DEKELOIL PUBLIC LTD.

(Company Registration Number HE 210981)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2012

INDEX

CHAIRMAN'S STATEMENT

Overview

We are committed to building DekelOil into a major West African producer of crude palm oil ('CPO'). We have assembled a vertically integrated palm oil business in Côte D'Ivoire, including a nursery with an annual capacity to produce 1 million seedlings, 1,886 hectares of planted estates, 24,000 hectares of prospective hectares for roll out, and a soon to be completed 60t/hr CPO extraction mill ('the Mill'). Combined with long term agreements with cooperatives and small holders covering 27,000 hectares in place to provide feedstock for the Mill, we are primed to deliver rapid near term growth.

Our target is to commence first production of CPO by the end of 2013. In order to facilitate this, post period end we successfully listed on AIM in tandem with a £1.7 million raising and the acquisition of Boletus Resources Limited ('Boletus'), an unlisted investment company that raised £580,000. This provided gross cash of £2.3 million. Funding into the project to be matched by our supportive joint venture partner, the Siva Group. As a result of these transactions and having secured €14.3million in loans from two West African development banks, DekelOil is now fully funded to complete the construction of one of West Africa's largest palm oil extraction Mill's. Additionally with feedstock provided by the small holders and cooperatives covering 27,000 hectares of mature plantations, I believe the Company offers a compelling, asset backed investment opportunity which has the potential to generate substantial value for shareholders.

Operations

DekelOil owns 51%, and is the operator of, DekelOil Côte D'Ivoire SA. ('DekelOil Côte D'Ivoire'), an oil palm development company established in the Republic of Côte d'Ivoire. Our Joint Venture Partner is the Siva Group which has invested €8.3 million to date and will continue to match the Company's investment in our assets. Both our management team and Joint Venture Partners have extensive contacts and knowledge of the palm oil industry having successfully developed a range of major projects. The most recent addition to our asset base is a 60 ton per hour palm oil extraction mill ('the Mill'). This was purchased through a turn-key contract with Modipalm Engineering SDN BHD, a leading Malaysian engineering company, who takes over the responsibility for constructing the Mill within a set time frame, substantially de-risking the construction phase. The Mill components arrived at Abidjan Port at the beginning of March and are currently in the process of being delivered to site. This offers us a near term path to production and with land preparation and concrete works already substantially completed, construction is expected to be completed by the end of 2013, ready for the 2014 peak production season which normally commences in March.

The Joint Venture also owns 1,886 hectares of planted estates which are located in proximity to the Mill. While these estates continue to mature over the next 18 months, initial production will be derived from fresh fruit bunches ('FFBs') originating from 27,000 hectares of mature oil palm plantations secured under long term contracts with approximately 5,000 small holders. We expect to produce 40,000 – 50,000 tons of CPO in 2014 which we expect will generate significant cash flow both for the Company and the local community. We also hold the rights over 24,000 hectares of land suitable for palm oil development in the Guitry region of Côte d'Ivoire which will form the basis of our roll out campaign targeted to commence in Q1 2014. In order to fuel our rapid expansion, we have also established a palm oil nursery which has the capacity to cultivate 1 million plants per year. A number of these plants will be supplied to the smallholders with whom we have contracts in place to supply FFB to the Mill, thus cementing our relationship with the local community further.

We recognise that maintaining our excellent relationships with co-operatives and small holders is a key aspect of this project. The continued high demand for our nursery plants from smallholders is evidence of their appreciation of our work and our ongoing commitment to working with smallholders and the national organisations active within the industry. DekelOil's operations to date have created over 200 new jobs and it is expected the development of the Company moving forward will create employment for at least an additional 300 people. It is also expected to improve existing oil palm farmer's yields, enhance Ayenouan Farmers' income, revitalise the Co-operatives and accelerate the development of social infrastructure in the local community. DekelOil's activity will affect the lives of more than 6,000 families directly and indirectly. In the period leading up to the Mill's completion, we will continue to consult regularly with the cooperatives, smallholders, the national palm oil organisations and the local community, particularly in regard to our proposed logistics plans, to ensure our operations continue to benefit all stakeholders.

The long term market fundamentals for palm oil remain attractive. Palm oil is the most widely produced edible oil in the world and is indigenous to West Africa. Demand for CPO is increasing as the global population swells and living standards improve, particularly in India and China. Market growth is also derived from the USA which has seen a substantial annualised growth over recent years based on its increased usage due to the positive health implications of CPO.

Financial Review

As a pre-production company, the Group made an operating net loss of €341,000 (2011 - loss of €868,000) during the period. The Group now has a strong cash position following the total gross fund raising of £2.3 million in conjunction with its AIM listing.

Outlook

Near term production is our priority for the next 12 months. With the AIM listing now complete, the Mill fully funded, and feedstock secured, DekelOil is ideally positioned to rapidly deliver on this important milestone. The construction of the mill will be on-going over the coming months, and in the meantime we plan to continue cultivating our existing plantations, as well as continue discussions with a range of potential off-take partners. Once the Mill becomes operational later this year, we will look to accelerate the roll out of our strategy, recycling the associated cash generated from CPO production across our extensive land bank, as we look to deliver on our long term goal to become a major West African producer of CPO.

I would like to take this opportunity to thank our shareholders, team and advisers for their support during the period and I look forward to reporting on our progress regularly as we hit our near term value milestones.

Youval Rasin
Chief Executive Officer

Date: 26 March 2013

COMPANY INFORMATION

Directors	Andrew James Tillery, Non-Executive Chairman Youval Rasin, Chief Executive Officer Yehoshua Shai Kol, Chief Financial Officer Lincoln John Moore, Executive Director Richard Kousass Amon, Non Executive Director
Secretary	Absolute Trust Nominees Ltd
Registered Office	38 Agias Fylaxeos, Nicolas Court First Floor, Office 101 P.C. 3025
Company Registration Number	HE 210981
Country of Incorporation	Cyprus

INFORMATION ON THE BOARD OF DIRECTORS'

Andrew Tillery, Non-Executive Chairman

Mr Tillery is an experienced project manager and investment analysis with over 20 years operational management and private equity experience in Africa and other emerging markets. This includes seven years (1996-2003) as a CEO in Côte d'Ivoire, West Africa where he had responsibility for managing a group of oil palm operations and also founding a natural rubber business. Mr Tillery has an MA and MSc from Oxford University, an MBA from the University of Chicago and worked with CDC Group Plc (the UK Government development finance institution) from 1989 until 2004. Following this he spent several years in emerging markets investment management, including four years as a Senior Investment Manager with Norfund, the Norwegian Investment Fund for Developing Countries. He is currently on the board of three African agribusiness and adviser to several agribusiness investment funds in sub-Saharan Africa. He also recently joined Collabrium Capital, a London based investment bank, as a partner responsible for the management of several emerging market funds.

Youval Rasin, Chief Executive Officer

Mr Rasin is the co-founder of DekelOil and has held senior management positions in various companies within the Rina Group, a family holding company with diverse interests including agriculture, mining and hotels in Africa and Europe. Mr. Rasin is interested in StarEnergy SA which has undertaken construction of a 381MW gas turbine. Furthermore, Mr. Rasin has interests in Marine Carrier SA, Starten Limited, StarTen CI SA and Egoz Limited. He is also interested in StarAgro SA which is involved in the production of rubber and cacao plants. By profession, Mr Rasin is a qualified lawyer and has been active in Côte d'Ivoire since 2002, with 7 years experience in agro-industrial projects including 5 years in the palm oil industry with DekelOil.

Yehoshua Shai Kol, Chief Financial Officer

Mr Kol is the co-founder of DekelOil. By profession, Mr Kol is a Chartered Accountant, and has an MBA from Tel Aviv University. Mr Kol worked for 13 years in finance, with significant business & international exposure. Mr Kol is a former employee of KPMG Corporate Finance and Professional Practice. He was also the Financial Director for Europe, Middle East and Africa for an international software company, Director of Finance and Business Development for Yellow Pages Ltd in Israel, during which time he lead fund raising and Mergers & Acquisitions activities.

Lincoln John Moore, Executive Director

For the past 5 years Mr. Moore has been actively involved in establishing and raising finance for oil palm projects in Liberia, Sierra Leone and Côte d'Ivoire. Mr Moore was the former Chief Financial Officer of Sierra Leone Agriculture Ltd (now owned and operated by the Siva Group) until September 2011 and a co-founder and former director of Ragnar Capital Ltd, where he played a key role in raising over $US50m for oil palm projects in West Africa. This included the Siva Investment into DekelOil of €8.3 million. Currently a non-executive director of Zarmadan Gold Limited and a former executive director of AIM listed Northcote Energy Limited. Mr Moore is a Chartered Accountant and former senior manager in the restructuring division of Deloitte and Touche.

Richard Amon, Non-Executive Director

Richard Amon is an Ivorian national, member of the Royal family of Abengorou, part of the Agny which is one of the largest ethnic group in Côte d'Ivoire. Mr Amon was related to the first president of Ivory Coast, his excellence Félix Houphouët-Boigny. Mr Amon is a former Notary and is a co-founder of DekelOil and in addition, is a director of various companies within the DekelOil group. Mr Amon's key role is to assist with relations with the community, small holders,co-operatives, in addition to government relations. Mr Amon was also closely involved in assisting with the development bank loan process to finance the Mill. Mr Amon holds a law degree from Montpellier University, France.

PROFESSIONAL ADVISERS

Nominated Adviser	Beaumont Cornish Limited 2nd Floor, Bowman House 29 Wilson Street London EC2M 2SJ United Kingdom
Broker	Optiva Securities Limited 2 Mill Street Mayfair London W1S 2AT United Kingdom
Auditor	Kost Forer Gabbay & Kasierer (a member of Ernst & Young Global) 3 Aminadav St. Tel-Aviv 67067 Israel
UK Bankers	Barclays Bank PLC One Churchill Place London E14 5HP United Kingdom
Bankers	Hellenic Bank Limassol International Business Center 131 Arch. Marios III & Loanni Polemi 3rd and 4th floor P.O. Box 51791 3508 Lemesos Cyprus
Solicitors	Kerman & Co LLP 200 Strand London WC2R 1DJ United Kingdom
Registrars	Cymain Registrars Ltd 26 Vyronos Avenue 1096 Nicosia Cyprus

DIRECTORS REPORT

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2012.

Principal Activities

DekelOil Public Ltd. is a Cyprus based holding company which indirectly owns 51% per cent. of and is the operator of DekelOil Cote d'Ivoire SA, an oil palm development company established in the Republic of Cote d'Ivoire.

Group Results

The Group results are set out on page 15 and are stated in thousands Euros. The Group made operating net loss of €341 thousands (2011 - loss of €868 thousands). The Directors do not recommend payment of a dividend (2011 - £Nil).

Review of the Business

A review of the business for the year is set out in the Chairman's Statement.

Key Performance Indicators

Due to the current status of the Group as a pre development Company, the Board has not identified any performance indicators for this financial period.

Future Developments

Future Developments are outlined in the Outlook section of the Chairman's Statement.

Going Concern

The Directors have prepared cash flow forecasts and budgets that show that, for a period of at least twelve months from the date of signing these Financial Statements, the Group expects to have sufficient resources to continue its business. Accordingly, the Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis.

Events After the Reporting Period

Events after the Reporting Period are outlined in Note 22 to the Financial Statements.

Directors

Details of Directors are set out on page 6. Details of Directors' interests as at 18 March 2012 in share options and warrants are set out in the table below:

	Number of Ordinary Shares	*Number of warrants*
Andrew Tillery	-	-
Youval Rasin	404,173,541	31,251,029
Yehoshua Shai Kol	132,906,738	-
Lincoln John Moore	13,675,000	-
Richard Amon	119,757,412	-

Substantial Shareholding

As at 18 March 2012, the Company had been notified of the following substantial shareholdings in the ordinary share capital:

Directors	
Youval Rasin	31.09%
Shai Kol	10.22%
Richard Amon	9.21%
Over 3%	
Yossi Inbar	7.33%
Erez Tirosh	5.50%
Yardeni-Gelfand Trusts (2000) Ltd	6.06%
Hanan Rasin	3.24%

Corporate Governance

Audit and Remuneration Committees have been established and in each case comprise Andrew Tillery, Lincoln Moore and Richard Amon.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Group's employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Group and its accounting policies.

Suppliers' Payment Policy

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

Charitable Contributions

During the year the Group made charitable donations amounting to £Nil (2010 - £Nil).

Directors' Indemnities

In accordance with the Companies (Audit Investigations and Community Enterprise) Act 2004, which came into force on 6 April 2005, the Company has indemnified the Directors against liability to third parties, and undertaken to pay Directors' legal costs as incurred, provided that they are reimbursed to the Company if the individual is convicted.

By Order of the Board

Lincoln Moore, Executive Director

Date: 25 March 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements under IFRS. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Kost Forer Gabbay & Kasierer
3 Aminadav St.
Tel-Aviv 6706703, Israel

Tel: 972 (3)6232525
Fax: 972 (3)5622555
www.ey.com

INDEPENDENT AUDITORS' REPORT

To the shareholders of

DEKELOIL PUBLIC LTD.

We have audited the accompanying financial statements of DekelOil Public Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of 31 December 2012 and 2011, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2012 and 2011, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Kost Forer Gabbay & Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

25 March 2013
Tel-Aviv, Israel

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December 2012	31 December 2011
		Euros in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3	124	1,690
Government authorities and accounts receivable	4	36	31
Total current assets		160	1,721
NON-CURRENT ASSETS:			
Long-term deposits	5	36	4
Biological assets	6	5,018	2,183
Property and equipment, net	7	5,412	3,138
Total non-current assets		10,466	5,325
Total assets		10,626	7,046

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December 2012	31 December 2011
		Euros in thousands	
EQUITY AND LIABILITIES			
CURRENT LIABILITIES:			
Trade payables		238	161
Short-term loan	8	278	57
Other accounts payable and accrued expenses	9	255	217
Total current liabilities		771	435
NON-CURRENT LIABILITIES:			
Long-term capital lease	10	38	66
Accrued severance pay, net	11	30	23
Long-term loan	12	3,200	850
Capital notes	13	6,214	5,524
Related parties		179	98
Other liabilities		-	12
Total non-current liabilities		9,661	6,573
Total liabilities		10,432	7,008
DEFICIENCY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(1,138)	(1,064)
Non-controlling interests		1,332	1,102
Total equity	14	194	38
Total liabilities and equity		10,626	7,046

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

25 March 2013			
Date	Youval Rasin, Director, CEO	Yehoshua Shai Kol, Director, CFO	Lincoln John Moore, Executive Director

CONSOLIDATED STATEMENTS OF INCOME

	Note	Year ended 31 December 2012	2011
		Euros in thousands (except share and per share amounts)	
Revenues	15	419	311
Net gain from changes in fair value of biological assets	6	2,509	1,246
Operating expenses	18a	(380)	(382)
General and administrative	18b	(2,273)	(1,629)
Other expenses		(3)	(3)
Finance income	18c	31	122
Finance cost	18d	(644)	(527)
Loss before taxes on income		(341)	(862)
Taxes on income	16	-	(6)
Net loss		(341)	(868)
Attributable to:			
Equity holders of the Company		(571)	(530)
Non-controlling interests		230	(338)
Net loss		(341)	(868)
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		588,730,350	588,730,350

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2012	2011
	Euros in thousands	
Net loss	(341)	(868)
Other comprehensive loss:		
Actuarial gains on defined benefit plans	3	1
Total comprehensive loss	(338)	(867)
Total comprehensive loss attributable to:		
Equity holders of the Company	(569)	(529)
Non-controlling interests	231	(338)
	(338)	(867)

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 2011	2	405	(6,649)	2,532	3,175	(535)	1,440	905
Actuarial gains	-	-	1	-	-	1	-	1
Net loss	-	-	(530)	-	-	(530)	(338)	(868)
Balance as of 31 December 2011	2	405	(7,178)	2,532	3,175	(1,064)	1,102	38
Actuarial gains	-	-	3	-	-	3	-	3
Net loss	-	-	(571)	-	-	(571)	230	(341)
Exercise of options to Ordinary shares	1	-	-	-	-	1	-	1
Issuance of bonus shares	23	(23)	-	-	-	-		-
Share-based compensation	-	493	-	-	-	493	-	493
Balance as of 31 December 2012	26	875	(7,746)	2,532	3,175	(1,138)	1,332	194

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2012	2011
	Euros in thousands	
Cash flows from operating activities:		
Net loss	(341)	(868)
Adjustments to reconcile net loss to net cash provided by (used in) in operating activities:		
Adjustments to the profit or loss items:		
Depreciation and amortization	92	100
Share-based compensation	493	-
Accrued interest on long-term loan and non-current liabilities	360	609
Change in employee benefit liabilities, net	(4)	(2)
Loss from sale of property and equipment	-	3
Gain from changes in fair value of biological assets	(2,509)	(1,246)
Loss from sale of property, plant and equipment	3	-
Changes in asset and liability items:		
Decrease (increase) in Government authorities and accounts receivable	(25)	23
Increase in trade payables	77	29
Increase (decrease) in other liabilities	(12)	12
Increase in related parties	81	98
Increase (decrease) in accrued expenses and other accounts payable	38	(190)
	(1,406)	(564)
Cash received during the year for:		
Interest	7	-
Net cash used in operating activities	(1,740)	(1,432)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2012	2011
	Euros in thousands	
Cash flows from investing activities:		
Long-term deposits	(12)	-
Investment in biological assets	(326)	(331)
Proceeds from sale of property and equipment	4	-
Purchase of property and equipment	(2,036)	(2,472)
Net cash provided by (used) in investing activities	(2,370)	(2,803)
Cash flows from financing activities:		
Exercise of options to Ordinary shares	1	-
Receipt of short-term loan, net	221	57
Payment of long-term lease	(28)	(10)
Receipt of long-term loan	2,350	850
Net cash provided by financing activities	2,544	897
Increase (decrease) in cash and cash equivalents	(1,566)	(3,338)
Cash and cash equivalents at beginning of year	1,690	5,028
Cash and cash equivalents at end of year	124	1,690

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 13 b).

c. 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 is currently constructing its first palm oil mill.

d. 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.

e. On 18 March 2013, the Company completed its Initial Public Offering ("IPO") on the AIM, 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 €450 thousand) amount to approximately € 2.06 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

g. 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.
Related parties	-	As defined in IAS 24.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Measurement basis:

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

b. Basis of preparation of the financial information:

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"). These Standards comprise:

1. International Financial Reporting Standards (IFRS).
2. International Accounting Standards (IAS).
3. Interpretations issued by the IFRIC and by the SIC.

c. Consistent accounting policies:

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Significant accounting estimates and assumptions used in the preparation of the financial statements:

1. Judgments:

In the process of applying the significant accounting policies, the Group has made the following judgments which have a significant effect on the amounts recognized in the financial statements:

Classification of leases:

In order to determine whether to classify a lease as a finance lease or an operating lease, the Company evaluates whether the lease transfers substantially all the risks and benefits incidental to ownership of the leased asset. In this respect, the Company evaluates such criteria as the existence of a "bargain" purchase option, the lease term in relation to the economic life of the asset and the present value of the minimum lease payments in relation to the fair value of the asset.

Fair value of biological assets:

The biological assets are stated at fair value. Management made the judgment that cost approximates fair value of biological assets in a nursery because little biological transformation has taken place since its initial cost incurrence.

Determining the fair value of share-based payment transactions:

The fair value of share-based payment transactions is determined by applying the market approach using recent third party transaction in the equity of the company, representing an estimate of the fair value of the shares. Since the options are exercisable at par value, the fair value of the options is equal to the fair value of the shares.

Transactions with controlling shareholders:

The Company issued capital notes to controlling shareholders at non-market conditions. The Company accounts for these transactions as including an equity benefit (capital contribution). Accordingly, they are initially recorded at fair value pursuant to IAS 39 and the amount of the benefit that is recorded in equity reflects the difference between the fair value and the face value based on the terms of the transaction. In determining the benefit, the Company is required to evaluate the market conditions that existed on the date of the transaction.

2. Estimates and assumptions:

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. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period 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. For further details of key assumptions, see k. below.

e. Functional currency, presentation currency and foreign currency:

The local currency used in Cote d'Ivoire is the West African CFA Franc, which has a fixed exchange rate with the Euro. A substantial portion of the Group's revenues and expenses is incurred in or linked to the Euro. The group obtains debt financing in Euros and the funds of the Group are held in Euros. 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.

Monetary assets and liabilities denominated in non-Euro currencies are translated into Euro at the exchange rate on the balance sheet date. Transactions in non-Euro currencies are translated into Euros at the exchange rate on the date of transaction. Exchange differences are recognized in profit or loss. 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.

f. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Non-controlling interests of subsidiaries represent the non-controlling shareholders' share of the total comprehensive income (loss) of the subsidiaries and fair value of the net assets upon the acquisition of the subsidiaries. The non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company.

Upon the disposal of a subsidiary that does not result in a loss of control, an increase / a decrease in equity (capital reserve from transactions with non-controlling interests) is recognized for the amount of the difference between the consideration received by the Group and the carrying amount of the non-controlling interests in the subsidiary which has been added to the Company's equity.

g. 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.

h. Financial instruments:

1. Financial assets:

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.

Interest-bearing loans:

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

2. Financial liabilities:

Financial liabilities within the scope of IAS 39 are classified as loans at amortized cost The Group determines the classification of the liability on the date of initial recognition. All liabilities are initially recognized at fair value. Loans are presented net of directly attributable transaction costs.

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial liabilities at amortized cost:

After initial recognition, loans are measured based on their terms at amortized cost less directly attributable transaction costs using the effective interest method. The amortization of the effective interest is recognized in profit or loss in the line item, "financing

Derecognition of 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.

i. 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.

Impairment of non-financial assets:

The Company evaluates the need to record an impairment of the carrying amount 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

j. 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:

Finance lease:

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 fair value of the leased asset or, if lower, at 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 charges and a reduction of the lease liability using the effective interest method.

After initial recognition, the leased asset is accounted for according to the accounting policy applicable for this type of asset.

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.

k. Biological assets:

Biological assets, which include mature and immature palm oil plantations, are stated at fair value. 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. 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 palm oil 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 palm oil 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 palm oil 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Significant assumptions made in determining the fair values of the palm oil 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 2012 and 2011, is 18%.
(d) The FFB price is derived by applying the oil extraction rate to the estimated CPO price of € 690 per metric ton.

l. Property and equipment:

Property 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:

	%
Computers and software	33
Electronic equipment	15
Office furniture and equipment	15 – 20
Motor vehicles	25
Agriculture equipment	15
Leasehold improvements	10

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.

m. Revenue recognition:

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

The Company generates revenues mainly from sales of plants.

n. 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

o. Provisions:

A provision in accordance with IAS 37 is recognized when the Group has a present (legal or constructive) obligation as a result of a past event and 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. If the effect is material, provisions are measured according to the estimated future cash flows discounted using a pre-tax interest rate that reflects the market assessments of the time value of money and, where appropriate, those risks specific to the liability.

p. Employee benefit liabilities:

1. Short-term employee benefits:

   Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

2. Post-employment benefits:

The Group liability for severance pay relates to DekelOil Consulting Ltd. Pursuant to Israel's Severance Pay Law, severance pay is based on the last monthly salary of the employee multiplied by the number of years of employment, as of the date of severance.

The cost of providing severance pay is determined using an independent actuary. Actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they occur.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

q. Fair value of financial instruments:

The carrying amounts of cash and cash equivalents, short-term bank deposits, short-term bank loans, trade payables and other accounts payable approximate their fair value due to the short-term maturity of such instruments. As of 31 December 2011 and 2012, the carrying amounts of the Company's long-term liabilities also approximate their fair value.

r. 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 values of Ordinary shares for the purpose of calculating the fair values of options were determined by applying the market approach using recent third party transaction in the equity of the Company, representing an estimate of the fair value of the shares. Since the options are exercisable at par value, the fair value of the options is equal to the fair value of the shares.

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.

The Group's employees are entitled to remuneration in the form of equity-settled share-based payment.

s. Finance income and expenses:

Finance income includes interest income on amounts invested and exchange rate gains.

Finance expenses comprise interest expense on bank loan fees and exchange rate loss.

Gain and/or losses on exchange rate differences are reported on a net basis.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

t. Taxes on income:

Taxes on income in the statement of income comprise current and deferred taxes. Current or deferred taxes are recognized in profit or loss, except to the extent that the tax arises from items which are recognized directly in other comprehensive income or in equity. In such cases, the tax effect is also recognized in the relevant item.

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.

Deferred taxes:

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

Deferred taxes are measured at the tax rates that are 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 end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to items recognized in other comprehensive income or in equity.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. Temporary differences (such as carryforward losses) for which deferred tax assets had not been recognized are reviewed at the end of each reporting period 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.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

u. Disclosure of new IFRSs in the period prior to their adoption:

IAS 1 - Presentation of Financial Statements:

In June 2011, the IASB issued an amendment to IAS 1 ("the Amendment") which provides guidance for the presentation of other comprehensive income. According to the Amendment, items which may be reclassified to profit or loss in a future period (such as upon derecognition or recovery) should be presented separately from items that will never be reclassified to profit or loss.

The Amendment is to be applied retrospectively commencing from the financial statements for annual periods beginning on January 1, 2013, or thereafter. The Company will adopt the Amendment in its financial statements starting from the Amendment's effective date in 2013.

IAS 19 (Revised) - Employee Benefits:

The IASB made several changes to IAS 19, the principal of which are as follows:

- The remeasurement of the net defined benefit liability (formerly - actuarial gains and losses) are recognized in other comprehensive income t and not in profit or loss.
- The "corridor" approach which allowed the deferral of actuarial gains or losses has been eliminated.
- Income from the plan assets is recognized in profit or loss based on the discount rate used to measure the employee benefit liabilities. The return on plan assets excluding the aforementioned income recognized in profit or loss is included in the remeasurement of the net defined benefit liability.
- The distinction between short-term employee benefits and long-term employee benefits is based on the expected settlement date and not on the date on which the employee first becomes entitled to the benefits.
- Past service cost arising from changes in the plan is recognized immediately.

The Standard is to be applied retrospectively in financial statements for annual periods commencing on January 1, 2013, or thereafter. Earlier application is permitted.

The Company estimates that the Standard is not expected to have a material impact on its financial statements.

IAS 32 - Financial Instruments: Presentation and IFRS 7 - Financial Instruments: Disclosure:

In December 2011, the IASB issued amendments to IAS 32 and amendments to IFRS 7 regarding the offsetting of financial assets and liabilities. The Company estimates that these amendments are not expected to have a material impact on its financial statements.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

IFRS 7 - Financial Instruments: Disclosure:

The amendment to IFRS 7 ("the Amendment") provides new and expansive disclosure requirements regarding the derecognition of financial assets. The Company estimates that the Amendment is not expected to have a material impact on its financial statements.

IFRS 9 - Financial instruments: Classification and Measurement

IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The Standard is effective for annual periods beginning on or after 1 January 2015. The Company estimates that the Standard is not expected to have a material impact on its financial statements.

IFRS 10 - Consolidated Financial Statements

IFRS 10 addresses the accounting for consolidated financial statements. It establishes a single control model that applies to all entities. The Standard is effective for annual periods beginning on or after 1 January 2013. The Company estimates that the Standard is not expected to have a material impact on its financial statements.

IFRS 13 - Fair Value Measurement:

IFRS 13 establishes guidance for the measurement of fair value, to the extent that such measurement is required under IFRS. IFRS 13 defines fair value as 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. IFRS 13 also prescribes certain specific disclosure requirements.

The new disclosures, and the measurement of assets and liabilities pursuant to IFRS 13, are to be applied prospectively for annual periods commencing on January 1, 2013 or thereafter.

The appropriate disclosures will be included in the Company's financial statements upon initial adoption of IFRS 13. As for the effect on the financial statements, the Company believes that IFRS 13 is not expected to have a material impact on its financial statements.

NOTE 3:- CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
	Euros in thousands	
Cash at bank and on hand	124	182
Short-term deposit	-	1,508
	124	1,690

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

NOTE 4:- GOVERNMENT AUTHORITIES AND ACCOUNTS RECEIVABLE

	31 December 2012	31 December 2011
	Euros in thousands	
Government authorities (VAT)	5	6
Loans to employees	7	9
Prepaid expenses and other receivables	24	16
	36	31

NOTE 5:- LONG TERM DEPOSIT

The long-term deposit is held for periods over a year and is in FCFA.

NOTE 6:- BIOLOGICAL ASSETS

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

	2012	2011
	Euros in thousands except planted area data	
Planted area, Hectares	1,886	1,279
At fair value:		
1 January	2,037	406
Additions	365	385
Gain arising from changes in fair value	2,509	1,246
31 December	4,911	2,037

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 palm oil 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	
	2012	2011
	Euros in thousands	
Palm Oil plantations	4,911	2,037
Palm Oil plants	107	146
	5,018	2,183

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

NOTE 7:- 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 under construction ***	Leasehold improvements	Total
Cost:									
Balance as of 1 January 2011	32	6	20	157	334	38	382	4	973
Acquisitions during the year	6	-	1	24	5	-	2,247	-	2,283
Capitalized borrowing cost	-	-	-	-	-	-	189	-	189
Balance as of 31 December 2011	38	6	21	181	339	38	2,818	4	3,445
Acquisitions during the year	4	-	2	17	5	-	1,704	11	1,743
Disposal of fixed assets	-	-	-	(21)	-	-	-	-	(21)
Capitalized borrowing cost	-	-	-	-	-	-	623	-	623
Balance as of 31 December 2012	42	6	23	177	344	38	5,145	15	5,790
Accumulated depreciation:									
Balance as of 1 January 2010	11	3	12	18	73	-	-	3	120
Depreciation during the year	10	-	-	9	73	-	-	-	92
Disposal during the year	-	-	(3)	-	-	-	-	(2)	(5)
Balance as of 31 December 2010	21	3	9	27	146	-	-	1	207
Depreciation during the year	10	1	4	17	67	-	-	1	100
Balance as of 31 December 2011	31	4	13	44	213	-	-	2	307
Depreciation during the year	4	-	5	9	66	-	-	1	85
Disposal of fixed assets	-	-	-	(14)	-	-	-	-	(14)
Balance as of 31 December 2012	35	4	18	39	279	-	-	3	378
Depreciated cost as of 31 December 2012	13	2	5	138	65	38	5,145	6	5,412
Depreciated cost as of 31 December 2011	7	2	8	137	126	38	2,818	2	3,138

*) In November 2010 DekelOil Consulting signed a capital lease agreement to lease a vehicle. The lease is for three years and the monthly payment is NIS 2,240 linked to the Israeli CPI. At the end of the period, DekelOil Consulting has an option to buy the car for NIS 90,000 or to return it (see also Note 10).

NOTE 7:- PROPERTY AND EQUIPMENT, NET (Cont.)

**) see Note 10 b.

***) 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 2012 DekelOil CI SA has paid Modipalm down payment of € 1,670 thousands, and issued a letter of credit Modipalm at a total amount of €7,508,500. The Letter of credit was issued by the EBID and is financed by the EBID and BOAD.

On 22 January 2011, DekelOil CI SA signed an agreement with Boilermech SDN BHD ("Boilermech"), a Malaysian company, for designing, manufacturing and installing steam boiler for the palm oil extraction mill being constructed by Modipalm in Cote d'Ivoire. The total value of the agreement is US$ 1,010 thousands. The construction of the steam boiler will be in coordination with the construction of the mill by Modipalm. As of 31 December 2012 DekelOil CI SA has paid Boilermech down payment of $ 202,000, and issued a letter of credit to Boilermech at a total amount of $ 808,000. The Letter of credit was issued by the EBID and is financed by it.

On 11 June 2012, DekelOil CI SA signed an agreement with a construction company in CI for the foundation, concrete works and other works for the mill and mill infrastructure at a total amount of approximately € 1,713 thousand. The contract was approved by the EBID and is being financed by it. As of 31 December 2012 a total amount of approximately € 921 thousands was paid under this agreement.

NOTE 8:- SHORT-TERM LOAN

	31 December	
	2012	2011
	Euros in thousands	
Short-term loan	278	57

Represents current maturities of long term loans – see Note 12.

NOTE 9:- OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	31 December	
	2012	2011
	Euros in thousands	
Employees and payroll accruals	109	87
Other accounts payable	146	130
	255	217

NOTE 10:- LONG-TERM CAPITAL LEASE

a. In November 2010 DekelOil Consulting signed a capital lease agreement to lease a vehicle. The lease is for three years and the monthly payment is NIS 2,240 linked to the Israeli CPI. At the end of the period, DekelOil Consulting has an option to buy the car for NIS 90,000 or return it (see also Note 7).

b. 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 7).

   The Company has agreed orally with the village that from 2013 an additional 500,000 FCFA (approximately € 762) per year will be added to the current lease price (see also Note 7).

NOTE 11:- ACCRUED SEVERANCE PAY, NET

Severance pay in Israel is regarded as a post-employment benefit.

a. The plan (assets) liabilities, net:

	31 December	
	2012	2011
	Euros in thousands	
Defined benefit obligation	69	52
Fair value of plan assets	(39)	(29)
	30	23

b. Changes in the defined benefit obligation:

	31 December	
	2012	2011
	Euros in thousands	
Liability at the beginning of the year	52	37
Interest cost	3	2
Current service cost	17	14
Actuarial gain recognized in the year	(3)	(1)
Liability at the end of the year	69	52

NOTE 11:- ACCRUED SEVERANCE PAY, NET (Cont.)

c. Changes in plan assets:

	31 December 2012	31 December 2011
	Euros in thousands	
Assets at the beginning of the year	29	12
Contributions by employer	9	16
Expected return	1	1
Assets at the end of the year	39	29

d. Expense recorded in statement of income:

	31 December 2012	31 December 2011
	Euros in thousands	
Interest cost	3	2
Current service cost	17	14

e. The actuarial assumptions used are as follows:

	Year ended 31 December 2012	2011	2010
Discount rate	4.94%	5.25%	5.43%
Expected rate of return on plan assets	5.25%	5.43%	5.84%
Future salary increases	3.78%	5.43%	5.84%
Average expected remaining working years	9.92	9.92	9.92

NOTE 12:- LONG-TERM LOAN

a. Comprised as follows:

	Linkage terms	Interest rate as of 31 December 2012	31 December 2012
			Euros in thousands
EBID	In FCFA	10.5%	2,329
BOAD	In FCFA	10.5%	1,105
Diamond Bank	In FCFA	12.5%	44
Less - current maturities			278
			3,200

b. 1. On 3 August 2010, DekelOil CI SA, signed a loan agreement with the West Africa Development Bank ("BOAD") according to which the subsidiary will receive a loan at the amount of up to FCFA 4,500,000 thousands (approximately € 6,860 thousands). The BOAD loan shall bear interest at a rate of 10.50% 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 10 semi-annual installments over five years, commencing after a grace period on principal payments of three-years.

On 2 September 2011, DekelOil CI SA made its first withdrawal from BOAD at the sum of € 835. This sum was paid directly to Modipalm as half of the down payment in accordance with the agreement with Modipalm (see also Note 7).

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 up to FCFA 4,886,880 thousand (approximately € 7,450 thousand).
The EBID loan shall bear interest at a rate of 10.50% per annum. The loan has a tenure of eight years, and shall be repaid in 20 quarterly installments over five years, commencing after a grace period on principal payments of three-years.
On 9 March 2012, DekelOil CI SA made its first withdrawal from BIDC at the sum of € 835.

As a security for the above loans, DekelOil CI SA provided a lien over the equipment purchased from Modipalm and Boilermech (see also Note 7), a floating charge over the DekelOil CI SA assets, credit insurance coverings of up to approximately € 4,500 thousands was purchased from Fond Gari and approximately € 7,550 thousands was purchased from Laloyale, and as security for this guarantee of first demand the Company provided a corporate guarantee from the Group and a lien over revenue that will be generated from 600 hectares of palm oil plantations.

NOTE 12:- LONG-TERM LOAN (Cont.)

3. In July 2011, a subsidiary of the Company, DekelOil CI SA, signed a line of credit agreement with the Diamond Bank for financing the purchase of vehicles and other equipment, according to which the subsidiary will receive a loan amount of up to € 1,330 thousands. Loan withdrawals can be made provided that the DekelOil CI SA will deposit 30% of the amount for each specific purchase. The loan is for a term of three years from the date of each loan withdrawal, with a grace period of three months. The loan shall bear interest at a rate of 12.5 % per annum.

4. In July 2011, DekelOil CI SA, signed a line of credit agreement with the Diamond Bank for financing the working capital of the mill that is under construction. According to the agreement the subsidiary will receive an annual line of credit of up to € 5,330 thousands. The line of credit shall bear interest at a rate of 12 % per annum, and shall be secured by either a financial guarantee or a lien over the CPO at the storage tanks.

5. On 11 June 2012, DekelOil CI SA signed an agreement with a construction company in CI for the foundation, concrete works and other works for the mill and mill infrastructure at a total amount of approximately € 1,713 thousand. The contract was approved by the EBID and will be financed by it

6. In November 2012, the subsidiary of the Company issued an LC to Modipalm Engineering SDN, the mill contractor, at a total amount of € 7,508 thousand. The LC was issued by the EBID and is financed by the EBID and BOAD.

7. On 28 November 2012, DekelOil CI SA issued a letter of credit ('LC") to Boilermech, the boiler provider for the mill, at a total amount of $ 808,000.
   The LC was issued by the EBID and is financed by it.

NOTE 13:- CAPITAL NOTE

Comprises as follows:

	31 December	
	2012	2011
	Euros in thousands	
Due to shareholders (a)	2,571	2,286
Due to shareholders of a subsidiary (b)	3,643	3,238
	6,214	5,524

NOTE 13:- CAPITAL NOTE (Cont.)

a. In the years 2008 to 2010, the shareholders of the Company invested in the Company a total amount of € 4161 thousands 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 transaction 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 transaction were recorded as a capital reserve in the aggregate amount of € 2532 thousands.

See also Note 22.

b. On 22 June, 2010 the Company, CS DekelOil Siva Limited and Biopalm Energy Limited entered into an investment agreement. According to the investment agreement, Biopalm acquired a 49% interest of a wholly owned subsidiary of the Company (CS DekelOil Siva Ltd, a Cypriot company created for that purpose) for a consideration of € 8.3 million, which was invested in the subsidiary. The € 8.3 million investment consisted of € 5 million of equity and € 3.3 million as a capital note with the following terms:

The capital note accrues interest at 10% per year until paid and the interest is payable semi-annually.

Amounts drawn down by CS DekelOil Siva Limited under the capital note would either be repaid or converted into share premium in CS 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 the subsidiary of the Company will reach an IRR of 40% during 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 the subsidiary of the Company will not reach an IRR of 40% after 7 years, then the capital note is payable to Biopalm.

NOTE 13:- CAPITAL NOTE (Cont.)

The fair value of the capital note was determined at transaction 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.

NOTE 14:- EQUITY

a. Composition of share capital:

	31 December	31 December	
	2012	2012	2011
	Authorized	Issued and outstanding	
	Number of shares		
Ordinary shares of € 0.01 par value each	2,563,350	2,563,350	222,350

See Note 22 regarding changes in authorized and issued shares subsequent 31 December 2012.

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.

On 5 December 2012, the authorized share capital limit of the Company was increased to € 25,630 divided into 2,563,000 shares of € 0.01 each.

On 5 December 2012, the Company issued pro rata to all of its shareholders 2,275,508 Ordinary Shares (bonus shares) for no consideration.

NOTE 14:- EQUITY (Cont).

b. Share option plan:

On 3 April 2008, the shareholders of the Company adopted a share option plan ("the 2008 plan"), according to which shares will be granted to employees.

In July 2008, the Company's Board of Directors authorized an incentive share option plan ("the Option Plan") and has granted options to employees to purchase Ordinary shares. Under the Option Plan, the options were vested till 31 December 2010. During this period the granted options had an anti dilution protection to increase the number of options in such number that the grantee will hold 5% of the Company subsidiary, CS DekelOil Siva Ltd. As of 31 December 2012, 521,278options were granted, 517,828 were fully vested, and exercised to the company's Ordinary shares.

On 5 November 2012, the Company granted for no consideration 65,080 options to purchase Ordinary shares at an exercise price of par value to employees of the Company's subsidiaries. The options for 8,915 shares vested immediately and were exercised. The balance of the options vest over a period of 2.5 years.

The fair value of share-based payment transactions is determined by applying the market approach using recent third party transaction in the equity of the Company, representing an estimate of the fair value of the shares. Since the options are exercisable at par value, the fair value of the options is equal to the fair value of the shares.

A summary of the activity in options for the years 2012 and 2011 is as follows:

	Year ended 31 December			
	2012		2011	
	Number of options	Exercise price Euro	Number of options	Exercise price Euro
Outstanding at beginning of year	50,550	0.01	50,550	0.01
Granted	586,358	0.01		
Exercised	(580,743)	0.01	-	0.01
Outstanding at end of year	56,165	0.01	50,550	0.01
Exercisable options	56,165	0.01	50,550	0.01

c. Capital reserve

The capital reserve comprises the contribution to equity of the Company by the controlling shareholders - see Note 13.

NOTE 15:- REVENUES

The Company has one reportable operating segment. The Company's revenues for the years 2011 and 2012 are derived from the sales of plants.

NOTE 16:- INCOME TAXES

a. Carryforward losses:

As of 31 December 2012 and 2011, the Company had accumulated losses for Cypriot tax purposes of approximately € 1,785 thousand and € 1,751 thousand, respectively, which may be carried forward, in order to offset taxable income in the future, for an indefinite period.

As of 31 December 2012 and 2011, the subsidiary of the Company, CS DekelOil Siva Ltd, had accumulated losses for Cypriot tax purposes of approximately € 2,600 thousand and € 3,700 thousand, respectively, which may be carried forward, in order to offset taxable income in the future, for an indefinite period

As of 31 December 2012 and 2011, the tax loss carryforwards of DekelOil CI SA, the Company's subsidiary in Cote d'Ivoire amounted to approximately € 5,057 thousand, € 4,557 thousand, respectively, 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 is to receive a full tax exemption from local income tax "Tax on Industrial and Commercial profits" for the first six years following the completion of its current investment plan involving plantations and construction of a palm oil plant (currently 2013), 50% tax exemption for the seventh year and 25% tax exemption for the eighth year.

The tax exemptions are conditional upon meeting the terms of the investment plan, including a minimum investment by June 2013 and creation of a minimum number of permanent jobs in Cote d'Ivoire. The Group is currently intending to meet all of the conditions, but if it is unable to do so, the Group intends to seek a further extension of the time period to meet the conditions.

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

The Israeli corporate tax rate was 26% in 2009, 25% in 2010 and 24% in 2011.

NOTE 16:- INCOME TAXES (Cont.)

On December 5, 2011, the Israeli Parliament (the Knesset) passed the Law for Tax Burden Reform (Legislative Amendments), 2011 ("the Law") which, among others, cancels effective from 2012, the scheduled progressive reduction in the corporate tax rate. The Law also increases the corporate tax rate to 25% in 2012. In view of this increase in the corporate tax rate to 25% in 2012, the real capital gains tax rate and the real betterment tax rate were also increased accordingly.

c. Tax assessments:

In October 2012 the Company's subsidiary, DekelOil CI SA completed a tax assessment audit by the Cote d'Ivoire tax authorities and received a final tax assessment through 2011, according to which, DekelOil SI SA should pay approximately € 45 thousand
As of 31 December 2012 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 17:- 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 annual payments under those agreements are as follows:

Year	Euros in thousands
2013	53
2014	31
2015	13
2016 - 2035	7

The Company can be released from those agreements with a maximum notice of six months.

NOTE 17:- COMMITMENTS (Cont.)

b. Other commitments:

1. DekelOil CI SA signed contracts with cooperatives and with farmers that are members in these cooperatives and hold a total of approximately 17,000 hectares of existing palm oil plantations in Cote d'Ivoire. Under the contracts, once the subsidiary's palm oil extraction mill will be operational, the cooperatives and the farmers are committed to exclusively sell, and the subsidiary is committed to purchase the oil fresh fruit branches ("FFB") from the cooperative based on market prices at the time of harvest.
In addition the subsidiary has the right to register a 40 year lease over the plantations.

2. In 2008 DekelOil CI SA signed a conditional contract with a cooperative in Cote d'Ivoire under which it the cooperative and its members are committed to exclusively sell and the subsidiary is committed to purchase the FFB from the cooperative based on market prices at the time of harvest. The members of the cooperative have approximately 10,000 hectares of existing oil palm plantations. The contract becomes effective for a period of 20 years commencing from the date the Company's palm oil mill becomes operational.

   Pursuant to employment agreements two employees of a subsidiary of the Company will be entitled to a bonus of € 50 thousand each when the palm oil plant becomes operational (see also Note 20 b).

3. With regards to the Group plantations totaling 1,886 hectares, see also Note 6.

NOTE 18:- SUPPLEMENTARY INFORMATION TO THE STATEMENT OF INCOME

	Year ended 31 December	
	2012	**2011**
	Euros in thousands	
a. Operating expenses:		
Salaries and related benefits	83	85
Plants, seeds and chemicals	166	133
Sales commission	3	2
Lease and office maintenance	22	30
Travel expenses, net	7	11
Depreciation and amortization	73	66
Subcontractors	26	55
	380	382

NOTE 18:- SUPPLEMENTARY INFORMATION TO THE STATEMENT OF INCOME (Cont.)

	Year ended 31 December 2012	2011
	Euros in thousands	
b. General and administrative expenses:		
Salaries and related benefits	716	572
Subcontractors	401	338
Lease and office maintenance	170	163
Travel expenses	119	149
Legal & accounting fees	78	155
Vehicle maintenance	102	86
Communication	31	31
Brokerage fees	-	-
Depreciation	34	40
Share-based compensation	493	-
Other	129	95
	2,273	1,629
c. Finance income:		
Interest income from banks	31	122
Exchange rate differences	-	-
	31	122
d. Finance cost:		
Exchange rate differences	7	1
Loans and capital notes interest	622	512
Bank loans and fees	15	14
	644	527
Net of amounts capitalized	623	189

NOTE 19:- 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	
	2012	2011
	Euros in thousands	
Loss for the year	341	868

	2012	2011
Weighted average number of Ordinary shares for computing basic and diluted earnings (loss) per share	588,730,350	588,730,350

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

NOTE 20:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Year ended 31 December	
	2012	2011
	Euros in thousands	
a. Balances:		
Capital notes (1)	6,214	5,524
Other long-term liabilities	276	98
b. Compensation of key management personnel of the Company(5):		
Services and expense reimbursements (2),(4)	163	442
Employee benefits (3)	314	113
Share-based compensation	493	-

1) See Note 13) "Capital notes".

2) See b 3) and 4) below "Significant agreements with related parties".

3) Represents the total salary to related parties. Related benefits include annual social benefits of € 37 thousand and € 74 thousand for 2011 and 2012 respectively.

4) In the years 2011 and 2012 no remuneration was paid to directors acting in such capacity during those years.

NOTE 20:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont.)

b. Significant agreements with related parties:

1. In February 2008, DekelOil Consulting Limited signed an employment agreement with a shareholder, a director of the Company the CEO of the company 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 € 6,500 per month during the period till the Company completed the fund raising for the first mill (which should be no less than € 10 millions) and € 15,000 per month thereafter (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. Under the terms of the agreement, the employee is entitled to various bonuses at different stages of the Company's development (including a bonus of € 50,000 on the operation of the mill).See also (4) below.

2. In March 2008, DekelOil Consulting Limited signed an employment agreement with a shareholder, a director of the Company and its Chief Financial Officer ("CFO"). According to the agreement the CFO is entitled to a salary of € 6,000 per month during the period till the Company completed the fund raising for the first mill (which should not be less than € 10 millions) and € 8,000 per month thereafter (excluding bonuses and benefits). It was agreed that upon operation of the Company's mill, the base salary will be increased to € 11,000 per month. The agreement is terminable by the Company with 24 months' notice. Under the terms of the agreement, the employee is entitled to various bonuses at different stages of the Company's development (including a bonus of € 50,000 on the operation of the mill).

3. On 1 January 2008, DekelOil Consulting Limited signed employment agreements with a shareholder, a director of DekelOil Consulting Limited and CEO of the DekelOil CI SA, According to the agreement the employee is engaged with a current salary of € 18,000 per annum. In addition, the Company signed a consulting agreement with Agro Technologies Ltd. ("Agro") on 1 January 2008. The employee is a related party of Agro. Under the terms of the consulting agreement, Agro will receive a monthly fee of € 5,760 per month prior to the Company raising external investment in an amount not less than €2 million and not more than €10 million. It has also been agreed that Agro will be entitled to a fee of €9,600 (gross) if the Company manages to raise the entire amount in relation to its projects (as set out in its business plan). Once the Company proceeds to first oil extraction plantation then the fee would be increased to €12,160 (gross) per month. In August 2012, the CEO of the Company's subsidiary terminated his position, but he continues to act as a consultant to the Company's subsidiary. For his services he is entitled to receive via a company owned by him, Agro Technologies, a monthly fee of €4,500.

NOTE 20:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont.)

4. On 20 May 2008, the Company signed a service agreement with Starten Ltd, a related company. The services provided by Starten to the Company and the Company's subsidiary are mainly: office space for the Company's main offices in Abidjan Cocody les Deux Plateaux, Villa 1383 06, Abidjan; maintenance, communication, internet and security services to the Company's main office; assistance to the Company and its subsidiary in its contacts with the state authorities in Cote d'Ivoire. The total remuneration for these services is € 10,000 per month. The Company and Starten can terminate the agreement with a notice of 60 days. In addition, during 2012 and 2011 the amounts of € 80 thousand and € 141 thousand respectively were paid to Starten under the agreement with a shareholder, a director of the Company and the chairman of the Board of Directors of DekelOil CI SA. See also (1) above.

5. On 14 February 2008 a subsidiary of the Company signed an agreement with Starten Technologies CI SA ("Starten CI"), a related company. According to the agreement, the engagement with a local cell-phone service provider will be via Starten CI and the subsidiary will reimburse Starten CI based on the actual invoices from the cell-phone service provider.

6. On 30 December 2011 a shareholder of the Company, a director of the Company and the chairman of the Board of Directors of DekelOil CI SA entered into a conditional investment agreement with Laloyale, an insurance company in Cote d'Ivoire that provides credit insurance to the Company subsidiary. Under this agreement, the shareholder may purchase 12.5% of this Insurance company. See also Note 12 b "Long term loans".

7. 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 to be the subsidiary's supervisor over the foundation and concrete works of the mill construction.

   For these services the related party is entitled to receive FCFA 2,000,000 (approximately € 3,000) per month.

   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 on18 December 2012) 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 have agreed that the consideration for the services provided by the Director shall be a fixed fee of €20,000 (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.

NOTE 21:- 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 2012	31 December 2011
	Euros in thousands	
Financial liabilities:		
Financial liabilities measured at amortized cost	9,692	6,886

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 operates in a number of countries and is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly the FCFA, US dollars and NIS. Since the FCFA is fixed to the Euro, as of 31 December 2012, balances in foreign currency are immaterial.

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

Liquidity risk:

31 December 2012:

	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						
Short-term loan	278	-	-	-	-	-	278
Long-term loan	535	404	880	887	821	1,445	4,972
Trade payables and other accounts payable	238	-	-	-	-	-	238
Long-term capital lease	5	5	5	5	5	365	390
Capital note	-	-	-	-	10,581	-	10,581
	1,056	409	885	892	11,407	1,810	16,459

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21:- FINANCIAL INSTRUMENTS (Cont).

31 December 2011:

	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						
Short-term loan	57	-	-	-	-	-	57
Long-term loan	183	88	157	245	228	500	1,401
Trade payables and other accounts payable	378	-	-	-	-	-	378
Long-term capital lease	10	10	5	5	5	369	404
Capital note	-	-	-	-	-	10,581	10,581
	709	98	162	250	233	11,450	12,821

c. Fair value:

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

NOTE 22:- SUBSEQUENT EVENTS

a. On 3 February 2013, the Company issued and allotted to certain existing shareholders 49,005,049 Ordinary Shares in consideration for the cancellation of indebtedness owed by the Company at a total amount of € 225,000.

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 20 February 2013, the Company constituted a warrant instrument and granted warrants over 33,317,674 Ordinary Shares in consideration for the cancellation of capital notes at a total amount of € 353,329. On 20 February 2013, the Company issued and allotted 42,642,947 Ordinary Shares and granted warrants over 24,700,457 Ordinary Shares to certain existing shareholders in consideration for the cancellation of capital notes at a total amount of €1,012,785.

Each warrant entitles the holder to purchase one Ordinary share. The exercise price is £ 0.01 per share and the warrants can be exercised at any time until February 2018.

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

e. On 18 March 2013, the Company completed its Initial Public Offering, see note 1 (e)

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