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

DekelOil Public Limited ('DekelOil' or 'the Company')
Final Results and Notice of AGM

DekelOil Public Limited, operator and 51% owner of the vertically integrated Ayenouan palm oil project in Côte d'Ivoire, is pleased to announce its Final Results for the year ended 31 December 2014.

2014 Highlights

- Successfully established as a revenue-generative, EBITDA-positive vertically-integrated CPO producer in the Cote d'Ivoire
- Commissioned a 60 tonne per hour mill, one of the largest in West Africa, in February 2014 on time and on budget – operational for nine months of the period
- Full year revenues of €10.0m and EBITDA of €0.2m reported
- Production for the nine months of operations to 31 December 2014 stood at 14,242 tonnes of crude palm oil ('CPO') and 2,504 tonnes of kernels
- Three additional off-take agreements with domestic customers secured – brings the total to four - in line with strategy to secure a diversified, local sales book
- Nubuke investment in February 2014 demonstrates strategy to increase Dekel's institutional shareholder base
- Operating in a highly dynamic corporate environment - West Africa continues to attract the attention of major palm oil developers looking to secure future expansion
- Strongly placed for growth with a defined growth strategy in place to build a leading West African focused palm oil producer

Post Period-End Highlights

- Major increase in monthly CPO production post period end following the implementation of a logistics strategy to facilitate delivery of smallholder feedstock to the Mill
    - Post period end CPO production between Jan and April 2015 has already surpassed FY 2014 14,242 tonnes of CPO produced - includes record monthly production of 4,818 tonnes for April 2015
- Contract signed for construction and commissioning of kernel crushing plant to add another significant revenue stream – expected to be operational at Ayenouan in Q4 2015

Executive Director Lincoln Moore said, "2014 saw DekelOil transform into an operator of a producing, cash flow positive and vertically integrated palm oil project. This now includes one of West Africa's largest extraction mills, a state of the art nursery, approximately 2,000 hectares of company-owned plantations, and long term contracts covering 27,000 hectares of mature estates owned by local smallholders. We are focused on maximising profitability at Ayenouan by increasing CPO production towards the Mill's 70,000 tonnes annual capacity, constructing a kernel crushing plant to add another significant revenue stream, and planting more company-owned estates. Excellent progress is being made on all three fronts: CPO production during the period January and April 2015 has already surpassed 2014's total; the kernel plant is on course to commence operations in Q4 2015; and we will be adding to our planted estates. In line with management expectations, we expect to report significant growth in terms of production and revenues, and to report our first meaningful full year profits in 2015, as we use the excellent platform we have put in place to build a leading West African focused palm oil producer."

Annual General Meeting ("AGM")

The Company will be holding its AGM at 11am on 16 July 2015 at the offices of Kerman & Co LLP, 200 Strand, London, WC2R 1DJ.

Report and Accounts and Notice of AGM

Copies of the Annual Report and Accounts for the financial year ended 31 December 2014 and Notice of Annual General Meeting are available on the Company's website www.dekeloil.com, and hard copies will be posted today to those shareholders who have so requested.

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

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Extracts from the Annual Report and Accounts are set out below:

CHAIRMAN'S STATEMENT

DekelOil's achievements and experience gained in 2014 have set the scene for a prosperous 2015. In a short period of time we have built a vertically integrated palm oil production company. We have established an impressive asset base at our first project, Ayenouan, which includes a world class nursery, approximately 1,900 ha of Company estates and one of West Africa's largest CPO extraction mills. The commissioning of the Mill in March 2014 was a key value milestone for DekelOil, and since then our focus operationally has been to implement a range of logistical initiatives which have successfully delivered record production from this project for Q1 2015. With 2015 production already surpassing 2014's at the end of April, we are excited to update shareholders on our progress over the coming months and I am confident that our investment case will be characterised by growth, thanks to our Board and team's focus on optimisation and innovation.

Our corporate achievements have strengthened our position dramatically. Not only do we now have three off-take agreements in place for CPO, thereby diversifying our sales reach, but we also maximise the profits from these sales due to our full exemption from corporation tax for a period of 13 years, which has a positive effect on our financials.

We signed a construction agreement in respect to the commissioning of a kernel crushing plant at Ayenouan. The kernel crushing plant has a very attractive investment return profile and will materially increase profitability at the Ayenouan project. In addition, our 1,900 hectares of planted company-owned land surrounding our first Mill are now producing fresh fruit bunches ("FFB"), which will have a positive impact on our margins. We are also now turning our attention to our second property, Guitry, which covers 24,000 hectares of brownfield land estates. Eventual production here will be derived from company-owned estates.

The palm oil industry has been highly active in terms of corporate activity over recent months, and as an established West African producer with a large and contiguous land package this has positive read across to our value. Global demand for CPO is estimated increase substantially, and with this in mind, four of the world's largest palm oil companies; Wilmar, Sime Darby, KLK and Golden Agri, have entered West Africa. Several noteworthy transactions have been undertaken across the sector in recent months and notably, despite being one of the most advanced junior CPO producers in the region, DekelOil is currently one of the only established palm oil developers not in partnership or subject to takeover by a major Asian palm oil company.

Operations Review

Ayenouan is our primary project in which we have a 51% interest. This project is based around a 60 t/hr Mill which represents one of West Africa's largest and a 1 million plant nursery, which provide high quality plants to our smallholders and our own land. The project operates in tandem with local small holder estates, which currently supply the majority of the raw material for the Mill and we have also planted c. 1,900 ha of company plantations, which are now beginning to yield.

Production

2014 saw us meet our objective to transform DekelOil into a revenue generative, crude palm oil producer when our Mill commenced operations in March. Having hit this momentous milestone, we have been, and continue to be focused on increasing production. Our priority has been to create a seamless logistics solution which simplifies the delivery process of FFB to our Mill from local smallholders. We established an initial logistics hub ahead of first production which accounted for approximately half of the fruit processed during March. Building on its immediate success, we rapidly set up a second and third logistics hub. We also expanded our company-owned truck fleet to 24 from 9 to operate alongside local truck contractors.

Total production for the period 1 March 2014 to 31 December 2014 stood at 14,242 tonnes of crude palm oil and 2,504 tonnes of kernels. CPO was extracted at a rate of 22.7% during the period from 62,662 tonnes of FFB, which compares favourably to other CPO extraction mills. While production for the 9 months of operation was slightly below our anticipations, the measures implemented in 2014 have reaped rewards for us at the beginning of 2015 and I am confident that we are on a path to dramatically lift production in 2015, our first full year of operations.

In 2015, we produced 14,496 tonnes of CPO from January to April, which means we have already surpassed our total production for 2014. This included record monthly production of 4,818 tns of CPO in April. With high season production continuing into June, we are well placed to produce more than 20,000tn for the half year. This excellent result validates the hard work we have put into to our logistics infrastructure and our customer relations activities with the small holders and cooperatives.

Sales

During the period March to December 2014, sales of palm oil stood at 13,900 tonnes at an average price per tonne of €647 (c.US$861). Although the CPO price has weakened slightly as a result of the fall in oil prices, strong local and regional demand has enabled DekelOil to sell its CPO at a premium to CIF Rotterdam CPO prices and we expect this trend to continue. 2,444 tonnes of kernel were sold at €183(US$220) per tonne ex-Mill. The remainder of our revenue was derived from the sale of nursery plants. Our financial results as a result of this can be found below.

Notably, we experienced success in respect to the implementation of our sales strategy to diversify our customer base during the period and signed off-take agreements with three companies for sale locally. While the company also sold to Société d'Investissement pour l'Agriculture Tropicale ('SIAT'), an agro-industrial group of companies, represents the Company's first sales for export.

Expansion

In terms of the new kernel crushing plant at Ayenouan, the contract was awarded to Modipalm Engineering SDN BHD who also constructed our existing 60tn/hr palm oil mill. The new kernel crushing plant is expected to materially increase profitability at the Ayenouan project by allowing both Palm Kernel Oil and animal feed to be sold in the local market at the factory gate. With a low capex requirement of approximately €1.1 million, the plant has highly attractive payback credentials.

The Company is also planning to continue its planting programme at Ayenouan to add to the 1,900 ha of plantations already planted. A further 500 hectares will be planted in the near term close to the Mill. The initial 1,900 ha are beginning to produce FFB and will be delivered to the Mill in addition to the smallholder production. Naturally production from this Company-owned land will be delivered at a higher margin, thereby positively affecting our bottom line going forward. The Company has a medium term objective to plant a further 5,000 hectares in Ayenouan.

Financial

During the period total sales amounted to €9,973 thousands (31 December 2013: €465,000), a net loss after tax of 2,562 thousands (31 December 2014: €1,467 thousands) and EBITDA of €167 thousands.

During the period, we successfully raised a total of £2.2 million. An initial £700,000 was raised to welcome two high profile African focused funds including Nubuke as shareholders, in line with our strategy to increase the institutional representation on our register. The balance was raised to construct the Kernel Crushing Plant.

Outlook

We are proud of our achievements over the year which have seen us transform into a revenue generative and scalable palm oil producer. Our logistics solutions are paying off and we have positioned ourselves ideally for the current peak harvesting season. By this time next year, we will have matured further with more company owned estates planted; our own FFBs contributing to production at Ayenouan and an operational Kernel Crushing Plant which we expect will deliver our first full year profit result. Whilst we have significant organic profit growth to be delivered in the next 1-3 years from our existing operations, we remain focused on expanding our operations into different regions including our 24,000ha land position in Guitry and potentially into Western Ghana. Our visions remains to build one of the largest palm oil companies in West Africa and we believe we have the operational foundations and the proven management team to execute this medium to long term strategy.

I would like to take this opportunity to thank our shareholders for their support and look forward to another transformative year as we focus on solidifying our position in this highly attractive palm oil region.

Andrew Tillery
Non Executive Chairman Date: 23 June 2015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December	
		2014	2013
	Note	Euros in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		2,092	1,117
Inventory		216	

	Note		
Government authorities and accounts receivable	5	263	489
Total current assets		2,571	1,606
NON-CURRENT ASSETS:			
Long-term deposits	6	119	132
Biological assets	7	7,299	6,645
Property and equipment, net	8	21,533	16,285
Total non-current assets		28,951	23,062
Total assets		31,522	24,668

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December 2014	31 December 2013
		Euros in thousands	
EQUITY AND LIABILITIES			
CURRENT LIABILITIES:			
Short-term loans and current maturities of long-term loans	11	2,182	977
Trade payables		1,440	386
Advance payments from customers		1,330	637
Other accounts payable and accrued expenses	9	445	435
Total current liabilities		5,396	2,435
NON-CURRENT LIABILITIES:			
Long-term capital lease	10	19	24
Accrued severance pay, net		56	33
Long-term loans	11	14,930	12,346
Capital notes and other liabilities	12	6,174	5,667
Financial liability for warrants	14	318	275
Total non-current liabilities		21,497	18,345
Total liabilities		26,894	20,780
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		2,178	1,044
Non-controlling interests		2,450	2,844
Total equity	15	4,628	3,888
Total liabilities and equity		31,522	24,668

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

CONSOLIDATED STATEMENTS OF INCOME

	Note	Year ended 31 December 2014	2013
		Euros in thousands (except share and per share amounts)	
Revenues	16	9,973	465
Cost of revenues	20a	(8,318)	(482)
Gross profit (loss)		1,655	(17)
Net gain from changes in fair value of biological assets	7	588	1,429
General and administrative	20b	(2,573)	(2,156)
Operating loss		(330)	(744)
Finance cost	20d	(2,224)	(723)
Loss before taxes on income		(2,554)	(1,467)
Taxes on income	18	(8)	(6)
Net loss		(2,562)	(1,473)
Attributable to:			
Equity holders of the Company		(1,699)	(1,013)
Non-controlling interests		(863)	(460)
Net loss		(2,562)	(1,473)
Net loss per share attributable to equity holders of the Company (in Euros):			
Basic and diluted loss per share in Euros		0.00	0.00
Weighted average number of shares used in computing basic and diluted loss per share		1,362,243,608	1,218,689,681

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2014	2013
	Euros in thousands	
Net loss	(2,562)	(1,473)
Other comprehensive loss:		
Amounts that will not be reclassified subsequently to profit or loss:		
Remeasurment loss on defined benefit plans	-	(12)
Total comprehensive loss	(2,562)	(1,485)
Total comprehensive loss attributable to:		
Equity holders of the Company	(1,699)	(1,025)
Non-controlling interests	(863)	(460)
	(2,562)	(1,485)

The accompanying notes are an integral part of the 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	Non-controlling interests	Total equity
	Euros in thousands							
Balance as of 1 January 2013	26	875	(7,746)	2,532	3,175	(1,138)	1,332	194
Net loss	-	-	(1,013)	-	-	(1,013)	(460)	(1,473)
Other comprehensive loss	-	-	(12)	-	-	(12)	-	(12)
Total comprehensive loss	-	-	(1,025)	-	-	(1,025)	(460)	(1,485)
Capital contribution to subsidiary by non-controlling interests (Note 13)	-	-	-	-	-	-	1,972	1,972
Conversion of capital notes to equity (Note 15)	3	1,114	-	-	-	1,117	-	1,117
Issuance of shares upon IPO, net of issuance cost	15	1,996	-	-	-	2,011	-	2,011
Share-based compensation	-	64	-	-	-	64	-	64
Balance as of 31 December 2013	44	4,049	(8,771)	2,532	3,175	1,029	2,844	3,873
Net loss and total comprehensive loss			(1,699)			(1,699)	(863)	(2,562)
Capital contribution to subsidiary by non-controlling interests (Note 13)	-	-	-	-	-	-	469	469
Conversion of liability to equity (Note 12)	*) -	179	-	-	-	179	-	179
Issuance of shares, net of issuance costs	6	2,476	-	-	-	2,482	-	2,482
Share-based compensation	-	187	-	-	-	187	-	187
Balance as of 31 December 2014	50	6,891	(10,470)	2,532	3,175	2,178	2,450	4,628

*) Represents an amount lower than €1.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2014	2013
	Euros in thousands	
Cash flows from operating activities:		
Net loss	(2,562)	(1,473)
Adjustments to reconcile net loss to net cash provided by (used in) in operating activities:		
Adjustments to the profit or loss items:		
Depreciation	497	93
Share-based compensation	187	64
Accrued interest on long-term loans and non-current liabilities	1,953	1,633
Change in employee benefit liabilities, net	23	(3)
Loss from changes in fair value of warrants	43	14
Gain from changes in fair value of biological assets	(588)	(1,429)
Changes in asset and liability items:		
Increase in inventories	(216)	-
Decrease (increase) in Government authorities and accounts receivable	226	(425)
Increase in trade payables	1,054	148
Increase in advance from customers	693	637
Increase in accrued expenses and other accounts payable	10	180
	3,874	898
Cash received (paid) during the year for:		
Taxes	(8)	(6)
Interest	(1,370)	(400)
	(1,378)	(406)
Net cash used in operating activities	(58)	(981)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2014	2013
	Euros in thousands	
Cash flows from investing activities:		
Long-term deposits	13	(96)
Investment in biological assets	(66)	(198)
Purchase of property and equipment	(5,368)	(10,968)
Net cash used in investing activities	(5,421)	(11,262)
Cash flows from financing activities:		
Net proceeds from issuance of shares	2,482	2,011
Capital contribution to subsidiary from non-controlling interests	469	1,972
Repayment of long-term loans	(142)	(24)
Payment of long-term lease	(5)	(14)
Receipt of loans	3,650	9,291
Net cash provided by financing activities	6,454	13,236
Increase in cash and cash equivalents	975	993
Cash and cash equivalents at beginning of year	1,117	124
Cash and cash equivalents at end of year	2,092	1,117
Supplemental disclosure of non-cash activities:		
Conversion of long term liability to warrants and shares	179	1,378

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

NOTE 1:- GENERAL

a. Dekeloil Public Limited ("the Company") is a public limited company incorporated in Cyprus on 24 October 2007. 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. CS DekelOil Siva Ltd. ("DekelOil SIVA") was incorporated in Cyprus on 7 November 2008. At present, 51% of the issued shares in DekelOil SIVA are owned by DekelOil Public Limited while the remaining 49% of the issued shares are owned by Biopalm Energy Limited ("Biopalm") (see also Note 12b).

d. The Company established a subsidiary in Cote d'Ivoire, DekelOil CI SA, currently held 99.85%, by DekelOil SIVA. DekelOil CI SA was incorporated in March 2008. DekelOil CI SA is engaged in developing and cultivating palm oil plantations for the purpose of producing and marketing CPO. DekelOil CI SA constructed and is currently operating its first palm oil mill.

e. On 22 January 2008, DekelOil Consulting Ltd was established in Israel. This company, which is presently a wholly-owned subsidiary of DekelOil SIVA, is engaged in providing services to the Company and its subsidiaries.

f. On 18 March 2013, the Company completed its Initial Public Offering ("IPO") on the AIM, a market operated by the London Stock Exchange ("the AIM"), by issuing 170 million Ordinary shares at a price of £ 0.01 per share for a total consideration of £ 1.7 million. Concurrently, upon Admission of its Share Capital to trading on the AIM and pursuant to an agreement dated 12 March 2013, the Company acquired, in consideration for the issuance of 100 million Ordinary shares, 100% of Boletus Resources Ltd. ("Boletus"). Boletus is an unquoted investment company which at the date of acquisition had cash and other assets (principally admission costs advanced by Boletus on behalf of the Company) in the approximate amount of € 650 thousand. The net proceeds received by the Company from the aforementioned (after Admission costs of approximately €529 thousand) amount to approximately € 2.01 million (see also Note 15).

g. As of 31 December 2014, the Company has a working capital deficiency of € 2.6 million. In the years ended 31 December 2014 and 2013, the Company incurred a net loss of approximately € 2.7 million and € 1.5 million, respectively and had negative cash flows from operations of approximately € 0.5 million and € 1 million, respectively.
In 2014 the Company completed the construction of its palm oil extraction mill and commenced production and sale of palm oil. In 2014, the mill generated positive cash flows from its operations, and in the first four months of 2015, the Company has already generated positive cash flows and exceeded its production for all of 2014. Company's management expects the positive cash flows to continue to grow as the mill increases its production capacity. However, as this has been the first year of the mill's operations, 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.

NOTE 1:- GENERAL (Cont).

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.

h. Definitions:

The Group	-	DEKELOIL PUBLIC LIMITED and its subsidiaries.
The Company	-	DEKELOIL PUBLIC LIMITED.
Subsidiaries	-	Companies that are controlled by the Company- CS DekelOil SIVA Ltd, DekelOil CI SA, DekelOil Consulting Ltd.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial information for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements have been prepared on a cost basis, except for biological assets and financial liability for warrant which are measured at fair value.

The Company has elected to present profit or loss items using the nature of expense method.

b. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

c. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

The local currency used in Cote d'Ivoire is the West African CFA Franc ("FCFA"), which has a fixed exchange rate with the Euro (Euro 1 = FCFA 655.957). A substantial portion of the Group's revenues and expenses is incurred in or linked to the Euro. The group obtains debt financing mostly in FCFA linked to Euros and the funds of the Group are held in FCFA. Therefore, the Company's management has determined that the Euro is the currency of the primary economic environment of the Group, and thus its functional and presentation currency.

2. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition

at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences, other than those capitalized to qualifying assets or accounted for as hedging transactions in equity, are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

e. Financial instruments:

1. Loans and receivables:

Loans and receivables are investments with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs.

After initial recognition, loans are measured based on their terms at amortized cost using the effective interest method and less any impairment losses. Short-term receivables are measured based on their terms, normally at face value.

2. Financial liabilities:

Financial liabilities are initially recognized at fair value. Loans and other liabilities measured at amortized cost are presented net of directly attributable transaction costs.

After initial recognition, the accounting treatment of financial liabilities is based on their classification as follows:

a) Financial liabilities at amortized cost:

After initial recognition, loans and other liabilities are measured based on their terms at cost less directly attributable transaction costs using the effective interest method.

b) Financial liabilities at fair value through profit or loss:

After initial recognition, derivatives (warrants) are measured at fair value and the changes in fair value are recorded in profit or loss.

3. Derecognition of financial instruments:

a) Financial assets:

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the cash flows in full without material delay to a third party and has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial liabilities:

A financial liability is derecognized when it is extinguished, that is when the obligation is discharged or cancelled or expires. A financial liability is extinguished when the debtor (the Group) discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

4. Extinguishing financial liabilities with equity instruments:

Equity instruments issued to extinguish a financial liability to shareholders are measured at the carrying amount of the financial liability extinguished.

f. Borrowing costs:

The Group capitalizes borrowing costs that are attributable to the acquisition, construction, or production of qualifying assets which necessarily take a substantial period of time to get ready for their intended use or sale.

The capitalization of borrowing costs commences when expenditures for the asset are incurred, the activities to prepare the asset are in progress and borrowing costs are incurred and ceases when substantially all the activities to prepare the qualifying asset for its intended use or sale are complete. The amount of borrowing costs capitalized in a reporting period includes specific borrowing costs and general borrowing costs based on a weighted capitalization rate.

g. Leases:

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and are made at the inception of the lease in accordance with the following principles as set out in IAS 17.

The Group as lessee:

1. Finance leases:

Finance leases transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset. At the commencement of the lease term, the leased assets are measured at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The liability for lease payments is presented at its present value and the lease payments are apportioned between finance cost and a reduction of the lease liability using the effective interest method.

The leased asset is amortized over the shorter of its useful life or the lease term.

2. Operating leases:

Lease agreements are classified as an operating lease if they do not transfer substantially all the risks and benefits incidental to ownership of the leased asset. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

h. Biological assets:

Biological assets, which include mature and immature oil palm plantations, are stated at fair value less estimated cost to sell. Gains/losses arising on initial recognition of plantations at fair value, and the changes in fair value at each reporting date are included in profit or loss for the period in which they arise.

i. Property, plant and equipment:

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Extraction mill	2.5
Computers and software	33
Electronic equipment	15
Office furniture and equipment	15 – 20
Motor vehicles	25
Agriculture equipment	15
Leasehold improvements	See below

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including any extension option held by the Group and intended to be exercised) and the expected life of the improvement.

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

j. Impairment of non-financial assets:

The Company evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

k. Revenue recognition:

Revenues are recognized in profit or loss when the revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenues are measured at the fair value of the consideration received less any trade discounts, volume rebates and returns.

Following are the specific revenue recognition criteria which must be met before revenue is recognized:

Revenues from the sale of goods:

Revenues from the sale of goods are recognized when all the significant risks and rewards of ownership of the goods have passed to the buyer and the seller no longer retains continuing managerial involvement. The delivery date is usually the date on which ownership passes.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

l. Inventories:

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.
Cost of finished goods inventories is determined on the basis of average costs including materials, labor and other direct and indirect manufacturing costs based on normal capacity.

m. Earnings (loss) per share:

Earnings (loss) per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period.
Basic earnings (loss) per share only include shares that were actually outstanding during the period. Potential Ordinary shares are only included in the computation of diluted earnings (loss) per share when their conversion decreases earnings (loss) per share or Increases loss per share from continuing operations.

Further, potential Ordinary shares that are converted during the period are included in diluted earnings (loss) per share only until the conversion date and from that date in basic earnings (loss) per share. The Company's share of earnings of investees is included based on the earnings (loss) per share of the investees multiplied by the number of shares held by the Company.
Basic and diluted earnings per share are adjusted retrospectively due to increases in shares outstanding resulting from bonus issues and share splits, including those that occur after the reporting period and through the date the financial statements are approved for issuance.

n. Provisions:

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

o. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

p. Share-based payment transactions:

The Company applies the provisions of IFRS 2, "Share-Based Payment". IFRS 2 requires an expense to be recognized where the Company buys goods or services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares of rights over shares ("cash-settled transactions"). The main impact of IFRS 2 on the Company is the expensing of employees' and directors' share options (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using an acceptable option model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

q. Taxes on income:

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

1. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future.
Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

New and amended standards and interpretations:

IFRS 10 "Consolidated Financial statements and IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 10 replaces the portion of IAS 27, Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements.

IFRS 10 establishes a single control model that applies to all entities.
The application of IFRS 10 did not have a material effect on the financial statements.

IFRS 12 requires additional disclosures to be made, and these are provided in Note 24.

NOTE 3:- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.
The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Biological assets:

The Group measures its mature and immature plantations included in biological assets at fair value less estimated cost to sell, based on a discounted cash flow model by engaging a professional valuer. The inputs to the cash flow model are derived from the professional valuer's assumptions of crude palm oil prices, fresh fruit bunches yield, and oil extraction rate applied on the estimated CPO price based on observable market data over the remaining useful life of mature and immature plantation. Due to long-term nature of these assets, such assumptions are subject to significant uncertainty.

- Deferred tax assets:

Deferred tax assets are recognized for unused carryforward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits, its source and the tax planning strategy.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

1. IFRS 9, "Financial Instruments":

   In July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" ("IFRS 9"), which replaces IAS 39, " Financial Instruments: Recognition and Measurement". IFRS 9 mainly focuses on the classification and measurement of financial assets and it applies to all assets in the scope of IAS 39.

   According to IFRS 9, the provisions of IAS 39 will continue to apply to derecognition and to financial liabilities for which the fair value option has not been elected.

   IFRS 9 also prescribes new hedge accounting requirements.

   IFRS 9 is to be applied for annual periods beginning on January 1, 2018. Early adoption is permitted.

   The Company believes that the amendments to IFRS 9 are not expected to have a material impact on the financial statements.

2. IFRS 15, "Revenue from Contracts from Customers"

   In May 2015, the IASB issued IFRS 15, "Revenue from Contracts with Customers." The new standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will apply a five-step model to determine when to recognize revenue and at what amount. The new standard also provides guidance on when to capitalize costs of obtaining or fulfilling a contract.

   IFRS 15 is effective for annual periods beginning on 1 January 2017 or thereafter, with early adoption permitted. An entity may adopt IFRS 15 on a full retrospective basis or using the cumulative effect approach.
   The Company is evaluating the possible impact of IFRS 15, but is presently unable to assess its effect, if any, on the consolidated financial statements.

3. Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants:

   The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016.

   The Company is evaluating the possible impact of these amendments, but is presently unable to assess their effect, if any, on the financial statements.

NOTE 5:- GOVERNMENT AUTHORITIES AND ACCOUNTS RECEIVABLE

	31 December	
	2014	2013
	Euros in thousands	
Government authorities (VAT)	2	339
Prepaid expenses and other receivables	205	149
Loans to employees	56	1
	263	489

NOTE 6:- LONG-TERM DEPOSITS

As a guaranty for a bank loan (see Note 11b(4), the Company deposited FCFA 75 million (approximately € 115 thousand) on which a fixed lien was recorded. The deposit bears interest at an annual rate of 3% and matures upon the repayment of the loan.

NOTE 7:- BIOLOGICAL ASSETS

Biological assets comprise primarily development activities of oil palm oil plantation with the following movements in their carrying value:

	2014	2013
	Euros in thousands except planted area data	
Total planted area, Hectares	1,899	1,899
At fair value:		
1 January	6,538	4,911
Additions	88	198
Gain arising from changes in fair value	588	1,429
31 December	7,214	6,538

Company plantations are held by the Company's subsidiary DekelOil CI SA. Most of the plantations are planted according to agreements with land owners under which DekelOil CI SA develops oil palm plantations on the land and the land owner is entitled to receive a third of the annual agriculture profit generated from the plantation, being the revenue from the sale of FFB less the cost of cultivation and harvesting of the plantation.

	31 December	
	2014	2013
	Euros in thousands	
Palm Oil plantations	7,214	6,538
Palm Oil plants	85	107
	7,299	6,645

Biological assets include mature and immature oil palm plantations that are stated at fair value and unplanted oil palm plants in a nursery that are measured at historical cost.

Oil palm oil trees have an average life of 25 years, with the first three years as immature and the remaining 22 years as mature. The fair value of the oil palm plantation is estimated by using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations is determined using: the estimated development cost during first three years till maturity, the market price and the estimated yield of the agricultural produce, being fresh fruit bunches ("FFB"), net of maintenance and harvesting costs.

The estimated yield of the palm oil is affected by the age of the oil palm trees. The market price of the fresh fruit bunches is a mandatory fixed price derived from the market price of the final product, Crude Palm Oil ("CPO") ,based on a formula in use in Cote d'Ivoire.

Significant assumptions made in determining the fair values of the oil palm plantations are as follows:

(a) Palm oil trees have an average life that ranges to 25 years, with the first three years as immature and the remaining years as mature.

(b) The plantation yield gradually increases to 20 tons per hectare at the age of 7 years.

(c) Discount rate used for the valuation as of 31 December 2014 and 2013 is 18%.

(d) The FFB price is derived by applying the estimated CPO price based on observable market data being the world bank CPO price forecast.

NOTE 8:- PROPERTY AND EQUIPMENT, NET

Composition and movement:

	Computers and peripheral equipment	Electronic equipment	Office furniture and equipment	Motor vehicles	Agriculture equipment	Mill and nursery land *	Extraction mill **	Leasehold improvements	Total
	Euros in thousands								
Cost:									
Balance as of 1 January 2013	42	6	23	177	344	38	5,145	15	5,790
Acquisitions during the year	11	5	2	135	-	-	9,710	-	9,863
Capitalized borrowing cost	-	-	-	-	-	-	1,104	-	1,104
Balance as of 31 December 2013	53	11	25	312	344	38	15,959	15	16,757
Acquisitions during the year	97	-	50	386	-	-	4,835	-	5,368
Disposal of fixed assets	-	-	-	(24)	-	-	-	-	(24)
Capitalized borrowing cost	-	-	-	-	-	-	377	-	377
Balance as of 31 December 2014	150	11	75	674	344	38	20,754	15	22,478
Accumulated depreciation:									
Balance as of 1 January 2013	35	4	18	39	279	-	-	3	379
Depreciation during the year	4	1	2	33	50	-	-	3	93
Balance as of 31 December 2013	39	6	20	72	329	-	-	6	472
Depreciation during the year	15	-	7	83	7	-	385	-	497
Disposal of fixed assets	-	-	-	(24)	-	-	-	-	(24)
Balance as of 31 December 2014	54	6	27	131	336	-	385	6	945
Depreciated cost as of 31 December 2014	96	5	48	543	8	38	20,369	9	21,533
Depreciated cost as of 31 December 2013	14	5	5	240	15	38	15,959	9	16,285

*) see Note 10.

NOTE 8:- PROPERTY AND EQUIPMENT, NET (Cont).

**) On 19 January 2011, a subsidiary of the Company, DekelOil CI SA, signed the agreement with Modipalm Engineering SDN ("Modipalm"), a Malaysian company, for the engineering, manufacturing, delivering and installing a palm oil extraction mill in Cote d'Ivoire. The total value of the agreement is € 9,596 thousands. As of 31 December 2014 DekelOil CI SA paid Modipalm a down payment of € 1,670 thousands, and the amount of €7,508,500 is financed by loans from EBID and BOAD.

The balance of € 417,500 is payable upon the successful completion of the warranty period in May 2015. As of 31 December 2014, this amount has been accrued in the financial statements.

On 9 December 2014 a subsidiary of the Company, DekelOil CI SA, signed an agreement with Modipalm Engineering SDN ("Modipalm"), a Malaysian company, for the manufacture and supervision over installation and commissioning of a Kernel Crashing Plant to be installed as an extension to the existing Crude Palm Oil extraction mill for the production of Palm Kernel Oil. The total value of the agreement is € 800,700. It was agreed that the contract shall become effective upon payment of the advance payment. As of 31 December 2014 no payment has been made under this agreement. See also Note 25.

NOTE 9:- OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	31 December	
	2014	**2013**
	Euros in thousands	
Employees and payroll accruals	210	170
VAT payable	118	-
Other accounts payable	117	265
	445	435

NOTE 10:- LONG-TERM CAPITAL LEASE

On 24 June 2008, DekelOil CI SA signed a lease agreement for 42 hectares near the village of Ayenouan, Cote d'Ivoire. The agreement is with the village of Adao and the people occupying the land in Ayenouan. The lease is for 90 years and the payment for the lease is FCFA 3,000,000 (app. € 4,573) per year (see also Note 8).

NOTE 11:- LONG-TERM LOANS

a. Comprised as follows:

	Currency	Interest rate as of 31 December 2014	31 December 2014	31 December 2013
			Euros in thousands	Euros in thousands
EBID / BIDC (c. 2)	In SDR	10.5%	8,592	7,852
BOAD (c. 1)	In FCFA	10.5%	6,961	4,535
Diamond Bank	In FCFA	12.5%	-	24
SGBCI (c.3)	In FCFA	6.2 -7.3%	223	150
BGFI(c. 4)	In FCFA	10%	708	762
Total loans			16,484	13,323
Less - current maturities			1,554	977
			14,930	12,346

b. Short-term loans and current maturities:

	31 December 2014	31 December 2013
	Euros in thousands	
Short-term loan from bank (1)	628	-
Current maturities - per a. above	1,554	977
	2,182	977

(1) The loan in FCA bears interest at an annual rate of 10% at 31 December 2014

NOTE 11:- LONG-TERM LOANS (Cont.)

c. 1. On 3 August 2010, DekelOil CI SA signed a loan agreement with the West Africa Development Bank ("BOAD") according to which the subsidiary has receive a loan at the amount of FCFA 4,241,000 thousand (approximately € 6,465 thousand). The BOAD loan shall bear interest at a rate of 10.5% per annum which would be payable on the maturity of each interest period (31 January and 31 July). The loan has tenure of eight years, and shall be repaid in 8 semi-annual installments over four years, commencing 31 January 2016.

2. On 5 February 2010, DekelOil CI SA, signed a loan agreement with the agreement with the Bank of Investment and Development of CEDEAO ("EBID") according to which EBID agreed to grant DekelOil CI SA a facility of 6,681,000 SDR (approximately € 7,973 thousand).

The EBID loan shall bear interest at a rate of 10.5% per annum. The loan has a tenure of eight years, and shall be repaid in 16 quarterly installments over four years, commencing after a grace period on principal payments of four-years from its first withdrawal (March 2012) .

As a security for the EBID loan, DekelOil CI SA provided a lien over the equipment purchased from Modipalm and Boilermech (see also Note 8), a floating charge over the DekelOil CI SA assets, credit insurance cover of up to approximately € 4,500 thousand was purchased from Fond Gari.

3. On 7 May 2013, DekelOil CI SA signed a line of credit agreement with the Societe Generale de Banque Cote d'Ivoire ("SGBCI) for financing the purchase of vehicles, according to which the subsidiary has received a loan amount of up to FCFA 146 million (approximately € 223 thousand). The loan is for a term of three years from the date of each loan withdrawal. The effective interest rate of the loan is between 6.2 – 7.3% per annum.

4. On 10 September 2013, DekelOil CI SA signed a loan agreement with the Banque Gabonaise Francaise International ("BGFI") for its working capital needs, under which DekelOil CI SA received FCFA 500 million (approximately €762 thousand). The loan is for a term of four years with a grace period of one year. The loan shall bear interest at a rate of 10% per annum. As a guaranty for this loan DekelOil CI SA deposited a sum of FCFA 75 Million (approximately € 115 thousands) at BGFI for the duration of the loan and a guaranty of first demand from La-Loyal insurance company at the sum of 300 million FCFA (approximately € 457 thousands).

NOTE 12:- CAPITAL NOTES AND OTHER LIABILITIES

Comprised as follows:

	31 December 2014	31 December 2013
	Euros in thousands	
Capital notes:		
Due to shareholders (a)	1,563	1,390
Due to shareholder of a subsidiary (b)	4,611	4,098
	6,174	5,488
Other liability – Due to related parties (c)	-	179
	6,174	5,667

a. In the years 2008 to 2010, the shareholders of the Company invested in the Company a total amount of € 4,161 thousand by way of capital notes.

The capital notes are linked to the Euro and are payable by the earlier of: (a) prior to first dividend distribution by the Company to its shareholders, or (b) on 31 January 2017, provided the Company has profits available for distribution. Payment of the principal of these capital notes is subordinated and junior in right of payment to the Company's obligation to pay principal and interest on its indebtedness.

The fair value of the capital notes was determined at each investment date by discounting the expected future payments relating to each capital note using the cost of debt of the Group estimated at 12.5%.

The differences between the face amounts of the capital notes according to their terms and their fair value at the date of investment were recorded as a capital reserve in the aggregate amount of € 2,532 thousand.

On 3 February 2013, the Company issued to certain existing shareholders 49,005,049 Ordinary Shares in consideration for the cancellation of capital notes at a face amount of € 225 thousand.

On 20 February 2013, the Company granted warrants to purchase 33,317,674 Ordinary Shares and issued 42,642,947 Ordinary Shares in consideration for the cancellation of capital notes at a face amount of € 261 thousand and € 1,105 thousand, respectively. (see Note 14 for details of the warrants).

On 29 December 2013, the Company issued to certain existing shareholders 43,913,713 Ordinary Shares in consideration for the cancellation of capital notes at a face amount of € 570 thousand.
The carrying amounts of the capital notes on the date of cancellation amounted to approximately € 1,378 thousand. The difference between the carrying amounts and the fair value (€ 261 thousand) of the warrants granted, in the amount of € 1,117 thousand was credited to equity.

NOTE 12:- CAPITAL NOTES AND OTHER LIABILITIES (Cont.)

As of 31 December 2014, the face amount of the outstanding capital notes amounts to € 2,000 thousand.

b. In 2010 in connection with Biopalm's acquisition of a 49% interest in DekelOil SIVA, Biopalm also invested € 3.3 million in DekelOil SIVA as a capital note with the following terms:
The capital note accrues interest at 10% per year until paid. The capital note is either to be repaid or converted into share premium in DekelOil SIVA Limited. Assessment will be made after 3 years and after 7 years from the disbursement date (i.e. 1 November 2010) as follows:

(i) If DekelOil SIVA will reach an IRR of 40% by either of these dates (3 or 7 years), then the capital note, principal and accrued interest will be converted to share premium; or
(ii) If DekelOil SIVA will not reach an IRR of 40% after 7 years, then the capital note is payable to Biopalm.

The fair value of the capital note was determined at investment date by discounting the expected future payments relating to the capital note using the cost of debt of the Group estimated at 12.5%. The difference between the capital note face amount according to its terms and its fair value at the date of transaction in the amount of € 480 thousands was accounted for as part of the equity investment of Biopalm in the subsidiary.

In November 2013, the assessment was made that the IRR in (i) above had not been reached.

c. The liability to the related party was converted to equity as part of the equity fund raising by the Company that took place on 24 October 2014. See also Note 15.

NOTE 13:- CAPITAL CONTRIBUTIONS TO SUBSIDIARY (BIOPALM)

In February 2013, the Company, Biopalm and the subsidiary CS DekelOil Siva Ltd entered into a binding letter of undertaking under the terms of which the parties confirmed the Company's intention to subscribe for ordinary shares in CS DekelOil Siva Ltd up to an aggregate amount of €3,000,000. Biopalm has, under the terms of the letter, issued an irrevocable undertaking that pursuant to the Company's investment (up to a maximum of €3,000,000), it shall subscribe for such number of shares in CS DekelOil Siva Ltd as is required to maintain its 49% Shareholding. During 2013 and 2014 both the Company and Biopalm have made capital contributions to the subsidiary. The contributions of Biopalm in the amount of €1,972 thousand and €469 thousand in 2013 and 2014 respectively were recorded as additions to non-controlling interests in equity.

NOTE 14:- FINANCIAL LIABILITY FOR WARRANTS

On 20 February 2013, the Company granted warrants to purchase 33,317,674 Ordinary Shares in partial consideration for the cancellation of capital notes (see Note 12).
Each warrant entitles the holder to purchase one Ordinary share at an exercise price of £ 0.01 per share. The warrants can be exercised at any time until February 2018.

The warrants are classified as a liability measured at fair value through profit or loss since the exercise price of the warrants is denominated in GBP and therefore is not a fixed amount of currency in relation to the functional currency (Euro) of the Company.

The fair value of the warrants is calculated based on the Black-Scholes option pricing model using the following parameters:

As of the date of grant: Expected volatility of the share price - 53%; risk-free interest rate - 1.22%; share price – £ 0.01
As of 31 December 2013: Expected volatility of the share price - 53%; risk-free interest rate – 1.86%; share price – £ 0.01
As of 31 December 2014: Expected volatility of the share price - 56%; risk-free interest rate –0.77%; share price – £ 0.0108

Based on the above model, the fair value of the warrants was € 261 thousand on the grant date €275 thousand as of 31 December 2013 and €318 thousand as of 31 December 2014.

The change in fair value in the amount of €14 thousand and €43 thousand was recorded in finance cost in 2013 and 2014 respectively.

NOTE 15:- EQUITY

a. Composition of share capital:

	31 December		31 December	
	2014	2013	2014	2013
	Authorized		Issued and outstanding	
	Number of shares			
Ordinary shares of € 0.00003367 par value each	4,000,000,000	2,079,002,079	1,531,980,571	1,347,495,909

See Note 25 regarding issuance of shares subsequent to 31 December 2014.

Ordinary shares:

Each Ordinary share confers upon its holder voting rights, the right to receive cash and share dividends, and the right to share in excess assets upon liquidation of the Company.

NOTE 15:- EQUITY (Cont.)

b. On 3 February 2013, the authorized share capital limit of the Company was increased to € 70,000 divided into 7,000,000 shares of € 0.01 each, following which the par value of each Ordinary Share was sub-divided from € 0.01 each to € 0.00003367 each and a further 807,488,000 shares were issued to the existing shareholders pro-rata to their shareholding in the Company.

c. On 3 February 2013, the Company issued to certain existing shareholders 49,005,049 Ordinary Shares in consideration for the cancellation of capital notes (see Note 12)

d. On 20 February 2013, the Company issued 162,855,339 Ordinary Shares pursuant to a private subscription at a price of € 0.00003367 raising a total of € 5,483.

On 20 February 2013, the Company granted warrants to purchase 33,317,674 Ordinary Shares and issued 42,642,947 Ordinary Shares in consideration for the cancellation of capital notes (see Note 14 and Note 12).

In March 2013, the Company completed its IPO on the AIM, by issuing 170 million Ordinary shares (see Note 1f). In addition, the Company issued 13,675,000 Ordinary shares to a Director.

In February 2014, the Company raised £700,000 (€846 thousand before fund raising costs of €46 thousand) by issuing 46,666,666 new Ordinary shares.

On 22 July 2014, the authorized share capital of the Company was increased to 4,000,000,000 shares of € 0.00003367 each.

In October 2014, the Company increased its equity by £1,536 thousand (€1,970 thousand before fund raising costs of €110 thousand) by issuing 122,906,720 new Ordinary shares for funds raised including the conversion of a debt of €179 thousand to a related party. See also Note 12c.

In December 2014, the Company issued 2,056,466 Ordinary shares to certain brokers in consideration for services provided. The fair value of the shares issued amounting to £7.5 thousands was recorded in general and administrative expenses.

e. Share option plan:

In April 2008, the shareholders of the Company adopted a share option plan ("the 2008 plan"), according to which shares will be granted to employees.

On 2 September 2014, certain employees of the subsidiary were granted 6,566,364 Ordinary shares for no consideration. The total fair value amounted to €123 thousand.

NOTE 15:- EQUITY (Cont.)

A summary of the activity in options for the years 2014 and 2013 is as follows:

	Year ended 31 December			
	2014		2013	
	Number of options	Exercise price Euro	Number of options	Exercise price Euro
Outstanding at beginning of year	13,238,833	0.0000367	16,680,931	0.00003367
Exercised	(6,288,448)	0.0000367	(3,442,098)	0.00003367
Outstanding at end of year	6,950,385	0.0000367	13,238,833	0.00003367
Exercisable options	5,560,307	0.0000367	6,288,445	0.00003367

f. Capital reserve

The capital reserve comprises the contribution to equity of the Company by the controlling shareholders - see Note 12.

NOTE 16:- REVENUES

a. The Company has one operating segment – production and sale of Palm Oil and Palm kernel. In March 2014 the Company commenced production and sale of Palm Oil and Palm Kernel from its palm oil extraction mill. Substantially all of the revenues in 2014 were derived from the sales of Palm Oil and Palm Kernel in Cote d'Ivoire. In 2013 the Company's revenues were derived from sales of Palm Oil plants.

b. Major customers:

	Year ended December 31,	
	2014	2013
	Euro in thousands	
Revenues from major customers which each accounts for 10% or more of total revenues reported in the financial statements:		
Customer A -	5,412	-
Customer B -	1,959	-
Customer C -	1,253	-

NOTE 17:- FAIR VALUE MEASUREMENT

Quantitative disclosures of the fair value measurement hierarchy of the Group's assets and liabilities as of December 31, 2014:

	Fair value hierarchy
	Level 3
	Euro in thousands
Assets measured at fair value:	
Biological assets(Note 7):	7,299

	Fair value hierarchy
	Level 3
	Euro in thousands
Liabilities measured at fair value:	
Warrants (Note 15)	318

The carrying amount of short-term and long-term loans, trade payables, other accounts payable and capital notes approximate their fair value.

NOTE 18:- INCOME TAXES

a. Carryforward losses:

As of 31 December 2014, the Company has accumulated losses for Cypriot tax purposes of approximately € 4,832 thousand, which may be carried forward, in order to offset taxable income in the future, for an indefinite period.

As of 31 December 2014, the subsidiary of the Company, CS DekelOil Siva Ltd, has accumulated losses for Cypriot tax purposes of approximately € 7,537 thousand, which may be carried forward, in order to offset taxable income in the future, for an indefinite period

As of 31 December 2014, the tax loss carryforwards of DekelOil CI SA, the Company's subsidiary in Cote d'Ivoire amounted to approximately € 11,833 thousand, which may be carried forward, in order to offset taxable income in the future, for an indefinite period.

b. Tax rates applicable to the income of the Company and its subsidiaries:

The Company and its subsidiary, CS DekelOil Siva Ltd, were incorporated in Cyprus and are taxed according to Cyprus tax laws. The statutory federal tax rate is 10%.

The subsidiary, DekelOil CI SA, was incorporated in Cote d'Ivoire and is taxed according to Cote d'Ivoire tax laws. Based on its investment plan, DekelOil CI SA received a full tax exemption from local income tax, "Tax on Industrial and Commercial profits," for the thirteen years starting 1 January 2013, 50% tax exemption for the fourteenth year and 25% tax exemption for the fifteenth year.

NOTE 18:- INCOME TAXES (Cont.)

The tax exemptions were conditional upon meeting the terms of the investment plan, which the Group has met.

The subsidiary DekelOil Consulting Ltd was incorporated in Israel and is taxed according to Israeli tax laws.

c. Tax assessments:

The Company's subsidiary, DekelOil CI SA, received a final tax assessment through 2012.
As of 31 December 2014 the Company and all its other subsidiaries, except DekelOil CI SA as stated above, had not yet received final tax assessments

d. Deferred taxes:

Deferred tax assets relating to carryforward losses and other temporary deductible differences in excess of temporary taxable differences have not been recognized because their utilization in the foreseeable future is not probable.

NOTE 19:- COMMITMENTS

a. Operating leases:

The Group has several rental and lease agreements which expire on various dates, the latest of which is in 2015, except the plantations lease with an annual payment of € 7 thousand which ends in 2035.
The Company can be released from those agreements with a maximum notice of six months.

b. Property, plant and equipment – See Note 8.

NOTE 20:- SUPPLEMENTARY INFORMATION TO THE STATEMENT OF INCOME

		Year ended 31 December	
		2014	2013
		Euros in thousands	
a.	Cost of Revenues:		
	Cost of fruits	5,915	33
	Change in inventories	(192)	-
	Salaries and related benefits	871	145
	Cultivation costs	419	219
	Vehicles	437	8
	Maintenance and other operating costs	417	20
	Depreciation	451	57
		8,318	482

		Year ended 31 December	
		2014	2013
		Euros in thousands	
b.	General and administrative expenses:		
	Salaries and related benefits	882	868
	Subcontractors	351	414
	Rent and office maintenance	261	175
	Travel expenses	121	111
	Legal & accounting fees	218	219
	Vehicle maintenance	75	91
	Insurance	84	28
	Brokerage & nominated advisor fees	96	49
	Depreciation	46	38
	Share-based compensation	187	64
	Other	252	98
		2,573	2,156
c.	Finance cost:		
	Interest on loans and capital notes	2,182	652
	Bank loans and fees	27	54
	Exchange rate differences	15	3
		2,224	709
	Net of amounts capitalized	377	1,105

NOTE 21:- EARNINGS (LOSS) PER SHARE

The following reflects the income (loss) and share data used in the basic and diluted earnings (loss) per share computations:

	Year ended 31 December	
	2014	2013
	Euros in thousands	
Loss attributable to equity holders of the Company	(1,699)	(1,013)
Weighted average number of Ordinary shares for computing basic and diluted earnings (loss) per share	1,362,243,608	1,218,689,681

All share options and warrants have been excluded from the calculation of diluted loss per share as their effect would be anti-dilutive.

NOTE 22:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

		Year ended 31 December	
		2014	2013
		Euros in thousands	
a(1).	Balances:		
	Capital notes and other liabilities (1)	1,563	1,569
	Trade payables	30	25
	Other accounts payable and accrued expenses	44	179
a(2)	Transactions:		
	Services and expense reimbursements (2)	312	144
	Interest on capital notes	173	198
b.	Compensation of key management personnel of the Company:		
	Short-term employee benefits	445	515
	Share-based compensation	64	64

1) See Note 12

2) See c. 3; c. 4 and c.6.

NOTE 22:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont.)

c. Significant agreements with related parties:

1. In February 2008, DekelOil Consulting Limited ("Consulting") signed an employment agreement with a shareholder, who is a director of the Company, the CEO of Consulting and the chairman of the Board of Directors of DekelOil CI SA.

   Under the employment agreement, the director is entitled to a monthly salary of € 15,000 per month (excluding bonuses and benefits). It was agreed that upon operation of the Company's mill, the base salary will be increased to € 20,000 per month. The agreement is terminable by the Company with 24 months' notice. The actual salary and management fee (see also (3) below) paid to the employee during 2014 was app. €12,000 per month. As of 31 December 2014, there is no outstanding obligation for compensation to the CEO for 2014.

2. In March 2008, DekelOil Consulting Limited signed an employment agreement with a shareholder, who is a director of the Company and its Chief Financial Officer ("CFO"). The agreement was amended on 11 July 2014 by the board of the subsidiary to reflect the same terms as the employee described in c(1) above. The actual salary and management fee paid to the employee during 2014 was app. €12,000 per month. As of 31 December 2014, there is no outstanding obligation for compensation to the CFO for 2014.

3. On 20 May 2008, the Company signed a service agreement with Starten Ltd, a related company for a total remuneration of € 10,000 per month. The Company and Starten can terminate the agreement with a notice of 60 days. During 2013 and 2014 the amount of € 60 thousand per year under this service agreement was paid to the party in c.1 above. In addition, during 2014 additional services in the amount of € 40 thousand was given to the Company and paid to the party in c.1.

4. In July 2012 a subsidiary of the Company entered into an agreement with a related party of a shareholder who is also a director of the Company and the chairman of the Board of Directors of the Company's subsidiary for these services the related party is entitled to receive € 4,000 per month.

5. On 5 November 2012 a director was appointed to the Company. This director had a consulting agreement with the Company in November 2011 (which was amended on 18 December 2012) pursuant to the terms of which he agreed to assist the Company with private equity fundraising or the Admission of the Company. The term of the agreement is 18 months from its effective date and it can be terminated by the director or by the Company by 30 days' notice in writing to the other party. The parties agreed that the consideration for the services provided by the director shall be a fixed fee of €24,000 (payable on Admission) as well as the issuance of shares on Admission. Upon Admission in March 2013, the Company issued 13,675,000 Ordinary shares to the director.

6. In March 2014 a subsidiary of the Company entered into an agreement with a related party for renting tractors for its mill and logistic centers operation. During 2014 the subsidiary paid to the related company for these services approximately €104 thousands.

NOTE 23:- FINANCIAL INSTRUMENTS

a. Classification of financial liabilities:

The financial liabilities in the statement of financial position are classified by groups of financial instruments pursuant to IAS 39:

	31 December 2014	31 December 2013
	Euros in thousands	
Financial liabilities measured at amortized cost:		
Long-term capital lease	19	24
Long-term loans (including current maturities)	16,484	13,323
Capital notes and other liabilities	6,174	5,667
Total	22,677	18,037
Financial liabilities at fair value through profit or loss (warrant)	318	275

b. Financial risks factors:

The Group's activities expose it to market risk (foreign exchange risk). The Group's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Group's financial performance. As the Group's long-term obligations bear fixed rates of interest, the Group is not exposed to cash flow risks due to changes in market rates of interest.

Foreign exchange risk:

The Company is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly, SDR and NIS. Since the FCFA is fixed to the Euro, the Group is not exposed to foreign exchange risk in respect of the FCFA. As of 31 December 2014 and 2013, balances in other foreign currencies are as follows:

	31 December 2014	31 December 2013
	Euros in thousands	
Long-term loan linked to the SDR	8,592	7,852
Current & long term liabilities linked to the NIS	179	129
Total	8,771	7,981

NOTE 23:- FINANCIAL INSTRUMENTS (Cont).

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity test to a reasonably possible change in SDR exchange rates, with all other variables held constant. The impact on the Company's income before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is immaterial.

	Change in SDR rate	Effect on income before tax
		Euros in thousands
2014	5%	215
2013	5%	196

Liquidity risk:

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

31 December 2014

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	Euros in thousands						
Long-term loans (1)	1,885	4,361	4,308	3,786	3,479	3,570	21,389
Trade payables and other accounts payable	1,885						1,885
Long-term capital lease	5	5	5	5	5	355	385
Capital note			8,430				8,430
	3,775	4,366	12,743	3,791	3,484	3,925	32,084

(1) Including current maturities.

NOTE 23:- FINANCIAL INSTRUMENTS (Cont).

31 December 2013

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	Euros in thousands						
Long-term loans (1)	2,009	3,959	3,009	2,831	2,660	3,071	17,539
Trade payables and other accounts payable	386						386
Long-term capital lease	5	5	5	5	5	360	385
Capital note				8,430			8,430
	2,400	3,964	3,014	11,266	2,665	3,431	26,740

(1) Including current maturities.

NOTE 24:- INVESTMENTS IN SUBSIDARY

1. Additional information on subsidiaries held by the Company:

a) General information:

	Principal place of business	Company's equity and voting rights	Ownership interests held by non-controlling interests	Carrying amount of investment in subsidiary
		%	%	EUROS in thousands
December 31, 2014:				
DekelOil SIVA	Cyprus and Cote d'Ivoire	51%	49%	5,636
				5,636
December 31, 2013:				
DekelOil SIVA	Cyprus and Cote d'Ivoire	51%	49%	5,881
				5,881

NOTE 24:- INVESTMENTS IN SUBSIDARY (Cont.)

2. Summarized financial data of subsidiary:

	December 31, 2014	December 31, 2013
Statement of financial position at reporting date (as presented in the subsidiary's financial statements):		
Current assets	1,536	1,554
Non-current assets	28,426	23,082
Current liabilities	(4,791)	(2,254)
Non-current liabilities	(19,535)	(16,501)
Total equity	5,636	5,881

	Year ended December 31, 2014	Year ended December 31, 2013
	EUROS in thousands	
The subsidiary's operating results (as presented in the subsidiary's financial statements):		
Revenues	9,973	465
Net and total comprehensive loss	(1,763)	(1,938)

	Year ended December 31, 2014	Year ended December 31, 2013
	EUROS in thousands	
The subsidiary's cash flows (as presented in the subsidiary's financial statements):		
From operating activities	10	(1,245)
From investing activities	(4,896)	(11,261)
From financing activities	5,435	12,909
Net increase in cash and cash equivalents	549	403

NOTE 24:- EXCESS OF LOSSES OVER INVESTMENTS IN INVESTEES (Cont.)

Balances of non-controlling interests:

	December 31,	
	2014	2013
	EUROS in thousands	
DekelOil SIVA	2,450	2,844

Income (loss) attributable to non-controlling interests:

	Year ended December 31,	
	2014	2013
	EUROS in thousands	
DekelOil SIVA	(863)	(460)

NOTE 25:- SUBSEQUENT EVENTS

a. On 15 January 2015 the Company granted directors and senior employees options to purchase 81,000,000 Ordinary shares. Of that amount, 18,000,000 options vested immediately and the remainder will vest ratably over 3 years. Half of the options have an exercise price of 1.25 pence per share while the remainder is exercisable at a price of 2 pence per share. The fair value of the options granted calculated based on Black-Scholes option pricing model is approximately €820 thousands. The award of these options was announced by the Company on 24 October 2014.

b. On 7 April 2015 employees exercised 6,950,385 options, for which 6,950,385 Ordinary shares were issued in consideration for approximately €200.

c. On 7 April 2015 the Company issued 779,361 Ordinary shares to certain brokers as a consideration for services provided.

d. In January 2015 the Company paid the advance payment of €160 thousands to Modipalm (See Note 8) .In May 2015 the equipment of the kernel crashing plant was shipped and the second payment of €438 thousands was made, On 23 June 2015, the equipment arrived to Cote d'Ivoire.