Delek Group Announces Consolidated Results for 2011

Tel Aviv, March 30, 2012, Delek Group Ltd. (TASE: DLEKG , OTCQX: DGRLY) (hereinafter: "Delek Group" or “The Group”) announced today its results for the fourth quarter and full year period ended December 31, 2011. The full financial statements will be available in English on Delek Group’s website at: www.delek-group.com.

FINANCIAL HIGHLIGHTS OF THE FULL YEAR 2011 PERIOD

- **Net income grew 53% to NIS 2.6 billion compared with net income of NIS 1.7 billion last year;**
- **Group operating profit grew to NIS 1.6 billion, a 32% increase compared with NIS 1.2 billion in the same period last year**
- **Delek Group declared a dividend of NIS 120 million for the fourth quarter; reaching a total for 2011 of NIS 425 million**
- **Strong improvement at US Oil Refineries and in Oil & Gas Israeli E&P sectors;**

Revenues in 2011 were NIS 59.2 billion, a 38% increase compared with NIS 42.8 billion in 2010. The increase was primarily due to the consolidation of Lion Oil by Delek US, the consolidation of Delek France by Delek Europe, as well as the increase in the quantity sold at the refinery in Tyler Texas and an increased contribution from the downstream energy assets.

Net income in 2011 totaled NIS 2.6 billion, a 53% increase compared with net income of NIS 1.7 billion in 2010. The results of 2011 included a number of non-recurring expenses and income items (including a one-time capital gain of NIS 3.3 billion from the acquisition of a 51.8% controlling stake in Cohen Development in December 2011). These non-recurring expenses and income items amounted to NIS 2.1 billion compared to NIS 1.3 billion in 2010. Net income from ongoing activities increased due to the strong improvement in the US Refining Segment as well as the Oil and Gas exploration and production activities.

Operating profit in 2011 totaled NIS 1.6 billion, a 32% increase compared with NIS 1.2 billion in 2010. The increase was primarily due to the strong improvement in the US Refining Segment as well as the Oil and Gas exploration and production activities.

Mr. Bartfeld, CEO of Delek Group, commented “2011 was another good year for the Group. Our energy activities which is our core focus, and includes the sale of natural gas, the refining segment and gas stations around the world, contributed NIS 598 million to our net profit. In addition, we maintain a strong balance sheet with NIS 1.2 billion currently available in cash.”

Continued Mr. Bartfeld, “We saw a number of positive developments with regards to our work in the natural gas sector. We made significant progress with the Tamar reservoir and signed a number of key supply contracts including with the Israel Electric Company. The development of the 9.7 TCF Tamar reservoir remains on track for production in the first half of 2013 and we are currently assessing development options for the significant 16.7 TCF Leviathan discovery. Furthermore, we recently made a new discovery at the Aphrodite drill site in Block 12 Cyprus, as well as at Dolphin and Tanin, which are off the coast of Israel. Overall, we are very excited with regard to the potential from our natural gas discoveries, and we look forward to realizing this potential over the coming years.”

MAIN BUSINESS HIGHLIGHTS

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

	FY 2011	FY 2010	Q4 2011	Q4 2010
US Fuel Sector Operations	378	(213)	(30)	(180)
Oil and Gas Exploration and Gas Production Sector	199	64	34	(31)
Delek Europe	12	69	(7)	(13)
Israeli Fuel Sector Operations	9	48	(7)	(2)
Road services in the UK	(23)	-	(10)	-
Insurance and Finance Operations(2)	(48)	275	(50)	94
Automotive Operations	19	195	10	10
Capital Gains & Others (1)	2,064	1,263	2,219	1,539
Net Income attributed Group's shareholders	**2,610**	**1,701**	**2,159**	**1,417**

(1) **Composition of capital and other gains:**

	2011	2010
Writedown of goodwill in insurance and finance operations	(299)	(87)
Gains on revaluation (impairment) of an investment in Delek Automotive	(250)	1,824
Impairment of assets in Gadot (mainly in China)	(230)	-
Gains on the revaluation of an investment in the Avner Partnership (gains following assumption of control)	3,282	-
Equity and impairment losses on loans to Delek Real Estate	(104)	(41)
Other (including financing and tax expenses in headquarters companies and other adjustments)	(335)	(433)
Total others	**2,064**	**1,263**

(2) The results of insurance and finance operations in 2011 and 2010 are presented net of a writedown in goodwill.

* Parts of the above tables have been extracted from Delek Group's Annual 2011 Directors Report.
Please review the full report available on the Group's website www.delek-group.com to view the full 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.

A number of significant agreements have been recently signed by the Tamar partners. The most notable was with the Israel Electric Company (IEC). A 15 year Take-or-Pay agreement was signed, in which the IEC will purchase up to 78 BCM of natural gas (with an option of up to 99 BCM) from the Tamar Project. The partners in the Tamar Project estimate that the cumulative revenues from the sale of natural gas to the IEC (relative to 100% of the rights in the Tamar Project) are likely to be about $14 billion in the event the option is not exercised, and $23 billion if the option is exercised.

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). A letter of intent was signed on March 21, 2012, between the marketing company (a joint venture between Daewoo & Next Decade LLC) and Gazprom Marketing & Trading Switzerland AG, 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.

Leviathan,* a 16.7 TCF natural gas discovery off the coast of Israel*. January 14, 2012, the Homer Ferrington Rig arrived at the *Leviathan 1* drilling site. The drilling continued where it left off in April 2011. The drill is expected to last for 3 months with a budget estimated at $45 million (excluding any potential production tests).

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***.

Yam Tethys; Israel's 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 2011, revenues from oil and gas E&P sector, reached NIS 723 million compared with NIS 558 million in 2010. The growth was due to a large increase in the quantity of gas sold, amounting to 4.3 BCM in the year, versus 3.2 BCM last year. The sharp increase was primarily due to sales to the IEC which were increased due to continued interruptions of supply by their other gas supplier, EMG.

Net income from the sector for 2011 was NIS 197 million, as compared to a net income of NIS 64 million in 2010. Profit from the sale of the oil and gas assets in the United States during the second quarter of 2011 also contributed to net income.

DOWNSTREAM ENERGY

Delek US (NYSE: DK; Delek Group holds 68.5% end-Q4 2011): Net income in the full year of 2011 was NIS 551 million compared with a net loss of NIS 290 million in 2010. The growth was primarily due to the consolidation of the refinery in El Dorado since the second quarter. 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.

In April 2011, Delek US increased its holdings of its stake in Lion Oil to 88.3%, assuming operational control and management of the Lion Oil refinery. In October 2011, Delek US acquired the remaining equity interest from a consortium of private investors, bringing its ownership up to 100%. 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 86.9% end-Q4 2011): Net income in the full year of 2011 amounted to NIS 18 million compared with a net income of NIS 60 million in 2010. The reduction in net income was mainly due to an increase in operating expenses compared with those of the full year of last year. In addition, results in the second half of the year were significantly impacted by the lowering of fuel marketing margins by the ministry of infrastructure on September 1, 2011. Delek Israel has taken steps in order to mitigate the effects.

Delek Europe (Delek Group holds 80% end-Q3 2011)**.** Net income in 2011 was NIS 14 million, compared with a net income of NIS 72 million in 2010. The decline in net income was due to lower operating margins, due to the economic slowdown in Europe which resulted in lower quantities of fuels sold in 2011 as well as increased operating expenses.

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. Net loss for Roadchef was NIS 23 million in 2011 due to high financial expenses. EBITDA for Roadchef was NIS 156 million.

INSURANCE AND FINANCIAL SERVICES

The activities of this segment are 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 a loss of NIS 48 million to the Group's net income in 2011, compared to a positive contribution of NIS 275 million last year.

Phoenix reported net income amounting to NIS 69 million in 2011, compared to NIS 333 million in 2010. This was primarily due to lower equity market returns in the period compared with the same period last year.

Republic Companies reported a net loss amounting to US$ 111 million in the full year of 2011, compared with a net loss of US$ 2 million, in 2010. The loss was primarily due to damage caused by adverse spring weather including hurricanes in the States in which Republic operates.

DIVIDEND DISTRIBUTION

On March 29, 2011, the Board of Directors of Delek Group declared a cash dividend distribution for the fourth quarter of 2011 in the amount of approximately NIS 120 million (or NIS 10.547 per share) to shareholders on record as of April 18, 2012. The ex-date is April 19, 2012 and the dividend will be paid on May 3, 2012.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on April 2, 2012 at 4pm Israel time, 9am 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 5108
ISRAEL Dial-in Number: 03 918 0691
INTERNATIONAL Dial-in Number: +972 3 918 0691
At:
9am Eastern Time, 2pm UK Time, 4pm 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 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 / Dina Vince
Investor Relations
Delek Group
Tel: +972 9 863 8444
Email: **investor@delek-group.com**

Kenny Green / Ehud Helft
International Investor Relations
CCG Investor Relations
Tel: (US) 1 646 201 9246
E-mail: **delek-group-ir@ccgisrael.com**

Delek Group Income Statement (NIS Millions)

	2011	2010	Q4 2011	Q4 2010
Revenues	59,159	42,804 (*)	16,797	12,419
Cost of revenues	50,903	36,217 (*)	15,062	10,641
Gross profit	**8,256**	**6,587**	**1,735**	**1,778**
Sales, marketing and gas station operating expenses	4,157	3,502	1,117	979
General and administrative expenses	1,884	1,772	478	530
Other income (expenses), net	(602)	(88)	(629)	(130)
Operating profit	**1,613**	**1,225**	**(489)**	**139**
Finance income	626	271	(142)	24
Finance expenses	(1,951)	(1,655)	(498)	(600)
Profit (loss) after financing	**288**	**(159)**	**(845)**	**(437)**
Profit (loss) from disposal of investments in investees and others, net	3,749	(4)	3,689	(4)
Group's equity in earnings (losses) of associate companies and partnerships, net	(223)	156	(289)	8
Profit (loss) before income tax	**3,814**	**(7)**	**2,555**	**(433)**
Income tax	558	178	90	26
Profit (loss) from continuing operations	**3,256**	**(185)**	**2,465**	**(459)**
Profit from discontinued operations	**-**	**2,139**	**-**	**1,819**
Net profit	**3,256**	**1,954**	**2,465**	**1,360**
Attributable to -				
Equity holders of the parent	2,610	1,701	2,159	1,399
Non-controlling interests	646	253	306	(39)
	3,256	**1,954**	**2,465**	**1,360**

(*) Re-stated