



Delek Group Announces Consolidated Results for the Second Quarter and First Six Months of 2010

Second quarter net income reaches 64 NIS million

Tel Aviv, August 31, 2010 - Delek Group Ltd. (TASE: DLEKG.TA ; OTC: DGRLY) (hereinafter: "Delek Group" or "The Group") announced today reported its results for the three and six month periods ended June 30, 2010. The full financial statements are available on Delek Group's website at: www.delek-group.com.

FIRST SIX MONTHS 2010 HIGHLIGHTS

- Revenues grew year-over-year 10% to NIS 21.8 billion;
- Group operating profit reaches NIS 1.1 billion growing 18% year-over-year;
- Net income of NIS 269 million;
- Strong improvement in profitability in the European gas station business, Oil & Gas E&P sector and insurance sector;
- Initial drilling of the Leviathan prospect on track for Q4 2010.

FIRST SIX MONTHS 2010 RESULTS

Group revenues for the first six months of 2010 totaled NIS 21.8 billion, a growth of approximately 10% compared with NIS 19.9 billion in the same period in 2009. Group revenues in the second quarter of 2010 amounted to NIS 10.4 billion, compared with NIS 10.8 billion in the second quarter of 2009. The increase in six-month revenues was primarily as a result of increased sales at the refinery in Tyler, Texas.

Operating profit for the first six months of 2010 totaled NIS 1.1 billion, a 18% increase over NIS 940 million in the same period in 2009. Operating profit in the second quarter of 2010 amounted to NIS 676 million, a 32% increase compared with NIS 513 million in the second quarter of 2009.

Net income for the first six months was NIS 269 million, compared with the NIS 380 million in the same period in 2009. Net income in the second quarter was NIS 64 million, compared with NIS 223 million reported in the second quarter of 2009. The reduction is due to an increase in financial expenses at some of the subsidiary companies.

Group total assets as of June 30, 2010, amounted to NIS 86.2 billion, compared with NIS 84.3 billion as of December 31, 2009.

Group total liabilities: In the second quarter, the Company successfully raised NIS 255 million in bonds convertible to company's shares and added to existing series of bonds a further NIS 844 million.

Mr. Asaf Bartfeld, CEO of Delek Group commented, "We are happy with our performance so far in 2010. All our businesses are performing well and we are seeing a solid improvement in the results of Delek Europe, which contributed significantly to our profitability in the first half of this year. In the fourth quarter we will complete the purchase of BP's retail fuel and convenience store business in France, a strategic deal for us which will significantly expand our activities in Europe. Furthermore, in our upstream sector, we are excited about the initial exploration drilling that we will commence in the coming months at the Leviathan prospect off the coast of Israel. We remain highly focused on investing in our oil and gas exploration activities, which has been highly successful to date and has tremendous potential for the Group."

MAIN BUSINESS HIGHLIGHTS

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

| | FY 2009 | H1 2009 | H1 2010 | Q2 2009 | Q2 2010 |
|--|------------|------------|------------|------------|------------|
| US Fuel Sector Operations | 27 | 95 | (2) | 97 | 40 |
| Israeli Fuel Sector Operations | 82 | 61 | 34 | 29 | 10 |
| Delek Europe | 59 | 44 | 69 | 41 | 55 |
| Oil and Gas Exploration | 23 | (32) | 52 | 2 | 22 |
| Automotive Operations | 250 | 107 | 130 | 53 | 36 |
| Insurance and Finance Operations | 181 | 88 | 122 | 6 | 27 |
| Capital Gains & Others | 247 | 22 | (136) | (5) | (126) |
| Net Income excl. Real Estate Activities in 2009 | 869 | 385 | 269 | 223 | 64 |
| Real Estate activities | (5) | (5) | - | - | - |
| Net income attributed Group's shareholders | 864 | 380 | 269 | 223 | 64 |

* Parts of the above table have been extracted from Delek Group's Second Quarter 2010 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. Oil and gas exploration activities contributed NIS 241 million in revenue for the first half of 2010, compared with revenue of NIS 186 million in the first half of 2009. The increase was primarily due to increased sales of natural gas in the period, as a result of an increase in sale price, based on agreements signed with the Israel Electric Company and Israel Chemicals at the end of December 2009. The amount of gas supplied in the 6 month period, at 1.3 BCM was at the same levels as that supplied in the same period last year. Net income for the first half of 2010 was NIS 52 million compared to a net loss of 32 million in the first half of 2009.

Summarising the oil exploration activities off the coast of Israel;

In June 2010, the partners in the Tamar natural gas discovery announced a proved and probable reserve of natural gas at the site of approximately 8.7 TCF (about 247 BCM). Commercialization of the natural gas at Tamar is on track for 2012. Noble Energy Mediterranean Ltd. (hereinafter: "Noble"), the operator and partner in the Tamar project, announced results of a 3D seismic study, revealing amongst other prospects, the Leviathan showing a gross mean resource of 16 TCF (about 453 BCM) with a 50% probability of success.

In August 2010, the budget of \$150 million for the drilling of the Leviathan prospect (135 km west of Haifa, Israel) was approved. Drilling is scheduled to begin in October 2010 using the Sedco Express drilling rig, drilling to a depth of 5,095 meters (including water depth), the deepest well to have ever been drilled off the coast of Israel.

Delek US (NYSE: DK; Delek Group holds 72.6% end-Q2 2010): Revenues in the first half of 2010 were NIS 7.1 billion compared with NIS 4.0 billion in the first half of 2009, an increase of 77%. It is important to note that the refinery at Tyler, Texas was closed for large portion of the first half of 2009 for repairs and upgrades. Net loss in the first half of 2010 was NIS 2 million compared with a net income of NIS 134 million in the first half of 2009. However, results in the second quarter were strong with net income standing at NIS 55 million compared with a loss of NIS 136 million in the second quarter of 2009.

In the second quarter the company saw strong demand for refined products in each of its operating segments and operated the Tyler refinery at or near peak capacity for the duration of the quarter. The second quarter also demonstrated improved Gulf Coast refining economics and elevated retail fuel margins. The WTI 5-3-2 refining margin reached a second quarter average \$9.5 per barrel, an increase of 45% compared with the first quarter of 2010.

In the retail segment in the second quarter, strong same-store sales of fuel and merchandise led to one of the best quarters in retail in nearly two years.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS.TA; Delek Group holds 77% end-Q2 2010): Revenues in the first half of 2010 were NIS 2.5 billion compared with 1.9 billion in the first half of last year. This increase was due primarily to the increased quantities of gasoline sold to commercial enterprises, as well as an increase in sales at convenience stores, when compared with that of last year.

Net income in the first half of 2010 amounted to NIS 53 million compared with a net income of NIS 75 million in the same period in 2009. The decrease in net income was primarily due to increased competition which led to erosion of margins.

Delek Europe. Delek is an operator of 850 gas stations across the Benelux region. Revenues in the first half of 2010 were €976 million compared with €942 million in the same period last year. Net income in the first half of 2010 was €15 million, compared with a net income of €8 million in the same period in 2009. The improvements were driven by an increase in the quantity of gasoline sold, improvement in the gross profitability in the gasoline sector and growth in the convenience store sector.

Following the end of the reporting period in August, the acquisition by Delek Europe of BP's retail fuels and convenience business in France, including 416 petrol stations and its interests in 3 terminals was approved by the European Commission, and there remains no additional precedent conditions on which the closure of the deal is dependent on. The transaction is expected to close in the fourth quarter of 2010.

Infrastructure Sector (including IDE, 50% indirectly held by Delek Group and IPP, 100% held by Delek Group) contributed NIS 34 million to Delek Group's net income, the majority of which was due to IDE.

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 an indirectly wholly owned subsidiary.

The insurance and financial services sector contributed NIS 122 million to the Group's net income in the first half of the year, a growth of 39%, compared to a net income of NIS 88 million in the same period last year.

Phoenix reported a sharp rise in net profit amounting to NIS 172 million in the first six months of the year, compared to NIS 110 million last year. In particular, in the second quarter, the company reported NIS 45 million compared with NIS 10 million in the second quarter last year. The results were improved over those of last year due to the significant improvement in the capital market environment globally and in Israel in the past year.

AUTOMOTIVE OPERATIONS

Delek Automotive Systems Ltd. (TASE: DLEA.TA; Delek Group holds 55% end-Q2 2010): Delek Automotive is the exclusive distributor of Mazda and Ford in Israel. Revenues in the first half of 2010 grew to NIS 2.3 billion compared to NIS 2.0 billion in the same period of 2009. Net income at Delek Automotive in the first half of 2010 reached NIS 221 million compared to a net income of NIS 192 million in the same period in 2009. In the second quarter, Delek Automotive saw a reduction in net income to NIS 60 million from NIS 103 million in the second quarter of last year due to an increase in financial expenses because of exchange rate changes.

Delek Automotive sold 20,928 cars in the first half of 2010 compared with 17,980 in the same period last year, and currently holds a market share of approximately 20%.

CONFERENCE CALL DETAILS

The Company will be hosting a **conference call in English** on **Tuesday, August 31st, 2010** at **9:30am ET, 2:30pm UK time, 4:30pm Israel time**. On the call, CEO Asaf Bartfeld, CFO Barak Mashraki and VP & 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: 1 866 345 5855, UK: 0 800 404 8418, Israel: 03 918 0691.

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 over 43 billion Israeli shekel in 2009.

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

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