Delek Group Announces Consolidated Results for the First Six Months of 2012

Tel Aviv, August 29, 2012, 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, 2012. The full financial statements will be available in English on Delek Group's website at: www.delek-group.com.

FIRST SIX MONTHS 2012 HIGHLIGHTS

- **Group operating profit of NIS 1.3 billion, an increase of 5% compared with NIS 1.2 billion in the same period last year;**
- **Net income reached NIS 161 million for the reporting period and NIS 51 million for the second quarter;**
- **Agreement was finalised to supply natural gas between Israel Electricity Corporation and the Tamar natural gas partnership;**
- **The Group sold 5.15% of shares in Delek US for NIS 285 million, generating an expected profit of NIS 134 million that will be recorded as an increase in shareholders equity in Q3 2012**
- **Delek Group announced a dividend of NIS 80 million for the first six months of 2012.**

Group revenues for the first six months of 2012 were NIS 34.7 billion, a 28% increase compared with NIS 27.1 billion in the first half of 2011. The increase was primarily due to the Lion Oil refinery operations which was consolidated in the corresponding period last year for only two months. The increase in revenues was also due to the rise in fuel prices, which led to an increase in refinery revenues as well as an increased contribution from the downstream energy assets; Delek Europe, Delek Israel and Delek US.

Net income in the first six months of 2012 totaled NIS 161 million compared with a net income of NIS 311 million in the first six months of 2011. In the first six months of 2011, net income included NIS 348 million in capital gains from the sale of Noble Energy shares. Excluding this capital gain in 2011, there is a significant increase in net income, compared to the same period last year.

Group total assets as of June 30, 2012, amounted to over NIS 114 billion, compared with NIS 108 billion as of December 31, 2011.

Commented Mr. Bartfeld, CEO of Delek Group, "The improvement in our operating profit demonstrates the quality of the Delek Group portfolio and can be attributed to the broad scope of our businesses that allow us to diversify our risks. We continued to maintain a strong balance sheet with NIS 1.4 billion currently available in cash and the Group's liquid assets are estimated at more than NIS 12 billion. We continue to work diligently to realize the value in our existing assets. We sold approximately 5% of our shares in Delek US for an expected profit of approximately NIS 134 million which will be reflected in our third quarter results as an increase in shareholders equity. This transaction is a proof of the Group's financial flexibility and its ability to exercise listed holdings."

Continued Mr. Bartfeld; "In the natural gas sector, we have finalized a number of key supply contracts for the Tamar reservoir including a major agreement with the Israel Electric Company. In addition, we have received all the necessary approvals to utilize the $800 million project financing. The development of the 9.7 TCF Tamar reservoir remains on track for production, and we are confident this will have an immediate positive impact on cash flow starting from April 2013."

MAIN BUSINESS HIGHLIGHTS

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

	H1 2012	H1 2011	Q2 2012	Q2 2011	FY 2011
US Fuel Sector Operations	314	215	199	151	378
Oil and Gas Exploration	26	97	15	18	199
Delek Europe	40	2	39	7	12
Israeli Fuel Sector Operations	(2)	18	(2)	6	9
Road services in the UK	(7)	(21)	18	1	(23)
Insurance and Finance Operations	26	7	(47)	(68)	(48)
Automotive Operations	28	48	(26)	16	19
Capital Gains & Others	(264)	(55)	(145)	(30)	2,064
Net Income attributed Group's shareholders	**161**	**311**	**51**	**101**	**2,610**

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

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; A significant decline in the ability to produce natural gas from the "Mari B" reservoir continued in the past few months. Yam Tethys' project operator, Noble Energy Mediterranean, together with its (Delek) partners completed the development of Noa and Pinnacles in order to reduce the impact of the decline in the natural gas supply capacity of Mari B, and mitigate the consequences for its customers. At the end of June 2012 gas began to flow from Noa and at the end of July 2012, from Pinnacles. It is important to note, the timetable for the completion of Noa was brought forward and Pinnacles remains on schedule. The project partners in Yam Tethys intend to maintain a continuous natural gas reservoir production capacity while maintaining the integrity of the production facilities of the project.

On July 24, the Tamar partners signed a binding agreement with the Yam Tethys partners to use Yam Tethys' infrastructure facilities for approximately US$380 million; starting from when the natural gas begins to flow from Tamar, and ending on December 31st, 2015.

Tamar, **a 9.7 TCF natural gas discovery off the coast of Israel** remains on track for production in the first half of 2013.

On July 22, an amendment to the natural gas supply agreement between IEC and the partners in the Tamar lease was signed, following implementation of the requested changes which were required by the Public Utility Authority – Electricity and Antitrust Authority. In addition, the Tamar partners signed additional amendments to the agreements with other natural gas consumers in Israel. August 2012, all conditions were met to enable the Group's gas subsidiaries to begin withdrawal of the $800 million project financing facility, as of date of publication $410 million have been withdrawn.

Leviathan,* a 16.7 TCF natural gas discovery off the coast of Israel*. On June 8, production tests in the natural gas field of Leviathan 1 were completed successfully. Currently the Leviathan partners are in the process of finding an additional strategic partner to join them in developing the reservoir. In August 2012, all conditions were met to enable the Group's gas subsidiaries to begin withdrawal of the $500 million financing facility of Leviathan. As of date of publication $422 million had been withdrawn.

Gas Production Summary; During the first half of 2012, revenues from the sale of oil and gas reached NIS 348 million compared with NIS 323 million in the same period, last year.

Net income from the sector for the first half of 2012 was NIS 23 million, as compared to a net income of NIS 97 million in the first half 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.

Delek US (NYSE: DK; Delek Group holds 68% end-Q2 2012): Revenues in the first half of 2012 were NIS 16.4 billion compared with NIS 10.5 billion in the first half of 2011. The growth was due to the consolidation of the Lion Oil refinery in El Dorado, as well as due to the increase in the price of oil which affected sales in both the refining and marketing segment, and in fuelling stations.

Net profit in the first half of 2012 was NIS 465 million compared with a net profit of NIS 318 million in the first half of 2011.

On July 12, Delek US's wholly-owned subsidiary, Delek Logistics Partners, LP, filed a registration statement relating to its proposed initial public offering. Application will be made to list the common units of Delek Logistics on the New York Stock Exchange. Delek Logistics was formed by Delek US to own, operate, acquire and construct crude oil and refined products logistics and marketing assets.

Following the end of the second quarter, on August 12, Delek Group sold approximately 5% of the outstanding shares of Delek US for a total of approximately US$71.5million. Following the sale the Group holds approximately 62.9% of the outstanding shares of Delek US. As a result, the expected profit (before tax) of approximately NIS134 million will be reflected in the third quarter results as an increase in shareholders equity.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS.TA; Delek Group holds 89% end-Q2 2012): Revenues in the first half of 2012 were NIS 3.3 billion compared with NIS 3.1 billion in the same period last year, representing an increase of 6%. This increase was due to the rise in the average price of gasoline during the period compared with that of last year, an increase in sales of the direct marketing segment and an increase in sales at the Menta convenience store.

Net income in the first half of 2012 amounted to NIS 4 million compared with a net income of NIS 19 million in the same period 2011. Delek Israel's results were impacted by the lowering of fuel marketing margins between the comparable reporting periods. Delek Israel has and continues to take steps in order to mitigate the effects.

Delek Europe (Delek Group holds 80% end-Q2 2012) Revenues in the first half of 2012 were NIS 8.6 billion compared with NIS 7.9 billion in the same period last year. Net income in the first half of 2012 was NIS 41 million, compared with a net income of NIS 2 million in the first half of 2011. The increase was due to the increased price of gasoline compared with that of last year, as well as increased sales at its convenience stores however this was offset by a decrease in the quantity of fuel sold.

Roadchef (fully held by Delek Group). Roadchef's revenue in the first half of 2012 was NIS 625 million versus NIS 554 million in the first half of last year. Net loss for Roadchef was reduced to NIS 7 million in the first half of 2012 versus a net loss NIS 21 million in the first half of last year. In the second quarter of 2012, the company returned to profitability contributing net income of NIS 18 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 56%, and general US insurer, Republic Companies, Inc. that is a wholly owned subsidiary.

The insurance and financial services sector contributed NIS 26 million to the Group's net income in the first half 2012, compared to a contribution of NIS 7 million in the same period last year.

Phoenix reported net profit amounting to NIS 89 million in the first half of 2012, compared to NIS 129 million last year. This was primarily due to lower equity market returns in the reported period compared to last year.

Republic Companies reported a net loss amounting to US$ 7 million in the first half of 2012, compared with a net loss of US$ 21 million, in the first half of last year. The loss was primarily due to damage caused by adverse weather including hurricanes in the States in which Republic operates. However, Republic recorded gains from sale of financial investments for a total of US$ 15.2 million in the first six months of 2012, compared with profits totalling insignificant amounts in the same period last year.

DIVIDEND DISTRIBUTION

On August 29, 2012, the Board of Directors of Delek Group declared a cash dividend distribution for the second quarter of 2012 in the amount of approximately NIS 80 million (approximately NIS 7.0316 per share) to the shareholders on record as of September 11, 2012 and the dividend will be paid on September 27, 2012.

CONFERENCE CALL DETAILS

The Group will be hosting a **conference call in English** on August 30, 2011 at 4.30pm Israel time, 2:30pm UK time and 9.30am 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: 0800 404 8418
ISRAEL Dial-in Number: 03 918 0687
INTERNATIONAL Dial-in Number: +972 3 918 0687
At:
9:30am Eastern Time, 2:30pm UK Time, 4:30pm 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)

	H1 2012	H1 2011	Q2 2012	Q2 2011	FY 2011
Revenue	34,677	27,147	16,864	14,026	59,159
Cost of revenue	30,294	23,082	14,601	11,884	50,903
Gross profit	**4,383**	**4,065**	**2,263**	**2,142**	**8,256**
Sales, marketing and operating expenses – gas stations	2,029	1,969	1,016	1,006	4,157
General and administrative expenses	1,039	954	492	508	1,884
Other income (expenses), net	(28)	83	(17)	-	(602)
Profit from operating activities	**1,287**	**1,225**	**738**	**628**	**1,613**
Financing income	177	427	80	199	626
Financial expenses	(956)	(997)	(532)	(529)	(1,951)
Profit (loss) after financing	**508**	**655**	**286**	**298**	**288**
Loss from realization of investments in associates and others, net	34	(2)	34	(1)	3,749
Group's equity in profits (losses) of associates and partnerships, net	111	83	3	(1)	(223)
Profit (loss) before income tax	**653**	**736**	**323**	**296**	**3,814**
Income tax	263	223	153	94	558
Profit	**390**	**513**	**170**	**202**	**3,256**
Attributable to:					
Company shareholders	161	311	51	101	2,610
Non-controlling interest	229	202	119	101	646
	390	**513**	**170**	**202**	**3,256**

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