Delek Group Announces Consolidated Results for the Second Quarter and First Six Months of 2008

Tel Aviv, August 29, 2008 - Delek Group Ltd. (TASE: DLEKG.TA) (hereinafter: "Delek Group" or "The Group") announced today its results for the three and sixth month period ending June 30, 2008. The full financial statements are available in English on Delek Group's website at: www.delek-group.com.

On January 1, 2008, the Group adopted the IFRS Accounting Standards, and the comparable data for the first six months of 2007 have been restated in accordance with IFRS principals. Additional information with regard to the changes between the previous and new accounting standards can be found in the full first quarter financial statements.

SIX MONTH HIGHLIGHTS

- **Consolidated revenues up 42% year over year reaching NIS 27 billion**
- **Net income reached NIS 50 million**
- **Automotive, Israel Fuel Sector and Delek Europe continue to drive strong revenue growth and profitability**
- **Declared dividend of NIS 25 million, or 50% of net income, for the second quarter; total of NIS 100 million of dividends allocated in the first half of 2008**

Group revenues for the first six months of 2008 was NIS 27 billion, a growth of 42% compared with NIS 19 billion in the same period last year. Revenues for the second quarter of 2008 increased 35% reaching NIS 14.6 billion, compared to NIS 10.8 billion in the same period last year.

Net income for the first six months of 2008 totaled NIS 224 million, compared with NIS 617 million in the same period last year. Net income for the second quarter of 2008 totaled NIS 50 million, compared with NIS 421 million in the same quarter of last year.

Net income was driven by the strong growth in both the Israeli automotive and fuel sectors, as well as growth from Delek Europe. This was offset by the lower contribution of the US oil refining sector, resulting from the continued ongoing industry-wide refining margin erosion, as well as the weak results from the Group's real estate, oil and gas exploration, and the financial services sector.

Financial expenses were significantly increased in the first half of the year, amounting to NIS 1.4 billion compared with NIS 364 million in the corresponding period last year. This was primarily as a result of the expansion of operations and the acquisition of new companies since last year, including RoadChef and the European Fuel Operations. In addition, the consolidation of the property companies in Delek Real Estate after the DGRE offering also increased the debt balance. The rise in the Consumer Price Index in the reporting period, which stood at 2.8%, compared with an increase of 0.7% in the corresponding period last year also increased financial expenses.

Mr. Asaf Bartfeld, CEO of Delek Group commented, "We continue to show steady growth despite the slowdown in the global economy. Thus far in 2008, our fuel subsidiaries both in Israel and Europe, performed well as a result of the successful fuel retail strategy we have put in place, focusing on convenience stores and capitalizing on economies of scale. In addition, our automotive holdings continued to perform well, with strong growth in sales. However, the ongoing refining margin erosion in the US as well as the weaker financial and real estate sectors, offset this strong growth. In addition, the high inflation rate in Israel negatively impacted our bottom line, by increasing our financial expenses."

Mr. Bartfeld continued, "Despite these challenges, our cash position remains very strong, standing at NIS 1.3billion. We continue to see substantial opportunities for the Group, particularly in the areas of energy and infrastructure, and in this regard we recently raised an additional NIS 420 million. With our ability to leverage our broad experience and global presence, supported by our strong and yet diversified asset base, we believe we are well positioned to build and create long-term shareholder value. Our strong commitment to this goal, is also very much demonstrated by the recent share buy-back program we commenced, having purchased 112,000 shares for NIS 48 million since July 2008."

MAIN BUSINESS HIGHLIGHTS FOR THE SECOND QUARTER OF 2008

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

	FY 2007	H1 2007	H1 2008	Q2 2007	Q2 2008
US Fuel Sector Operations	353	269	46	212	45
Israeli Fuel Sector Operations	138	35	54	34	31
Delek Europe[1]	31	-	53	-	42
Oil and Gas Exploration	90	34	19	16	(14)
Oil Exploration Expenses	(58)	(58)	(39)	(15)	(13)
Automotive Operations	245	127	190	71	105
Real Estate Operations	210	90	(11)	55	(41)
Insurance and Finance Operations	151	164	(56)	81	(73)
Capital Gains on Sale of Amisragas[2]	86	-	-	-	-
Capital Gains & Others	31	(44)	(32)	(33)	(32)
Net Income	**1,277**	**617**	**224**	**421**	**50**

* This table has been extracted from Delek Group's Second Quarter 2008 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. Please note that 2007 results are restated according to IFRS accounting principles.

[1] Delek's European activities started at the beginning of August 2007.

[2] 39% of Amisragas was sold by Delek – the Israel Fuel Company during the third quarter of 2007.

ENERGY

Delek US (NYSE: DK; Delek Group holds 73% end-Q2 2008): Net income for the first six months of 2008 was NIS 63 million compared with NIS 347 million in the same period last year. Delek US's results were largely impacted by a strong decline in the 5-3-2 crack spread, elevated crude oil prices and higher natural gas costs. However, results were also positively impacted by a strong distillate crack spread and continued fuel margin benefit from the company's ethanol blending program, which resulted in higher fuel margins at the retail segment and lower cost of goods sold at the refinery.

Delek – the Israel Fuel Company Ltd. (TASE: DLKIS; Delek Group holds 89% end-Q2 2008): Net income for the first sixth months of 2008 was NIS 68 million compared with 45 million in the same period last year. The growth in net income was driven by improved operating efficiencies, an increase in volume of sales, an increase in the contribution of the convenience store chain and the inclusion of the production and storage operations acquired August 2007.

Delek Europe. Net income for the first six months of 2008 was NIS 53 million. Delek Europe was established in August 2007 following the acquisition of 869 gas stations in the Benelux region, therefore there is no comparable data for the second quarter of last year. Delek Europe's EBITDA increased by 77% compared to first quarter 2008 from

Euro 13 million to Euro 23 million. Delek Europe showed improvement in sales and net income over prior quarters, due to the increased price of gas as well as increased sales in its retail stores.

The Oil and Gas Exploration, and Gas Production sector, generated a net loss of NIS 20 million in the first sixth months in 2008, compared to a net loss of NIS 24 million in the same period last year. The losses are primarily from the abandonment of a number of wells which were proven to be uneconomical as well as due to hedging deals on the price of oil and gas. Excluding the loss from the hedging transactions, in the reporting period, the sector would have reported a profit of approximately NIS 50 million.

INFRASTRUCTURE

The Group continues to develop its strategy in the infrastructure area with a focus on water desalination and power plant construction. In May, IDE won a tender to supply three water desalination plants for a customer in Asia for approximately USD 80 million. Completion of the project is planned for the end of 2009. In addition, subsequent to the balance sheet date, in July 2008, IDE signed a contract to establish a desalination plant for an industrial client in Australia at a sale price of more than EUR 100 million, to be completed in 2010. In April, IPP, the Company's power plant subsidiary entered into an agreement to supply electricity to Nilit Ltd., for approximately NIS 70 million per year, up to the end of 2011 with an option to extend for a further six years. The agreement is still conditional upon the consent of various authorities.

INSURANCE AND FINANCIAL SERVICES

The activities of this segment are primarily conducted through Delek Capital, as well as two insurance companies; Israeli insurance company, Phoenix Holdings Ltd. (TASE: PHOE), and general US insurer, Republic Companies, Inc. held through wholly-owned Delek Finance US Inc. The insurance and financial services sector contributed a loss of NIS 56 million to the Group's net income in the first sixth months of 2008, compared to NIS 164 million in the same period last year. The results were affected by a loss at Republic due to particularly turbulent weather conditions in the second quarter in the regions in which Republic operates. In addition, the weak capital market impacted the results of Phoenix Holdings in Israel.

REAL ESTATE OPERATIONS

Delek Real Estate (TASE: DLKR; Delek Group holds 69% end-Q2): Delek Real Estate's net loss for the first sixth months of 2008 reached NIS 79 million, compared with net profit of NIS 199 million in the same period last year. A number of factors affected the net income. These include the accounting treatment of some of the assets including the transition to international accounting practices, the increase in the Consumer Price Index in Israel, the devaluation of the British Pound against the Israeli shekel, and changes in Real Estate market conditions. In addition, on June 24th, it was announced that a settlement was reached with Jelmoli, settling their claims with respect to the sale agreement signed between Jelmoli and Empario on July 31, 2007 and the arbitration started by Jelmoli against the Delek Blenheim Group.

AUTOMOTIVE OPERATIONS

Delek Automotive Systems Ltd. (TASE: DLEA; Delek Group holds 55% end-Q2): Delek Automotive Systems' net income for the first sixth months of 2008 totalled NIS 332 million, a 50% increase compared with NIS 221 million in the same period last year. The increase in net income was driven mainly by the strong growth in sales of new cars in Israel. Delek Automotive maintains a 22% market share in the Israeli automobile market through the exclusive import and distribution of the Mazda and Ford brands.

Dividend Distribution

On August 28, 2008, the Board of Directors of Delek Group declared a cash dividend distribution for the second quarter of 2008 in the amount of approximately NIS 25 million (NIS2.161 per share) to the shareholders on record as of September 10, 2008. The ex-date is September 11, 2008 and the dividend will be paid on September 25, 2008.

Conference Call Details

The Company will be hosting a **conference call in English** on **Monday, September 1st, 2008** at **8:30am ET, 1:30pm UK time and 3:30pm Israel time**. On the call, CEO Asaf Bartfeld, CFO Barak Mashraki and Head of Investor Relations, Dalia Black, will review and discuss the results, and will be available to answer your questions.

To participate, please call one of the following teleconferencing numbers: US: 1-888-407-2553 or 1 866 345 5855, UK: 0 800 404 8418, Israel: 03 918 0609.

In addition, there will be a replay number available for 48 hours starting from the day following the call. To listen, please dial: US: 1 877 332 1104, International: +972 3 925 5937.

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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