Delek Group Announces Consolidated Results for the First Six Months of 2013

Tel Aviv, August 28, 2013, Delek Group Ltd. (TASE: DLEKG, OTCQX: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today its results for the three and six month period ended June 30, 2013. The full financial statements will be available in English on Delek Group's website at: www.delek-group.com.

FIRST SIX MONTHS 2013 HIGHLIGHTS

- **Net income reached NIS 555 million for the reporting period, compared with NIS 150 million for the same period last year, a growth of 270%;**
- **Group operating profit of NIS 943 million, an increase of 105% compared with NIS 460 million in the same period last year;**
- **First production revenues recognized from Tamar gas field;**
- **The gain from the sale of 3.6% in shares of Delek US and revaluation of the Company's holdings in Delek US on June 30 led to a profit of NIS 467 million;**
- **Delek Group has declared a dividend of NIS 160 million.**

Group revenues for the first six months of 2013 were NIS 18.7 billion, a slight increase compared with NIS 18.3 billion in the first half of 2012.

Net income in the first six months of 2013, totaled NIS 555 million compared with a net income of NIS 150 million in the first six months of 2012. The increase is due to the sale of 3.6% of Delek US shares in the second quarter of 2013, and from the net revaluation of the investment balance following effective loss of control, a capital gain in the amount of NIS 467 million, net, was recorded. The insurance and financial services sector contributed NIS 244 million to the Group's net income in the first half 2013.

In the second quarter of 2013, the Group ceased consolidating Delek US's results. Therefore, as of June 30, 2013, the Group reports the contribution of Delek US to Delek Group under the equity method. Delek US's results are presented in the statements of income under the profit from discontinued operations.

Group total assets as of June 30, 2013, amounted to over NIS 123 billion, compared with NIS 123 billion as of December 31, 2012.

Commented Mr. Bartfeld, CEO of Delek Group, "We are very pleased that we have finally started to realize the potential and began to recognize the revenues from the Tamar project. We also saw income from the sale of Mari B storage asset. This is an important milestone in the history of the Company which demonstrates that gas exploration, development and production is becoming the core of our strategy. We have been taking additional steps to focus on our core competencies of E&P, demonstrated by reducing our holdings in some of our other activities."

Continued Mr. Bartfeld, "The increase in our revenue, operating and net profit is evidence of our growing financial strength and the quality of the assets in the Delek Group portfolio. We continue to take strategic decisions, which has led to a strengthening of the shareholders' equity, increased liquidity and a reduction in the debt."

MAIN BUSINESS HIGHLIGHTS

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

	H1 2013	H1 2012	Q2 2013	Q2 2012	FY 2012
US Fuel Sector Operations	201	314	63	199	669
Oil and Gas Exploration	5	26	10	15	22
Delek Europe	19	40	19	39	57
Israeli Fuel Sector Operations	14	(2)	13	(2)	9
UK Service Station Sector	(21)	(7)	-	18	(16)
Insurance and Finance Operations in Israel	223	40	85	(27)	150
Insurance and Finance Operations in US	21	(25)	(16)	(31)	33
Automotive operations	84	28	33	(26)	77
Contribution to Net Income before Capital Gains & Others	**546**	**414**	**207**	**185**	**1,001**
Others and Capital Gains	9	(264)	298	(145)	(555)
Net Income attributed Group's shareholders	**555**	**150**	**505**	**40**	**446**

* Parts of the above table have been extracted from Delek Group's First Half 2013 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

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

***Yam Tethys* (Mari B, Noa, and Pinnacles Fields make up the Yam Tethys Project Area);** Following the reporting period and at the beginning of August, the Group's gas subsidiaries announced that due to the increased water flow recorded in the production of natural gas from the Pinnacles 1 well, it was decided to close the well and prepare for abandonment. Abandonment operations are planned to be performed during 2014, after obtaining the necessary permits and obtaining the material and equipment required.

Due to the decline in supply of the natural gas from Yam Tethys, on August 20, 2013, a binding memorandum of understanding between the Tamar project partners and the Yam Tethys project partners was signed to settle the parallel commercial operations and production of both of the projects. The portion of the actual production of natural gas from the Mari-B reservoir will be effective until the full extraction of the gas for Mari B.

***Tamar,* a 10 TCF natural gas discovery off the coast of Israel;** started production in March, 2013. The second quarter of 2013 was the first quarter in which revenues were recognized from the Tamar project. Tamar and Yam Tethys together produced 2.4 BCM of natural gas in the past six months.

On August 22, 2013, the Group's gas subsidiaries published a resource assessment report as of June 30, 2013, of prospective resources in the "Tamar South-West" prospect located in the area of the Tamar I/12 lease and License 353/Eran. A decision to spud has not yet been taken. This is in addition to the proved reserves of 10 TCF.

Leviathan,* a 19 TCF natural gas discovery off the Northern coast of Israel*; the partners continue to analyse production options for Leviathan.

***Karish*, a 1.8 TCF (Contingent & Prospective) natural gas discovery off the coast of Israel;** Contingent and prospective resources, as of June 30, 2013, in the Karish Discovery and prospects was published in mid-July.

***Tanin*, a 2.1 TCF (Contingent & Prospective) natural gas discovery off the coast of Israel;** Contingent and prospective resources, as of June 30, 2013, in a discovery and prospects located in the Tanin Complex (Amit, Alon A, Alon B, and Alon E Licenses), was published at the beginning of August.

***Aphrodite*, a 5.2 TCF (Contingent & Prospective) natural gas discovery located in the Block 12 license, off the coast of Cyprus;** On June 26, 2013, Block 12 partners, including the Group's gas partnerships, signed a non-binding memorandum of understanding with the Republic of Cyprus to begin negotiations on an LNG project agreement prior to December 31, 2013. The project agreement, if and when signed, is expected to regulate the terms of the development and commercial structure of the liquefied natural gas, and other conditions. These include the possible involvement of third parties that may participate in the LNG project and the possible expansion of the LNG project to discoveries in the other licenses.

In late August, the Aphrodite Appraisal well 2 was completed and productions test at Aphrodite A-2 commenced and is expected to last for a month. An updated reserves report will be released following completion. Estimated budget for the production tests (100%) is approximately USD 64 million.

Gas Production Summary; During the first half of 2013, revenues from the sale of oil and gas reached NIS 538 million compared with NIS 348 million in the same period, last year. The increase in revenues is mainly due to initial recognition of revenue from the sale of natural gas and condensate to a variety of clients of the Tamar project.

Net income from the sector for the first half of 2013 was NIS 5 million, as compared to a net income of NIS 23 million in the first half of 2012. The decline in net income was primarily due to income from the revaluation of warrants to purchase shares granted to senior officers in the amount of NIS 26 million and recorded in the same period last year.

Operating profit from the sector for the first half of 2013 was NIS 105 million, as compared to NIS 125 million in the same period last year. The decline in operating income is due mainly to depreciation of Pinnacles and Noa in the amount of NIS 200 million. On the other hand, profit was recorded from the oil and gas leasing assets resulting from the entry into force of an agreement granting the rights to use the facilities at the Yam Tethys project in the amount of NIS 85 million, and due to indemnification from the insurance companies for Leviathan 2 in the amount of NIS 78 million.

Delek US (NYSE: DK; Delek Group holds 33% end-Q2 2013): Revenues in the first half of 2013 were NIS 16.8 billion slightly above the NIS 16.4 billion reported in the first half of 2012.

Net profit in the first half of 2013 was NIS 433 million compared with a net profit of NIS 465 million in the first half of 2012.

In June, the Company sold 3.6% of Delek US shares for NIS 233 million. After this sale, the Company's stake in Delek US amounted to 33.1%. The Company re-examined the accounting implications of this sale and held discussions with the Israeli Securities Authority and determined that there is no effective control in Delek US. As of June 13, 2013, the Company ceased to consolidate the financial statements of Delek US. Thus, in the second quarter the Company accounted for its investment in Delek US at fair value. As a result of this, and due to the sale of shares in June, the Company recognized a profit of 467 million, net of tax. Following the end of the second quarter, in August, 2013, the Company sold an additional 2.6% of shares of Delek US for a total consideration of NIS 149 million. After this sale, the Company holds 30.5% of the share capital of Delek US.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS.TA; Delek Group holds 100% end-Q2 2013): Revenues in the first half of 2013 were NIS 3.3 billion at the same level as the NIS 3.3 billion reported in the same period last year, representing an increase of 2.5%.

Net income in the first half of 2013 amounted to NIS 19 million compared with a net income of NIS 4 million in the same period 2012. The increase is mainly due to the sale of gas station and land assets for NIS 49 million, which resulted in net income of NIS 21 million (before tax).

Delek Europe (Delek Group holds 80% end-Q2 2013): Revenues in the first half of 2013 were NIS 7.9 billion compared with NIS 8.6 billion in the same period last year. Net income in the first half of 2013 was NIS 19 million, compared with a net income of NIS 41 million in the first half of 2012. The decline was due to the decline in quantity of fuel sold which was offset partially by an increase of sales at convenience stores.

Roadchef (fully held by Delek Group). Roadchef's revenue in the first half of 2013 was NIS 519 million versus NIS 625 million in the first half of last year. Net loss for Roadchef was NIS 21 million in the first half of 2013 versus a net loss NIS 7 million in the first half of last year. In the second quarter of 2013, Roadchef reduced its loss to the breakeven level.

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 244 million to the Group's net income in the first half 2013, compared to a contribution of NIS 15 million in the same period last year.

Phoenix reported net profit amounting to NIS 421 million in the first half of 2013, compared to NIS 78 million last year. The significant increase was primarily due to the positive yields in the capital markets.

Republic Companies reported a net profit amounting to US$ 6 million in the first half of 2013, compared with a net loss of US$ 7 million, in the first half of last year. Republic's operating results in the first half of 2013 were affected by storms and weather damage that occurred during the reporting period. As a result, Republic recognized a loss of US$ 10 million compared with a loss of US$ 33 million last year. On the other hand, this was offset from profits from sale of financial investments in the amount of US$ 5 million in the first half of 2013.

DIVIDEND DISTRIBUTION

On August 28, 2013, the Board of Directors of Delek Group declared a cash dividend distribution for the second quarter of 2013 in the amount of approximately NIS 160 million (approximately NIS 13.6793 per share) to the shareholders on record as of September 12, 2013 and the dividend will be paid on September 29, 2013.

CONFERENCE CALL DETAILS

The Group will be hosting a **conference call in English** on August 29, 2013 at 3.30pm Israel time, 1:30pm UK time and 8.30am 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: 1 866 860 9642
UK Dial-in Number: 0 800 917 9141
ISRAEL Dial-in Number: 03 918 0687
INTERNATIONAL Dial-in Number: +972 3 918 0687
At:
8:30am Eastern Time, 1:30pm UK Time, 3:30pm 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

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 discovered since 2009 of approximately 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.

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

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Delek Group Income Statement (NIS Millions)

	6M 2013	6M 2012	Q2 2013	Q2 2012	FY 2012
Revenues	18,737	18,290	9,619	8,662	37,920
Cost of revenues	15,345	15,258	7,930	7,188	31,594
Gross profit	**3,392**	**3,032**	**1,689**	**1,474**	**6,326**
Sales, marketing and gas station operating expenses	1,769	1,754	904	876	3,592
General and administrative expenses	781	790	407	370	1,619
Other income (expenses), net	101	(28)	114	(17)	(65)
Operating profit	**943**	**460**	**492**	**211**	**1,050**
Finance income	86	177	56	93	315
Finance expenses	(751)	(859)	(442)	(496)	(1,548)
Profit after financing	**278**	**(222)**	**106**	**(192)**	**(183)**
Gain from disposal of investments in investees and others, net	3	34	3	34	60
The Group's share in the profits of associate companies and partnerships, net	(164)	111	(303)	3	214
Profit before income tax	**117**	**(77)**	**(194)**	**(155)**	**91**
Tax on Income (tax benefit)	185	11	46	(13)	91
Loss from continuing operations	(68)	(88)	(240)	(142)	-
Profit from discontinued operations, net	1,076	458	959	292	955
Net profit	**1,008**	**370**	**719**	**150**	**955**
Attributable to -					
Equity holders of the parent	555	150	505	40	446
Non-controlling interest	453	220	214	110	509
	1,008	**370**	**719**	**150**	**955**

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