-in Number: 0 800 917 9141
ISRAEL Dial-in Number: 03 918 0650
INTERNATIONAL Dial-in Number: +972 3 918 0650
At:
11am Eastern Time, 4pm UK Time, 6pm Israel Time

On the call, CEO Asaf Bartfeld, CFO Barak Mashraki will review and discuss the results, and will be available to answer your questions.

About The Delek Group

Delek Group is the leading energy & infrastructure group based out of Israel with investments in upstream & downstream energy, water desalination and power plants globally. In addition, Delek is the number one importer & distributor of vehicles in Israel and owns insurance assets in Israel and the US. Earlier this year, Delek Group, through its subsidiaries, discovered significant quantities of high quality natural gas off the coast of Israel. Delek Group sales reached approximately 43 billion Israeli shekels in 2010.

For more information on Delek Group please visit www.delek-group.com.

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Delek Group Income Statement (NIS Millions)

	H1 2011	H1 2010	Q2 2011	Q2 2010	FY 2010
Revenue	27,147	18,650	14,026	8,788	42,804
Cost of revenue	23,082	15,433	11,884	7,093	36,217
Gross profit	**4,065**	**3,217**	**2,142**	**1,695**	**6,587**
Sales, marketing and operating expenses – gas stations	1,969	1,675	1,006	842	3,502
General and administrative expenses	954	793	508	397	1,772
Other income (expenses), net	83	37	-	50	(88)
Profit from operating activities	**1,225**	**786**	**628**	**506**	**1,225**
Financing income	427	191	199	35	271
Financial expenses	(997)	(645)	(529)	(376)	(1,655)
Profit (loss) after financing	**655**	**332**	**298**	**165**	**(159)**
Loss from realization of investments in associates and others, net	2	-	1	-	4
Group's equity in profits (losses) of associates and partnerships, net	83	83	(1)	14	156
Profit (loss) before income tax	**736**	**415**	**296**	**179**	**(7)**
Income tax	223	141	94	85	178
Profit (loss) from continuing operations	**513**	**274**	**202**	**94**	**(185)**
Profit from discontinued operations	**-**	**220**	**-**	**56**	**2,139**
Profit	**513**	**494**	**202**	**150**	**1,954**
Attributable to:	311	269	101	64	1,701
Company shareholders	202	225	101	86	253
Non-controlling interest	**513**	**494**	**202**	**150**	**1,954**

The notes are an integral part of the financial statement and can be found at www.delek-group.com