Delek Group Announces Consolidated Results for the First Quarter of 2012

Tel Aviv, May 30, 2012, Delek Group Ltd. (TASE: DLEKG , OTCQX: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the three month period ending March 31, 2012. The full financial statements are available in English on Delek Group's website at: www.delek-group.com.

FIRST QUARTER 2012 HIGHLIGHTS

- **First quarter net income of NIS 110 million compared with net income of NIS 210 million in the first quarter of last year;**
- **First quarter operating profit of NIS 549 million, compared with NIS 597 million in the first quarter of last year**
- **The Group received a $150 million loan from UBS London in the framework of a process to sell the Group's 50% holdings in IDE**

Group revenues for the first quarter of 2012 were NIS 17.8 billion, a 38% increase compared with NIS 12.9 billion in the first quarter of 2011. The increase was primarily due to the contribution from the US Refining Sector which included the activities of the Oil Refinery Lion Oil in the first quarter and the improved contribution from the Automotive sector.

Net income for the first quarter of 2012 totaled NIS 110 million, compared with a net income of NIS 210 million in the first quarter of 2011. The lower level of net income was primarily due to a lower contribution from the Israeli oil & gas Israeli E&P sector due to a significant decrease in the production and the supply of natural gas from the Mari B reservoir; in addition a capital gain of NIS 177m was recorded from the sale of shares in Noble Energy during the first quarter of last year.

Commented Mr. Bartfeld, CEO of Delek Group, "Our US refining segment contributed significantly to our first quarter net income. On the other hand, we saw a significant negative impact due to the necessary reduction in production from the Mari-B gas field. Currently, the Group together with its partners and Noble Energy, are working hard to bring the Noa and Pinnacle fields online within the next couple of months."

Continued Mr. Bartfeld, "In addition, we are continuing to work hard on the development of the Tamar natural gas reservoir and we are assessing the various development options for the significant 16.7 TCF Leviathan discovery. Our balance sheet remains strong and liquid with NIS 1.4 billion in cash and cash equivalents. Delek Group recently successfully raised $150 million in April from UBS Bank in addition to Euro 85 million which was raised by our subsidiary company Delek Europe. This once again, illustrates the strong belief that the financial markets have in our business."

MAIN BUSINESS HIGHLIGHTS

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

	Q1 2011	Q1 2012	FY 2011
US Fuel Sector Operations	64	115	378
Oil and Gas Exploration	79	11	199
Delek Europe	(5)	1	12
Israeli Fuel Sector Operations	12	-	9
UK Service Station Sector	(22)	(25)	(23)
Insurance and Finance Operations	75	73	(48)
Automotive operations	32	54	19
Others and Capital Gains	(25)	(119)	2,064
Net Income	**210**	**110**	**2,610**

* Parts of the above table have been extracted from Delek Group's First Quarter 2012 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.

UPSTREAM ENERGY

Oil and Gas Exploration Sector Highlights. The activities in Israel are carried out through Delek Energy Ltd., Delek Drilling LP and Avner Oil Exploration LP, of which Delek Group has a controlling share.

***Tamar,* a 9.7 TCF natural gas discovery off the coast of Israel** remains on track for production in the first half of 2013. Gas is expected to flow from Tamar through two sixteen inch subsea gas pipelines to the Tamar platform, which is linked to the existing pipeline to the onshore terminal at Ashdod.

During the first quarter of 2012 and following the reporting period, several Take-or-Pay agreements for the supply of natural gas were signed by the Tamar partners. Among them, in March, a 15 year Take-or-Pay agreement was signed with the Israel Electric Company (IEC), in which the IEC will purchase up to 78 BCM of natural gas (with an option of up to 99 BCM). These agreements are pending final approval from the necessary governmental authorities.

In March, A memorandum of understanding was signed between a South Korean-based company, Daewoo Shipbuilding, and the partners of Tamar, for the establishment of a floating liquefied natural gas terminal (FLNG). enabling non-exclusive and non-binding negotiations for the acquisition and sale of liquefied natural gas (LNG) that will be liquefied at the proposed FLNG plant.

On April 17, the partners in the Tamar Project signed a Memorandum of Principles to use Yam Tethys' infrastructure and facilities for approximately $380 million; starting from when the natural gas begins to flow from Tamar, ending on December 31st, 2015.

Leviathan,* a 16.7 TCF natural gas discovery off the coast of Israel*. On May 2, the operator of the drill announced that the well deepening process was suspended before reaching the primary target layers due to high pressure and the mechanical limits of the wellbore. Over the course of deepening the well, the operator obtained valuable data about the basin and its hydrocarbons potential which will be analyzed over the coming months. It is the operator's intention to check the possibility of carrying out an additional drill to the deeper layers, via a rig with the necessary capabilities to reach the deeper layers under the anticipated pressures at these targets.

During the reporting period, the partners recorded expenses of about NIS 85 million for drilling and abandonment of "Leviathan 2" (with the Group's share of expenses totalling NIS 46 million). The partners recorded revenues of NIS 45 million of receipts from insurance companies (with the Group's share of about NIS 25 million).

Aphrodite*, with natural gas resources estimated at 5.2 TCF located in the Block 12 license, Cyprus.** In March 2012, a natural gas discovery was declared at the Well. In addition, the partners discovered natural gas resources amounting to 81.3 BCF at ***Dolphin and 1.2 TCF at ***Tanin***.

In May, Delek Group and its Gas Subsidiaries submitted a proposal as part of a consortium to participate in the Government of Cyprus tender, to acquire rights of exploration and production of oil and natural gas in the Economic waters of Cyprus. The results of which are expected toward year-end.

***Yam Tethys*,** Israel's current sole domestic natural gas supplier. As a result of the decline in the supply of natural gas from the *Mari-B* reservoir, *Noa North* is currently being developed and is expected to begin producing natural gas in the second half of 2012. In addition, there is currently drilling taking place at the Pinnacles #1 well which is located near to the Mari-B site with 2C estimates of 47.6 BCF.

Gas Production Summary*;* During the quarter, revenues from the sale of oil and gas reached NIS 200 million compared with NIS 146 million in the first quarter of 2011. The increase was primarily due to the first time consolidation of Avner starting from the first quarter in 2012.

Net income from the sector for first quarter of 2012 was NIS 11 million, as compared to a net income of NIS 79 million in the first quarter of 2011. The decline in profit during the reporting period compared to last year was due to the above-mentioned decline in the natural gas production capacity of the "Mari B" reservoir, resulting in a lower supply of natural gas to customers from the Yam Tethys project.

It should also be noted that in the first quarter of 2011, the Company recorded income from discontinued operations in the exploration and production of oil and gas of NIS 40.6 million, net.

DOWNSTREAM ENERGY

Delek US (NYSE: DK; Delek Group holds 68% end-Q1 2012): Revenues in the first quarter of 2012 were a record NIS 8.2 billion compared with NIS 4.1 billion in the first quarter of 2011. The growth in revenues was primarily due to the consolidation of the refinery in El Dorado which occurred in the second quarter of 2011. 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 income in the first quarter of 2012 was a record NIS 169 million compared with a net income of NIS 89 million in the first quarter of 2011. Results were supported by significant contributions from the Company's refining segment.

Crude oil differentials widened during the first quarter of 2012, as illustrated by a marked disparity between the price of West Texas Intermediate (WTI) and other crude oils. This positively impacted the benchmark Gulf Coast 5-3-2 crack spread, which averaged $23.87 per barrel during the first quarter 2012, compared to $17.54 per barrel during the same period last year. The Tyler and El Dorado refineries sold more than 141,000 barrels per day, exceeding the overall crude nameplate capacity, taking advantage of improved refining margins and increased asphalt prices.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS.TA; Delek Group holds 87% end-Q1 2012): Revenues in the first quarter of 2012 were NIS 1.6 billion compared with NIS 1.5 billion in the first quarter of 2011, representing an increase of 9.9%. This increase was due primarily to the increased average price of gasoline compared with that of last year, an increase in the quantities sold in the direct marketing segment and an increase in sales at the Menta convenience stores.

Net income in the first quarter of 2012 was breakeven compared with NIS 13 million in the first quarter of 2011.

Delek Israel's results are being impacted by the lowering of fuel marketing margins , provisions for doubtful debts and a reduction in the commons stock between the reporting periods Delek Israel has and continues to take steps in order to mitigate the effects.

Delek Europe. Revenues in the first quarter of 2012 were NIS 4.1 billion compared with NIS 4.2 billion in the first quarter of 2011, a reduction of 2.7%. The lower level of revenues was due to the lower quantities of gas sold in the quarter which was offset by an increase in convenience store sales.

Net income in the quarter was NIS 1 million, compared with a net loss of NIS 5 million in the first quarter of 2011.

Roadchef (Delek Motorway Services in the UK). The company is a fully consolidated subsidiary of the Group and holds the 100% of the shares of RoadChef Ltd., an operator 20 motorway services areas across the UK. Roadchef's revenue in the first quarter of 2012 was NIS 272 million versus NIS 244 million in the first quarter a year ago. The improvement was due to the development of new sites under the Roadchef brand as well as opening the fast food chain McDonalds at various sites. During March and April 2012, the development of two sites was complete and an additional one is expected to be complete in the coming weeks.

EBITDA for the first quarter of 2012 was NIS 15 million versus NIS 12 million in the first quarter of 2011. The improvement at EBITDA is mainly due to the continued development program at the various sites, better efficiency in operating sites and headquarters, as well as the restructuring carried out in the second half of 2011. Net loss for the first quarter of 2012 was NIS 25 million compared with NIS 22 million in the first quarter of 2011.

INSURANCE AND FINANCIAL SERVICES

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

The insurance and financial services sector contributed NIS 73 million to the Group's net income in the quarter, compared to a contribution to net income of NIS 75 million in the same period last year.

Phoenix reported net profit amounting to NIS 121 million in the first quarter of 2012, compared to NIS 112 million last year. The results were primarily impacted by the positive capital market yields that were significantly higher in comparison to yields during Q1 last year. Republic Companies reported a net profit amounting to $2 million in the first quarter of 2012, compared with $3 million, in the first quarter of last year. The decrease resulted due to hail storms and weather during the quarter.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on May 31, 2012. 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: 1 888 668 9141
UK Dial-in Number: 0 800 917 9141
ISRAEL Dial-in Number: 03 918 0650
INTERNATIONAL Dial-in Number: +972 3 918 0650
At:
9:30am Eastern Time, 2:30pm UK Time, 4:30pm 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.

About The Delek Group

The Delek Group, Israel's dominant integrated energy company, is the pioneering leader of the natural gas exploration and production activities that are transforming the Eastern Mediterranean's Levant Basin into one of the energy industry's most promising emerging regions. Having discovered Tamar and Leviathan, two of the world's largest natural gas finds since 2000, Delek and its partners are now developing a balanced, world-class portfolio of exploration, development and production assets with total gross natural gas resources to date of 33 TCF.

Delek is Israel's largest and sole domestic supplier of natural gas. In addition, Delek has built an extensive network of global downstream assets, including 1,900 gas stations and convenience stores in the U.S., Europe and Israel; petroleum refineries in the U.S. with 140,000 barrel per day of nameplate production; and pipelines and storage facilities in the US, Europe and Israel. Delek also holds significant interests in leading water desalination, power generation, insurance and automotive companies.

In 2011, the Company's revenues were NIS 59.2 billion ($15.9 billion). Delek Group's shares are traded on the Tel Aviv Stock Exchange (TASE: DLEKG) as part of the TA25 Index.

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

Contact

Dalia Black	**Kenny Green / Ehud Helft**
Head of Investor Relations	International Investor Relations
Delek Group	CCG Investor Relations
Tel: +972 9 863 8444	Tel: (US) 1 646 201 9246
Email: **black_d@delek.co.il**	E-mail: **delek-group-ir@gkir.com**

Delek Group Income Statement (NIS Millions)

	Q1 2012	Q1 2011	Full Year 2011
Revenue	17,813	12,857	59,159
Cost of revenue	15,693	10,934	50,903
Gross profit	**2,120**	**1,923**	**8,256**
Sales, marketing and operating expenses – gas stations	1,013	963	4,157
General and administrative expenses	547	446	1,884
Other income (expenses), net	(11)	83	(602)
Profit from operating activities	**549**	**597**	**1,613**
Financing income, net	97	228	626
Financial expenses, net	(424)	(468)	(1,951)
Profit (loss) after financing	**222**	**357**	**288**
Profit from realization of investments in associates and others, net	-	(1)	3,749
Group's equity in profits (losses) of associates and partnerships, net	108	84	(223)
Profit (loss) before income tax	**330**	**440**	**3,814**
Income tax (tax benefit)	110	129	558
Profit (loss)	**220**	**311**	**3,256**
Attributable to:			
Company shareholders	110	210	2,610
Non-controlling interest	110	101	646
	220	**311**	**3,256**

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