



Delek Group Announces Consolidated Results for the Second Quarter and First Six Months 2007

Tel Aviv, August 29, 2007 - Delek Group Ltd. (TASE: DLEKG) (hereinafter: "Delek Group" or "The Group") today reported its results for the three and six-month periods ending June 30, 2007. The full financial statements are available on Delek Group's website at: www.delek-group.com

MAIN SIX-MONTH HIGHLIGHTS *(compared with same period in 2006)*

- Net income, excluding capital gains resulting from IPO's, increased 22% reaching NIS 705m
- Net income, including capital gains, totalled NIS 758 million
- Declared NIS 200m dividend for second quarter 2007; distributed dividends in 2007 reached NIS 430m

Net income for the first six months of 2007, excluding capital gains resulting from the Initial Public Offerings ("IPO") of several subsidiaries, increased 22% reaching NIS 705 million, compared with NIS 577 million in the same period last year. Net income for the first six months included the Group's share in the capital gain recorded following Delek Global Real Estate's ("DGRE") IPO on the London AIM Exchange in April 2007, amounting to NIS 53 million. Net income for the first six months last year included a substantial NIS 443 million capital gain from the IPO of Delek USA. Net income for the first six months, including the said capital gains, totalled NIS 758 million, compared with NIS 1,020 million in the same period last year.

Net income for the second quarter of 2007, excluding capital gains resulting from the IPO of subsidiaries, totalled NIS 380 million, a 42% increase compared with NIS 267 million last year. Net income for the second quarter totalled NIS 433 million, compared with NIS 710 million in the second quarter last year.

Mr. Asaf Bartfeld, CEO of Delek Group commented on the results, "This quarter we continued to show healthy financial and business performance, with our major holdings steadily increasing their contribution to our net income in the second quarter. Our holdings in the fuel sectors, local and US, as well as the financial services area, served as main growth drivers this quarter. This quarter we also continued to invest substantial resources in identifying and making new investments, internationally and locally, further enhancing our presence in our core sectors, while leveraging favorable market conditions for capital raising activities, all with a view to further driving growth. During the quarter, and subsequent to it, the Group completed the acquisition of Chevron's 869 fuel stations in the Benelux region, acquired approximately 28% of US-based Lion Oil with a view to reaching 35% in the near future, and acquired the Israeli fuel storage and distribution facility, Pi-Glilot."

Mr. Alan Gelman, CFO and Deputy CEO of Delek Group added, "We continue to identify opportunities in the local capital market and listed Delek Israel on the Tel Aviv Stock Exchange, raising NIS 918 million (net of IPO expenses) and, at the Corporate level, raised an additional NIS 500 million in debentures, bringing total capital raised during the first six months at the corporate level to NIS 1.4 billion. Our strong cash flow and financial performance culminated in the declaration of a NIS 200 million dividend for the quarter, bringing the total dividend distributed for the first six months of 2007, to NIS 430 million."

Mr. Bartfeld concluded, "Looking ahead, we continue to actively seek to leverage our core expertise and knowledge in the energy, real estate and financial service sectors, while expanding our global presence, with a view to driving performance and growth, enhancing shareholder value."

MAIN EVENTS SUBSEQUENT TO THE END OF THE SECOND QUARTER 2007

- **Delek Israel** completed the acquisition of the fuel distribution and storage operations of the Israeli Pi Gililot Oil Terminals and Pipes Ltd.
- **Delek Global Real Estate** signed an agreement to acquire the largest retail real estate portfolio ever sold in Switzerland from Jelmoli Holding AG.
- **Delek Benelux** acquired the marketing activities of Chevron Global Energy Inc. in Benelux, including 869 fuelling stations, mostly under the Texaco brand
- **Delek US** acquired approximately 28% and signed to acquire an additional 6%, of Lion Oil Co. a private company operating a 75,000 bpd refinery in El Dorado, Arkansas,
- **Delek Israel completed an IPO on the Tel Aviv Stock Exchange** raising a net NIS 940 million (shares and debentures).

MAIN BUSINESS HIGHLIGHTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS 2007

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

	1-3/07	4-6/07	1-6/07	4-6/06	1-6/06	2006
US Fuel Sector Operations	57	212	269	156	221	337
Israeli Fuel Sector Operations*	1	34	35	4	8	25
Oil and Gas Exploration	26	8	34	16	27	108
Oil Exploration Expenses*	(43)	(15)	(58)	-	-	-
Automotive Operations	56	71	127	42	72	151
Real Estate Operations	20	62	82	101	129	235
Biochemical Operations	5	2	7	7	14	21
Insurance and Finance Operations*	90	83	173	1	26	109
Telecom Operations	2	-	2	(10)	(29)	(43)
Capital Gains & Others*	111	(24)	87	393	552	570
Net Income	<u>325</u>	<u>433</u>	<u>758</u>	<u>710</u>	<u>1,020</u>	<u>1,513</u>

* This table has been extracted from Delek Group's six months 2007 Directors Report. Please review the full report available on the Group's website www.delek-group.com to view the notes for each of the items above.

US FUEL SECTOR OPERATIONS: The Group holds 77% of Delek USA. Net income for the first six months 2007 totalled NIS 347 million, a 30% increase compared with NIS 266 million in the same period last year. Net income for the second quarter of 2007 totalled NIS 273 million, a 36% increase compared with NIS 201 million in the same period last year. This increase follows higher sales, increased fuel prices and stronger operating margins.

US Fuel Sector Operations contributed NIS 269 million to the Group's net profit in the first six months of 2007, NIS 212 million of which in the second quarter, a substantial increase compared with NIS 221 million in the first six months last year, NIS 156 million of which in the second quarter last year. In April 2007, wholly-owned Mapco Express, Inc. completed the acquisition of 107 gasoline stations with convenience stores, from Calfee, for approximately \$62 million (not including inventory).

ISRAELI FUEL SECTOR OPERATIONS: The Group held (prior to the IPO in August) 100% of Delek – the Israel Fuel Company Ltd. Net income for the first six months increased 40% reaching NIS 42 million, compared with NIS 30 million last year. Net income for the quarter increased 66% reaching NIS 40 million, compared with NIS 24 million in the second quarter last year. The higher net income follows improved gross margin, lower operating expenses, and overall operating efficiencies. The net income in both periods in 2007 included accounting charges resulting from share based compensation allocated to the CEO during the periods.

The Israeli Fuel Sector Operations contributed NIS 35 million to the Group's net income in the first six months, NIS 34 million of which in the second quarter 2007, compared with NIS 8 million net income contribution in the first six months last year, NIS 4 million of which in the second quarter last year.

In May 2007, Delek Benelux B.V., an indirectly owned subsidiary of Delek Petroleum, signed an agreement to acquire the marketing activities of Chevron Global Energy Inc.'s subsidiary in the Benelux countries for a total of €342 million, before working capital adjustments. These include 869 fuelling stations, mostly under the Texaco brand. The

transaction was completed in August, 2007. The acquisition was financed through a combination of foreign bank financing (63%), and equity provided by the parent company (37%). The loan from the foreign banking comprises of two main parts, approximately €240 million loan to finance the acquisition, approximately €110 million for the financing of ongoing activities.

OIL AND GAS EXPLORATION OPERATIONS: The Oil and Gas Exploration, and Gas Production, sector contributed a NIS 26 million net loss in the first six months of 2007, primarily following the NIS 58 million expenses recorded following the abandoning of the two drills in Guinea Bissau. Excluding these expenses, net income for the six months totalled NIS 34 million, compared with NIS 27 million in the first six months last year.

AUTOMOTIVE OPERATIONS: The Group holds 55.4% of Delek Automotive Systems Ltd. Delek Automotive Systems' net income for the first six months of 2007 totalled NIS 221 million, a 61% increase compared with NIS 137 million in the first six months last year. Net income for the second quarter increased 73% reaching NIS 121 million, compared to NIS 70 million in the second quarter last year.

The Automotive Sector contributed NIS 127 million to the Group's net income in the first six months of 2007, NIS 71 million of which in the second quarter, compared with NIS 72 million contribution in the first six months of 2006, NIS 42 million of which in the second quarter 2006. The higher net income primarily follows the increase in number of vehicles sold.

REAL ESTATE OPERATIONS: The Group holds 67.9% of Delek Real Estate. Delek Real Estate's net income for the first six months of 2007 totaled NIS 125 million, NIS 91 million of which in the second quarter 2007, compared with NIS 181 million in the first six months of 2006, NIS 142 million of which in the second quarter 2006. In April 2007, DGRE successfully raised GBP 111 million following its IPO on the London AIM Stock Exchange. Delek Real Estate today holds approximately 81.5% of DGRE, and recorded a capital gain of NIS 77 million in the second quarter.

The real estate sector contributed approximately NIS 81 million to the net profits of the Group in the first six months of 2007, NIS 62 million of which in the second quarter 2007, compared with NIS 129 million last year, NIS 101 million of which in the second quarter 2006. The lower net income primarily follows, that no revenues were recorded this quarter on account of the valuation of assets, net, as compared with the same period last year.

INSURANCE AND FINANCE OPERATIONS: The activities of this segment are primarily conducted through Israeli insurance company, Phoenix Holdings Ltd., and general US insurer, Republic Companies Group Inc.

The insurance and financial services sector contributed NIS 173 million to the Group's net income in the first six months of 2007, NIS 83 million of which in the second quarter of 2007, compared with NIS 26 million in the first six months of 2006, NIS 1 million of which in the second quarter of 2006. The substantial increase in contribution to net income follows the increased investment in the insurance sector towards the end of 2006 with the acquisition 100% of Republic Companies Group and 55.5% control in Phoenix Holdings. During the first quarter of 2007 the Group sold its 12.2% shareholding in Menora.

DIVIDEND DISTRIBUTION

On August 29, 2007, the Board of Directors of Delek Group declared a cash dividend distribution for the second quarter of 2007 to the amount of NIS 200 million (NIS 17.13 share) to the shareholders on record as of 23rd September 2007. The ex-date is September 24th 2007 and the dividend will be paid on October 8th, 2007.

CONFERENCE CALL DETAILS

The Company will be hosting a conference call today, **August 29, 2007, at 10:00 am EDT**. On the call, management will review and discuss the results and will be available to answer investor questions. To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 5 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 888 668 9141

UK Dial-in Number: 0 800 032 3367

Israel Dial-in Number: 03 918 0691

International Dial-in Number: +972 3 918 0691

at: 10:00am Eastern Time, 7:00am Pacific Time, 3:00pm UK Time, 5:00pm Israel Time

ABOUT THE DELEK GROUP

The Delek Group is one of the leading and most prominent and dynamic investment groups in Israel. The Delek Group is diversified into the following three major subsidiaries:

- Delek Petroleum, with its two subsidiaries: Delek Israel, a gasoline and lubricants distributor in Israel, and Delek USA (NYSE), which operates gas stations and convenience stores and an oil refinery in Southern United States.
- Delek Investments and Properties, a holding company with subsidiaries in the energy, infrastructure, automotive, finance and media sectors.
- Delek Real Estate, through its subsidiaries Dankner and Delek Belron Investments, owns and manages prime global real-estate investments.

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