DekelOil Public Limited / Index: AIM / Epic: DKL/ ISIN: CY0103462210 / Sector: Food Producers

DekelOil Public Limited ('DekelOil' or 'the Company')
Interims Results

DekelOil Public Limited, a palm oil development company with interests in Côte d'Ivoire, is pleased to announce its interim results for the year ended 30 June 2014.

Highlights

- DekelOil successfully established as a revenue-generative, EBITDA-positive vertically-integrated CPO producer in the Cote d'Ivoire
- Successful commissioning of a 60 tonne per hour mill, one of the largest in West Africa, in March 2014 – operational for four months of the period
- Revenues of €4.5m and EBITDA of €0.3m reported for the 6 month period
- Implementation of a solid logistics strategy which facilitates delivery of smallholder feedstock to the Mill – logistics hubs will be established on an on-going basis
- Production for the first half of operations to June 2014 stood at 7,932 tonnes of CPO and 1,311 tonnes of kernels
- Two further off-take agreements with domestic customers – the Company now has three in place in line with its strategy to secure a diversified, local sales book
- Successfully executing strategy to increase its 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

DekelOil Executive Director Lincoln Moore said, "The first six months of the year have been highly fruitful for DekelOil and I am pleased to report that we met our key objectives during the period. Considering that the Mill was only operational for four months of this half year period, we are very pleased with the revenue and EBITDA reported and we look forward to building on this. We have a defined growth strategy focussed on increasing our production and planted land position. We are operating in a highly dynamic sector, and look forward to maximising our value in the coming months and beyond."

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

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CHAIRMAN'S STATEMENT

DekelOil is focussed on becoming a leading crude palm oil ('CPO') producer in West Africa and I am pleased to report that we have made significant strides towards this goal by establishing ourselves as a revenue-generative, EBITDA-positive vertically-integrated CPO producer in the Cote d'Ivoire.

A key component of our success during the period was the commissioning of our first 70,000 tonne per annum ('tpa') extraction mill ('the Mill') at the Ayenouan Project in March, one of the largest in West Africa, on time and on budget.

Much of the production at the Ayenouan project is currently derived from smallholders. The 1,900ha of Company-owned plantations are now entering the mature phase and will be a growing source of Fresh Fruit Bunches ('FFB') in 2015. Smallholder production will not be displaced but rather delivered in addition to our own FFB. Accordingly, the implementation of a highly functional logistics strategy is crucial and we have experienced success with this during the period. In order to ensure that FFBs are delivered in a timely manner and to negate queuing at the Mill, we have established two logistics hubs to date in the area surrounding the project in addition to the FFB reception facility at the Mill.

These hubs have already proved effective, and our July production update highlighted that production for the Mill's first full quarter of operations and our total production from March to June stood at 7,932 tonnes of CPO and 1,311 tonnes of kernels. The monthly average production for the April to June period increased substantially in comparison to that for March 2014 in which 1,617 tonnes of CPO were produced, the Company's first month of full production. It also highlighted how the Mill's initial production fundamentals are in line with the Board's expectations, with CPO production extracted at a rate above 23% up from 21% in March.

With the Mill operating well and FFB supply increasing, the Board is confident that our production in 2015 will grow substantially. In terms of sales, we have secured a diversified customer base by way of three off-take agreements with domestic customers. By having a range of buyers for our product, not only do we de-risk our sales strategy and commercialise our assets, but we also benefit from lower transportation costs.

In summary, we have delivered on our key objectives for the period under review. Accordingly, despite the Mill being only operational for four months of the period, we are reporting EBITDA of €0.3 million for the six month period. Our strategy, and its effective implementation has attracted institutions to the shareholder register and in February 2014, we were delighted to welcome Nubuke as a shareholder and we look forward to bolstering this institutional representation further.

Our achievements during the past 12 months have provided a strong platform to realise further growth and we will seek to continue to develop our relationships with smallholders to increase yields from their plantations as we come into the key harvesting season. The low harvest season runs from July to September and while we expect our production rate to be inherently lower during this period, we are using this time to identify sites for two further logistics hubs. Following site identification, the establishment of hub sites takes two-three months with capital expenditure of less than €100,000 per hub.

Looking ahead of this, subject to available finances, we plan to fast-track our planting programme to develop a further 3,000 to 5,000 ha of company-owned plantations in close proximity to the Mill in the mid-term. In addition, we are assessing the option to construct a palm kernel crushing facility which we believe would further enhance the project's margins.

Our second project area in Cote d'Ivoire, Guitry, provides us with a path to significantly scale our business in the mid to longer term. This site consists of 24,000 hectares of brownfield land suitable for planting and once we have unlocked and maximised the value of our current project area, we plan to further penetrate the West African palm oil market by way of development of this site.

Increasing our footprint in the region is a particularly important objective for the Company given the current trends evident across the palm oil sector. As land becomes increasingly difficult to obtain in Indonesia and Malaysia for a variety of reasons, West Africa continues to attract the attention of major palm oil developers looking to secure their future expansion in the industry due to the suitability of the climate, and the agricultural environment. Demand for CPO is estimated to double by 2020 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 with a major Asian palm oil company.

Our ambitions are not limited to Cote d'Ivoire alone, and we continually evaluate land packages in additional West African countries, including neighbouring Ghana. We will naturally provide updates on this at the appropriate time.

Financial Review

As mentioned previously, the Mill was operational for four months during the first half of the year, which generated revenues of €4,505,000 for the Company (2013: nil). We are pleased to have achieved an EBITDA of €0.3 million. The loss before tax on income was €761,000.

Outlook

It is my strong belief that DekelOil is ideally poised for further growth. We have 51% of a profitable, vertically integrated palm oil project in the Cote d'Ivoire which is generating material revenues; a defined strategy; land package for ongoing growth; and a highly experienced management team with which to drive the Company forward. Add to this the demand for our product on both a local and global level, and it is easy to understand the highly attractive economics of our asset base.

I would like to take this opportunity to thank shareholders for their support and I look forward to providing further announcements in the near term as we deliver increasing production, and hit a range of further milestones in the coming months and beyond.

Andrew Tillery

Non Executive Chairman

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June 2014	31 December 2013
	Unaudited	Audited
	Euros in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	639	1,117
Trade receivables	393	-
Inventory	917	-
Government authorities and accounts receivable	269	489
Total current assets	2,218	1,606

NON-CURRENT ASSETS:		
Long-term deposits	115	132
Biological assets	6,992	6,645
Property and equipment, net	19,149	16,285
Total non-current assets	26,256	23,062
Total assets	28,474	24,668
CURRENT LIABILITIES:		
Trade payables	826	386
Short-term loans and current maturities of long-term loans	3,038	977
Advance payments from customers	942	637
Other accounts payable and accrued expenses	505	435
Total current liabilities	5,311	2,435
NON-CURRENT LIABILITIES:		

Long-term capital lease	22	24
Accrued severance pay, net	38	33
Long-term loan	12,278	12,346
Capital notes and other liabilities	6,005	5,667
Financial liability for warrants	380	275
Total non-current liabilities	18,723	18,345
Total liabilities	24,034	20,780
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	1,321	1,029
Non-controlling interests	3,119	2,859
Total equity	4,440	3,888
Total liabilities and equity	28,474	24,668

CONSOLIDATED STATEMENTS OF INCOME

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	Unaudited	Unaudited	Audited
	Euros in thousands (except share and per share amounts)		
Revenues	4,505	201	465
Net gain from changes in fair value of biological assets	439	363	1,429
Operating expenses	(3,551)	(224)	(429)
General and administrative	(1,242)	(1,055)	(2,209)
Profit (loss) before financing costs	151	(715)	(744)
Finance cost	(912)	(362)	(723)

Loss before taxes on income	(761)	(1,077)	(1,467)
Taxes on income	(3)	(6)	(6)
Net loss	(764)	(1,083)	(1,473)
Attributable to:			
Equity holders of the Company	(570)	(675)	(1,013)
Non-controlling interests	(194)	(408)	(460)
Net loss	(764)	(1,083)	(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	0.00

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	Unaudited	Unaudited	Audited
	Euros in thousands		
Net loss	(764)	(1,083)	(1,473)
Other comprehensive loss:			
Amounts that will not be reclassified subsequently to profit or loss:			
Actuarial gains on defined benefit plans	-	-	(12)

Total comprehensive loss	(764)	(1,083)	(1,485)
Total comprehensive loss attributable to:			
Equity holders of the Company	(570)	(675)	(1,025)
Non-controlling interests	(194)	(408)	(460)
	(764)	(1,083)	(1,485)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	**Additional paid-in capital**	**Accumulated deficit**	**Capital reserve**	**Capital reserve from transactions with non-controlling interests**	**Total**	**Non-controlling interests**	**Total equity**
	Euros in thousands							
Balance as of 1 January 2013 (audited)	26	875	(7,746)	2,532	3,175	(1,138)	1,332	194
Net loss	-	-	(1,013)	-	-	(1,013)	(460)	(1,473)
Actuarial loss	-	-	(12)	-	-	(12)	-	(12)
Total after comprehensive loss	-	-	(1,025)	-	-	(1,025)	(460)	(1,485)
Capital contribution to subsidiary by non-controlling interests	-	-	-	-	-	-	1,972	1,972
Conversion of capital notes to equity	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

	Share capital	Additional paid-in capital	Accumulated deficit	Capital reserve	Capital reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
Balance as of 31 December 2013 (audited)	44	4,049	(8,771)	2,532	3,175	1,029	2,844	3,888
Net loss	-	-	(570)	-	-	(570)	(194)	(764)
Issuance of shares, net	2	828	-	-	-	830	-	830
Capital contribution to subsidiary by non-controlling interests	-	-	-	-	-	-	469	469
Share-based compensation	-	32	-	-	-	32	-	32
Balance as of 30 June 2014 (unaudited)	46	4,909	(9,341)	2,532	3,175	1,321	3,119	4,440

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 (audited)	26	875	(7,746)	2,532	3,175	(1,138)	1,332	194
Net loss	-	-	(675)	-	-	(675)	(408)	(1,083)
Issuance of shares upon IPO, net of issuance costs	17	2,048	-	-	-	2,065	-	2,065
Share-based compensation	-	16	-	-	-	16	-	16
Conversion of capital notes to equity	2	982	-	-	-	984	-	984
Balance as of 30 June 2013 (unaudited)	45	3,921	(8,421)	2,532	3,175	1,252	924	2,176

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	Unaudited	Unaudited	Audited
	Euros in thousands		
Cash flows from operating activities:			
Net loss	(764)	(1,083)	(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 and amortization	187	54	93
Share-based compensation	32	16	64
Accrued interest on long-term loan and non-current liabilities	527	333	1,633
Change in employee benefit liabilities, net	5	1	(3)
Gain from changes in fair value of biological assets	(439)	(363)	(1,429)
Changes in asset and liability items:			
Increase in trade receivables	(393)	-	-
Increase in inventory	(917)	-	-

Decrease (increase) in Government authorities and accounts receivable	220	(440)	(425)
Increase in trade payables	440	441	148
Increase in advance from costumers	305	-	637
Increase in financial liability for warrants	105	-	-
Increase in accrued expenses and other accounts payable	70	656	180
	142	698	898
Cash paid during the year for:			
Interest	(448)	-	(400)
Cash paid during the year for:			
Tax	-	(6)	(6)
Net cash used in operating activities	(1,070)	(391)	(981)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	Unaudited	Unaudited	Audited

	Euros in thousands		
Long-term deposits	17	19	(96)
Investment in biological assets	-	(44)	(198)
Purchase of property and equipment	(2,734)	(5,429)	(10,968)
Net cash used in investing activities	(2,717)	(5,454)	(11,262)
<u>Cash flows from financing activities:</u>			
Issuance of shares, net	830	2,065	2,011
Capital contribution to subsidiary from non-controlling interests	469	-	1,972
Receipt of short-term loan, net	396	280	-
Receipt of long-term loans	1,616	3,839	9,267
Payment of long-term capital lease	(2)	-	(14)
Net cash provided by financing activities	3,309	6,184	13,236
Increase (decrease) in cash and cash equivalents	(478)	339	993
Cash and cash equivalents at beginning of period	1,117	124	124
Cash and cash equivalents at end of period	639	463	1,117

(a) <u>Supplemental disclosure of non-cash financing activities:</u>

Conversion of capital notes to warrants and shares	-	984	1,378

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

NOTE 1:- GENERAL

a. DekelOil Public Limited ("the Company") is a public limited company incorporated in Cyprus on 24 October 2007. The Company is engaged through its subsidiaries in developing and cultivating palm oil plantations in Cote d'Ivoire and the processing, production and marketing of Crude Palm Oil ("CPO"). The Company's registered office is in Limassol, Cyprus.

b. As of 30 June 2014, the Company has a working capital deficiency of Euro 3,093 thousand.
During the six months ended 30 June 2014 the Company incurred a net loss of Euro 674
thousands and has negative cash flows from operations of Euro 1,070 thousands.

In 2014 the Company completed the construction of its palm oil extraction mill and commenced production and sale of palm oil. The mill is presently generating positive cash flows from its operations and Company's management expects the positive cash flows to grow as the mill increases its production capacity. However, as this is 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.

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

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation:

The interim condensed financial statements as of 30 June, 2014 and for the six months then ended have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.
The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and

should be read in conjunction with the Company's annual financial statements as of 31 December, 2013 and their accompanying notes.

b. Accounting policies:

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December, 2013.

c. Inventories:

Inventories are measured at the lower of cost and net realizable value.

Cost is determined using the "first in first out" method.

c. Disclosure of new standards in the period prior to their adoption:

1. IFRS 9, "Financial Instruments":

In keeping with the matters discussed in Note 4 to the annual financial statements as of December 31, 2013 regarding disclosure of new IFRS Standards in the period prior to their adoption in the issue of IFRS 9, in July 2014, the IASB issued the final and complete version of IFRS 9, "Financial Instruments" ("the final Standard") which includes the following elements: classification and measurement, impairment and hedge accounting.

The main changes between the final Standard and the previously published phases of the Standard are:

Classification and measurement:

The final version of IFRS 9 includes another category for the classification and measurement of financial assets that represent debt instruments. Financial assets classified in this category will be measured at fair value through other comprehensive income ("FVOCI") and the differences previously carried to other comprehensive income as above will be reclassified to profit or loss under specific conditions such as when the asset is derecognized.

Impairment:

The final Standard addresses the issue of impairment of financial assets by introducing the expected credit loss impairment model to replace the incurred loss model prescribed in IAS 39. The expected credit loss model applies to debt instruments measured at amortized cost or at FVOCI and to trade receivables.

The Company is presently evaluating the impact, if any, of IFRS 9 on the financial statements.

2. Amendments to IAS 16 and IAS 41, "Agriculture: Bearer Plants":

In June 2014, the IASB issued amendments to IAS 16, Property, Plant and Equipment, and IAS 41, Agriculture, in respect of the accounting treatment for bearer plants. The amendments define bearer plants as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The amendments require bearer plants to be accounted for as plant, property and equipment, and included within the scope of IAS 16. Accordingly, before maturity, bearer plants will be measured at their accumulated cost. After maturity, entities will have a policy choice to measure bearer plants using either the cost model or the revaluation model. Prior to the amendments, bearer plants were included within the scope of IAS 41 and measured at fair value less costs to sell. The produce growing on bearer plants will remain in the scope of IAS 41.

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

d. Fair value of financial instruments:

The Company's financial instruments that are presented in the financial statements not at fair value approximate their carrying amount.

NOTE 3:- SIGNIFICANT EVENTS DURING THE PERIOD

a. In March 2014 a subsidiary of the Company completed construction of its palm oil extraction mill and started commercial production.

b. On 24 February 2014 the Company raised £700,000 (approximately Euro 830 thousand) by way of placing 46,666,666 new ordinary shares at a price of 1.5 pence per share.
An amount of Euro 500 thousand was invested in CS DekelOil Siva and Biopalm Energy Ltd matched this investment by investing an additional Euro 469 thousand.