The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

DekelOil Public Limited / Index: AIM / Epic: DKL / Sector: Food Producers

13 September 2018

DekelOil Public Limited ('DekelOil' or 'the Company')
2018 Interim Results,
Issue of Shares and Total Voting Rights

DekelOil Public Limited, operator and 100% owner of the vertically integrated Ayenouan and Guitry palm oil projects in Côte d'Ivoire (the "Project"), is pleased to announce its interim results for the six months ended 30 June 2018.

The Company will be hosting a shareholder conference call at 11.00am UK time on 18 September 2018. The call will be hosted by Executive Director, Lincoln Moore and Deputy CEO Shai Kol who will discuss the interim results and provide an update on activity across its portfolio of projects. Further information on the call can be found at the end of this announcement and a presentation will be uploaded to the DekelOil website prior to the conference call.

Operational Overview

- Following three successive years of revenue and profitability growth, a combination of a poor high season harvest in Côte d'Ivoire and weaker global palm oil prices has led to lower year on year H1 2018 results – see financial section below
- Measures implemented at Ayenouan to offset impact of challenging trading conditions
    - Additional supplies of kernels sourced from third parties to produce Palm Kernel Oil ('PKO') secured to optimise lower utilisation rates at the mill - PKO volumes increased; Kernel cake output stable
    - Crude Palm Oil ('CPO') extraction rate maintained
    - 7% reduction in administrative costs
- Despite the regional impact of the poor harvest which affected all local producers, the Company's market share of Fresh Fruit Bunches ('FFB') remained stable

Financial Overview

- 28.1% decrease in revenues to €14.1m (H1 2017: €19.6m) - resulting from an 18% decrease in CPO prices and 17% decrease in CPO volumes
- Gross margin percentage of 14.9% (H1 2017 25.5%) fell principally due tohigh raw material costs due to intense competition for FFB caused by lower than normal high season FFB volumes and the fall in global palm oil prices
- EBITDA fell to €1.1m (H1 2017: €3.7m)

- Net loss of €0.5m compared to net profit after tax in H1 2017 of €2.4m
- Suspension of dividends to prioritise the allocation of capital to growing the business during a period of cyclically low global palm oil prices

Outlook

Delivering on strategy to build a West African focused multi-commodity, multi-project agriculture company with diverse revenue streams

- Option secured to acquire 58% interest in a cashew processing plant which has the potential to transform the Company's revenue profile once production commences towards the end of 2019
    - Global cashew market benefits from favourable long-term structural drivers
    - Processing cashews benefits from attractive economics and higher margins than palm oil processing
- Advanced discussions with potential partners to commence funding of development of Guitry, the Company's second palm oil operation, at project level

DekelOil Executive Director Lincoln Moore said, "The half year period saw us successfully implement initiatives to utilise spare capacity at our mill at Ayenouan and further reduce our cost base. Despite these initiatives, our first half results reflect the effects of this year's poor harvest and the sharp retrenchment in global palm oil prices. Recent history shows that unseasonable harvests in Cote d'Ivoire are typically followed by strong yields the following year. The normalisation of fruit volumes delivered to our mill during Q3 when compared to the equivalent period in 2017 is therefore encouraging and bodes well for the year ahead, although there can be no guarantee that next year's harvest will follow this historical trend.

"At a strategic level, the six months under review saw further progress being made in delivering on our objective to build a multi-project, multi-commodity agriculture company after we secured an option to acquire a 58% interest in a cashew processing project in Cote d'Ivoire. We expect the cashew operation will diversify and scale up DekelOil's revenue and profitability profile. With this in mind, I look forward to providing further updates on our progress as we commence the construction phase of the project in the coming weeks."

Issue of Equity and Total Voting Rights

In addition, application has been made to the London Stock Exchange for the admission of a total of 379,493 ordinary shares of €0.0003367 each ('Ordinary Shares') issued to certain advisers in settlement of fees for services provided ('Admission'). It is expected that Admission will become effective on 20 September 2018. The new Ordinary Shares will rank *pari passu* with the existing Ordinary Shares in issue. Following Admission, the Company's total issued share capital will comprise 299,471,369 Ordinary Shares. This number may be used by shareholders in DekelOil as the denominator for calculation by which they determine if they are required to notify their interest in, or a change in their interest in, the share capital of DekelOil under the FCA's Disclosure Guidance and Transparency Rules.

Conference Call

To participate in the conference call to be held at 11.00am UK time on 18 September 2018, please dial 0808 109 0701, (if you are calling from outside of the UK, please dial +44 (0) 20 3003 2701and enter participant pin 2178181# when prompted to do so. Please note that all lines will be muted with the exception of Company management, however the Company invites shareholders to submit questions to its public relations adviser, St Brides Partners Ltd, ahead of the call via email. Questions should be sent to shareholderenquiries@stbridespartners.co.uk.

If you have any problems accessing the call, please contact St Brides Partners Ltd on shareholderenquiries@stbridespartners.co.uk or call +44 (0) 20 7236 1177.

For further information please visit the Company's website at www.dekeloil.com or contact:

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Chairman's Statement

Rising palm oil production, supportive prices, and the successful implementation of growth initiatives have enabled DekelOil to report an unbroken series of strong financial results since our IPO on AIM in 2013. Unseasonable harvests and sharply lower global Crude Palm Oil ('CPO') prices during the half year period have combined to end this run in H1 2018. However, while these latest results bear the hallmarks of trading conditions that have been among the most challenging seen across the region in recent years, they do serve to validate our strategy to build a multi-project, multi-commodity business, supplying diverse markets and generating multiple revenue streams. I am pleased to report that progress has been made during the period.

Today, DekelOil has a portfolio of projects in Cote d'Ivoire that are at various stages of development: a 100% owned producing palm oil operation at Ayenouan; an option to acquire 58% ownership of a cashew processing project at Tiebissou, which is due to commence a 12 month construction phase shortly; and a second palm oil project in Guitry where we are in discussions with potential funding partners at the asset level to build a vertically integrated operation. The common thread running through all our projects is that they share the same model we successfully deployed at Ayenouan: identify a shortfall in processing capacity for local produce; build strong relationships with smallholders; construct a processing plant; and secure offtake partners.

Our 'seed to oil' model including computerised nursery and state of the art extraction mill benefits both local farmers and smallholders and is synonymous with the Company's values. From supplying plants from our nursery to establishing local collection hubs to enable easier delivery of Fresh Fruit Bunches ('FFB'), DekelOil prides itself on its socially responsible agenda which keeps local farmers and smallholders at the heart of its operations. Despite adverse trading conditions, the Company continues to keep the interests of smallholders at the centre of its projects.

Until the plant at Tiebissou comes on stream, Ayenouan will remain DekelOil's only fully operational project. Local weather and harvests, together with global market forces, will therefore continue to have a significant influence on our financial performance. This has been the case in H1 2018. As previously announced in our Half Year Trading Update on 19 July 2018, lower year on year volumes of FFB harvested led to a drop in CPO volumes produced at our mill to 22,242 tonnes in H1 2018 from 26,947 in H1 2017. This was very much a region-wide phenomenon but was felt more acutely in our area with all producers noticing the effects of the poor harvest: the Company's market share of FFB as a proportion of total volumes harvested has remained stable; while a local industry update on CPO volumes produced by mills across the country between January and June 2018 showed a decline of close to 20% compared to the same period last year. Encouragingly, the last poor crop year for palm oil in the region was 2010, which was followed by an unusually strong year of fruit being harvested. Whilst there can be no guarantee that 2019 harvests will be strong, this does bode well for 2019 and in line with this, we are pleased to report that fruit levels have shown signs of stabilising in Q3 2018 (albeit recognising this is historically the lowest production quarter).

A poor harvest was not the only factor that weighed on first half numbers. Global palm oil prices falling to cyclical lows of US$550 a tonne magnified the negative impact on our top line, while an increase in raw material prices exerted further downward pressure on gross margins. An escalation in international trade disputes, tariffs imposed by India to support its local soya market, a substitute for palm oil, and recent weak emerging market currencies are among the macro factors that lie behind the weak pricing environment. We do not know how long it will take for these factors to play out and for a recovery in palm oil prices to take root, but we have taken steps to ensure that we continue to operate efficiently and that we maximise all revenue streams available to us. We have continued to reduce our low-cost base and increased our efforts to secure external supplies of kernels for processing into Palm Kernel Oil ('PKO'). As a result, H1 2018 saw PKO volumes increase, kernel cake output levels maintained, and a stable CPO extraction rate of 23.1% achieved when compared to H1 2017.

Our medium-term strategy to minimise the effect of adverse trading conditions is to build a multi-project business to broaden the risk profile of the group's operations. The half year period saw us sign an option agreement to acquire a 58% interest in Capro CI SA ('Capro') which is developing a large-scale 30,000tpa Raw Cashew Nut ('RCN') processing plant at Tiebissou in Côte d'Ivoire. Once operations commence in late 2019 at an initial rate of 10,000tpa, Tiebissou will provide DekelOil with exposure to the attractive economics of processing cashews in Côte d'Ivoire, where there is a large shortfall in processing capacity: currently, high quality processed whole nuts fetch US$11.05/kg and broken nuts US$7.50/kg compared to a US$1.18/kg purchase price for RCNs. As with palm oil fruit, cashew production is seasonal. Unlike palm oil fruit, RCNs can be stored and processed throughout the year. As well as scaling up our revenues, Tiebissou has the potential to smooth out the Company's quarterly earnings.

At Tiebissou, a new senior management team is in place which, thanks to the essential role they played in the construction of the Ayenouan project, has proven credentials to successfully build and run the 10,000tpa plant. The tender process for the plant will be finalised shortly and the infrastructure works on the ground will commence simultaneously.

At Guitry, work is underway to prepare the nursery site. In tandem with this, we are in discussions with potential partners with a view to funding the development of Guitry at the project level. As with Ayenouan, Guitry will be a 'seed to oil' operation, with a computerised nursery and a state-of-the-art processing mill producing CPO from FFB grown by both the Company and local smallholders on already cultivated or brownfield land.

Financial

During the half year period under review, total revenues from the processing of fresh fruit bunches were €14.1m (H1 2017: €19.6m) which generated EBITDA of €1.1m (H1 2017: €3.7m) and a loss after tax of €0.5m (H1 2017 profit after tax: €2.4m).

After witnessing strong growth in FFB in our operating region during 2017, we entered 2018 optimistic that year on year production would materially increase. In preparation for this, we enhanced the capacity of our Mill from 60 to 75 tons per hour in late 2017. Production for 2018 started well with January being a strong month, however, during our traditional peak months of February to May, FFB quantities were materially below what we have previously seen and had anticipated. The secondary problem has been that the low levels of FFB in the high season created intense competition for the FFB which resulted in premiums in some cases of more than 20%. Furthermore, the situation was not aided by the weakening of CPO pricing during the period, nor by the strengthening of the Euro against the USD which resulted in lower sales prices in Euros, the effective currency of product sales. These factors resulted in our gross margin falling to under 15%, compared to previous gross margins achieved of over 25%. The lower CPO production and decrease in the gross margin percentage were the principal reasons for the decrease in EBITDA generated. In terms of finance costs, underlying interest expense decreased marginally compared with H1 2017 but this was masked by a one-off cost of approximately €150,000 relating to the February 2018 refinancing where short term loans were replaced by a €4.3m drawdown from the Sogebourse credit rating back syndicated loan.

We have experienced some relief in Q3 2018 in terms of FFB volumes, however, the extended effect of traditionally lower volumes in the high season has continued to keep FFB costs higher than normal at this time of the year and CPO pricing has continued to worsen with current prices at close to the lowest levels seen in the last 10 years. In some cases, we are achieving a sales premium on our CPO sales prices which is partly mitigating the higher FFB costs.

In addition to premiums on CPO pricing, we have done what we can to minimise the impact of difficult trading conditions by implementing a range of cost saving initiatives which has seen a 7.1% decrease in our general administration cost base. We have also aggressively acquired kernels from the other operators who do not produce PKO to maximise PKO volumes and benefit from operational efficiencies. However, there is only so much to be done when operating in an environment with key external factors working against you.

While our primary focus has been on the present, we have kept one eye on the future and the acquisition of a majority option over the cashew processing project which will commence production towards the end of 2019 is a prime example. The cashew processing operation has the potential, in time, to be a significantly larger profit generator than our palm oil operation.

In January 2017, DekelOil announced the adoption of a progressive dividend policy, subject to cash flow, capex commitments, and the Company's current prospects. The Board is committed to a dividend strategy which prudently allocates profits between returns to shareholders and further investing in the growth potential of DekelOil and maintaining a strong balance sheet, which protects against the risks in cyclical markets. In view of the sharp fall in the global price of CPO to a cyclical low of US$550/t and the lack of visibility on the timing of any recovery, the Board has elected to suspend the payment of dividends. With a number of growth initiatives underway across the portfolio, the Directors believe it is in the best interests of shareholders to prioritise the allocation of capital to growing the business further.

Outlook

Last year we successfully expanded the processing capacity of the mill at Ayenouan and also increased the project's storage facilities to enable the Company to fully capitalise on the important high season. After the disappointing 2018 harvest, we are looking forward to reaping the benefits of these initiatives once conditions normalise in order to make up lost ground. With this in mind, we are hopeful that the stabilised yields we are seeing in Q3 will continue for the rest of the year. However, CPO prices are more difficult to predict and if prices remain at current levels it will inevitably weigh down financial results moving forward, although FFB volumes remain the key driver given that, under normal conditions, we operate with a semi fixed gross margin.

Meanwhile, work streams are underway to advance our development projects towards first production, starting with the cashew project at Tiebissou, which we expect will commence production in late 2019. The Board believes that once palm oil processing conditions normalise, the combination of palm oil and cashew processing operations will provide a substantial uplift in the future profitability profile of DekelOil.

Finally, I would like to thank the Board, management team and all our employees, and advisers for their continued support and hard work. I look forward to continue working with them closely, as we focus on working through this challenging period and building value for both our shareholders and the local communities in which we operate.

Andrew Tillery

Non-Executive Chairman

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2018	31 December 2017
	Unaudited	**Audited**
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	984	775
Inventory	1,377	1,369
Accounts and other receivables	953	317
Total current assets	3,314	2,461
NON-CURRENT ASSETS:		
Property and equipment, net	31,612	31,449
Total non-current assets	31,612	31,449
Total assets	34,926	33,910
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term loans and current maturities of long-term loans	3,439	4,450
Trade payables	614	193
Advance payments from customers	966	573
Other accounts payable and accrued expenses	546	929
Total current liabilities	5,565	6,145
NON-CURRENT LIABILITIES:		
Long-term financial lease	107	46
Accrued severance pay, net	34	36
Long-term loans	14,971	13,017
Total non-current liabilities	15,112	13,099
Total liabilities	20,677	19,244
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	14,249	14,666
Total equity	14,249	14,666
Total liabilities and equity	34,926	33,910

The accompanying notes are an integral part of the interim consolidated financial statements.

2018			
Date of approval of the financial statements	Youval Rasin	Yehoshua Shai Kol	Lincoln John Moore
	Director and Chief Executive Officer	Director and Chief Finance Officer	Executive Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	Unaudited	Unaudited	Audited
	Euros in thousands (except share and per share amounts)		
Revenues	14,125	19,598	30,227
Cost of revenues	(12,059)	14,610	23,314
Gross profit	2,066	4,988	6,913
General and administrative	1,631	1,756	3,591
Operating profit	435	3,232	3,322
Finance cost	939	847	1,663
Income before taxes on income	(504)	2,385	1,659
Taxes on income	22	18	104
Net income and total comprehensive income	(526)	2,367	1,555
Net income per share attributable to equity holders of the Company:			
Basic and diluted income per share	0.00	0.01	0.01
Weighted average number of shares used in computing basic and diluted income per share	298,654,815	294,796,829	296,153,368

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					
	Share capital	**Additional paid-in capital**	**Accumulated deficit**	**Capital reserve**	**Capital reserve from transactions with non-controlling interests**	**Total equity**
	Euros in thousands					
Balance as of 1 January 2017 (audited)	95	27,145	(10,891)	2,532	(7,754)	11,127
Net income and total comprehensive income	-	-	1,555	-	-	1,555
Conversion of liability to equity	4	1,976	-	-	-	1,980
Issuance of shares	*)	36	-	-	-	36
Exercise of warrants	*)	121	-	-	-	121
Dividend distribution	*)	150	(544)	-	-	(394)
Share-based compensation	-	241	-	-	-	241
Balance as of 31 December 2017 (audited)	99	29,669	(9,880)	2,532	(7,754)	14,666
Loss		-	(526)	-	-	(526)
Issuance of shares	*)	16	-	-	-	16
Share based compensation	-	92	-	-	-	92
Balance as of 30 June 2018 (unaudited)	99	29.777	(10,406)	2,537	(7,754)	14,248

*) Represents an amount lower than €1.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	Unaudited	Unaudited	Audited
	Euros in thousands		
Cash flows from operating activities:			
Net income (Loss)	(526)	2,367	1,555
Adjustments to reconcile net income to net cash provided by in operating activities:			
Adjustments to the profit or loss items:			
Depreciation	631	502	1,136
Share-based compensation	92	69	241
Accrued interest on long-term loan and non-current liabilities	644	727	1,301
Change in employee benefit liabilities, net	(2)	2	(25)
Changes in asset and liability items:			
Increase in inventories	(8)	(1,086)	(240)
Decrease (increase) in accounts and other receivable	(607)	34	295
Increase (decrease) in trade payables	437	23	(309)
Increase in advances from customers	393	691	(692)
Increase (decrease) in accrued expenses and other accounts payable	(383)	(120)	405
	1,197	3,209	2,112
Cash received (paid) during the year for:			
Taxes	(29)	-	(29)
Interest	(669)	(721)	(1,330)
	(698)	(721)	(1,359)
Net cash provided by operating activities	(27)	2,488	2,308

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June 2018	Six months ended 30 June 2017	Year ended 31 December 2017
	Unaudited	Unaudited	Audited
	Euros in thousands		
Cash flows from investing activities:			
Purchase of property and equipment	(794)	(1,237)	(2,250)
Net cash used in investing activities	(794)	(1,237)	(2,250)
Cash flows from financing activities:			
Exercise of warrants		-	121
Dividend distribution in cash		-	(394)
Repayment of long-term lease	61	(6)	(16)
Receipt of short-term loans		-	1,524
Receipt of long-term loans	4,366	-	254
Repayment of long-term loans	(3,398)	(1,305)	(2,750)
Net cash provided by (used in) financing activities	1,029	(1,311)	(1,261)
Increase (decrease) in cash and cash equivalents	208	(60)	(1,203)
Cash and cash equivalents at beginning of period	775	1,978	1,978
Cash and cash equivalents at end of period	984	1,918	775
Supplemental disclosure of non-cash financing activities:			
Conversion of capital notes to equity	-	1,979	1,980
Issuance of shares for services	16	26	-

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1:- GENERAL

a. DekelOil Public Limited ("the Company") is a public limited company incorporated in Cyprus on 24 October 2007. The Company's Ordinary shares are admitted for trading on the AIM, a market operated by the London Stock Exchange. The Company is engaged through its subsidiaries in developing and cultivating palm oil plantations in Cote d'Ivoire for the purpose of producing and marketing Crude Palm Oil ("CPO"). The Company's registered office is in Limassol, Cyprus.

b. In 2014 the Company completed the construction of its palm oil extraction mill and commenced production and sale of palm oil. Since then, the mill generated positive cash flows from its operations. Company's management expects the positive cash flows to continue to grow as the mill increases its production capacity. However, there is no certainty that the mill will be able to meet the Company's projections as to increased production and positive cash flows from such production. Furthermore, the operations of the mill are subject to various market conditions that are not under the Company's control that could have an adverse effect on the Company's cash flows.

Based on the Company's current resources and its projected cash flows from its operations, Company management believes that it will have sufficient funds necessary to finance its operations and meet its obligations as they come due at least for the next twelve months from the date the financial statements are approved.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation:

The interim condensed financial statements as of 30 June 2018 and for the six months then ended have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.
The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as of 31 December 2017 and the accompanying notes.

b. Accounting policies:

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017.

c. Fair value of financial instruments:

The carrying amounts of the Company's financial instruments approximate their fair value.

NOTE 3:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

In January 2016, the IASB issued IFRS 16, "Leases" ("the new Standard"). According to the new Standard, a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.
According to the new Standard:

Lessees are required to recognize an asset and a corresponding liability in the statement of financial position in respect of all leases (except in certain cases) similar to the accounting treatment of finance leases according to the existing IAS 17, "Leases".
Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a corresponding right-of-use asset. Lessees will also recognize interest and depreciation expenses separately.
Variable lease payments that are not dependent on changes in the Consumer Price Index ("CPI") or interest rates, but are based on performance or use (such as a percentage of revenues) are recognized as an expense by the lessees as incurred and recognized as income by the lessors as earned.
In the event of change in variable lease payments that are CPI-linked, lessees are required to remeasure the lease liability and the effect of the remeasurement is an adjustment to the carrying amount of the right-of-use asset.
The new Standard includes two exceptions according to which lessees are permitted to elect to apply a method similar to the current accounting treatment for operating leases. These exceptions are leases for which the underlying asset is of low value and leases with a term of up to one year.
The Company is evaluating the possible effects of the new Standard. The effect of this standard is expected to be immaterial.

NOTE 4:- SIGNIFICANT EVENTS DURING THE PERIOD

In February 2018 the Company's subsidiary drew down a second tranche of FCFA 2.85 billion (€4.36 million) from its FCFA 10 billion (€15.2 million) long-term Syndicated Loan Facility with Sogebourse CI. The loan is for 7 years and bears interest at a rate of 6.85% per annum (the same terms as the existing long-term loan from Sogebource).

Part of the funds were used to repay a short-term loan in the amount of €1,524 thousand and a long-term loan in the amount of €497 thousand.

Subsequent to the drawdown of the second tranche, the unutilized portion of the Loan Facility is FCFA 1.7 billion (€ 2,591 million).

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**** ENDS ****

Notes:

DekelOil Public Limited is a low-cost producer of palm oil in West Africa, which it is focused on rapidly expanding including its recent acquisition of an option to acquire a majority interest in a cashew processing company. Feedstock for the mill comes from several co-operatives and thousands of smallholders, however it also has nearly 1,900 hectares of its own plantations. Furthermore, it has a world-class nursery with a 1 million seedlings a year capacity.