



DekelOil



DEKELOIL PUBLIC LTD.
(Company Registration Number HE 210981)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014

INDEX

	<u>Page</u>
Chairman's Statement	3-5
Company Information	6
Information on the Board of Directors	7
Professional Advisers	8
Directors' Report	9-11
Statement of Directors' Responsibilities	12
Independent Auditors' Report	13
Consolidated Statements of Financial Position	14-15
Consolidated Statements of Income	16
Consolidated Statements of Comprehensive Income	17
Consolidated Statements of Changes in Equity	18
Consolidated Statements of Cash Flows	19-20
Notes to Consolidated Financial Statements	21-53

CHAIRMAN'S STATEMENT

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

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

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

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

Operations Review

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

Production

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

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

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

Sales

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

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

Expansion

In terms of the new kernel crushing plant at Ayenouan, the contract was awarded to Modipalm Engineering SDN BHD who also constructed our existing 60tn/hr palm oil mill. The new kernel crushing plant is

expected to materially increase profitability at the Ayenouan project by allowing both Palm Kernel Oil and animal feed to be sold in the local market at the factory gate. With a low capex requirement of approximately €1.1 million, the plant has highly attractive payback credentials.

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

Financial

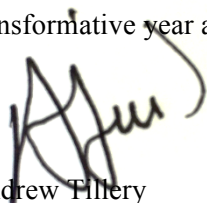
During the period total sales amounted to €9,973 thousands (31 December 2013: €465,000), a net loss after tax of 2,562 thousands (31 December 2014: €1,467 thousands) and EBITDA of €167 thousands.

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

Outlook

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

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



Andrew Tillery
Non Executive Chairman

Date: 23 June 2015

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 Orli Arav, Non Executive Director (joined 19 August 2014)
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 executive with over 25 years' operational management and private equity experience in Africa and other emerging markets. This includes eight 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 the AXYS Group, a Dubai based corporate advisory firm, as director responsible for African agribusiness.

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. 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.

Orli Arav, Non-Executive Director

Orli has an in-depth market and industry knowledge of Emerging Markets in particular Sub Sahara Africa. Orli is Chief Investment Officer ("CIO") of Impala Energy an independent power project development. Prior to the formation of Impala, Orli was the Managing Director of the Emerging Africa Infrastructure Fund ("EAIF"), a dedicated open-end commercial debt fund focused on infrastructure projects in SSA, where she was involved in the financing of over 35 infrastructure projects in SSA (approximately US\$800 million of commitments) across 16 countries. Orli has also held roles in the project finance divisions of global accountancy firms PriceWaterhouseCoopers and Ernst & Young.

PROFESSIONAL ADVISERS

Nominated Adviser and Lead Broker

Nplus1 Singer Advisory LLP
One Bartholomew Lane
London EC2N 2AX
United Kingdom

Brokers

Optiva Securities Limited
2 Mill Street
Mayfair
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United Kingdom

Beaufort Securities Ltd
131 Finsbury Pavement
London EC2A 1NT
United Kingdom

Auditor

Kost Forer Gabbay & Kasierer
(a member of Ernst & Young Global)
3 Aminadav St.
Tel-Aviv 67067
Israel

Bankers

Bank Leumi (UK) plc
20 Stratford Pl
London W1C 1BG
United Kingdom

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 2014.

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 €2,562 thousands (2013 - loss of €1,473 thousands). The Directors do not recommend payment of a dividend (2012 - £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 25 to the Financial Statements.

Directors

Details of Directors are set out on page 7. Details of Directors' interests as at 23 June 2015 in share options and warrants are set out in the table below:

	<i>Number of Ordinary Shares</i>	<i>Number of warrants</i>	<i>Number of Options</i>
Andrew Tillery	-	-	18,000,000
Youval Rasin	404,173,541	31,251,029	18,000,000
Yehoshua Shai Kol	132,906,738	-	18,000,000
Lincoln John Moore	13,675,000	-	18,000,000
Orli Arav	-	-	9,000,000

Substantial Shareholding

As at 23 June 2014, the Company had been notified of the following substantial shareholdings in the ordinary share capital:

Directors	
Youval Rasin	26.25%
Shai Kol	8.63%
Over 3%	
Yossi Inbar	6.19%
Yardeni-Gelfand Trusts (2000) Ltd	5.12%
Erez Tirosch	4.65%
Richard K. Amon	7.82%

Corporate Governance

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

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.

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

A handwritten signature in black ink, appearing to read 'Lincoln Moore', written over a faint rectangular box.

Lincoln Moore, Executive Director

Date: 23 June 2015

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.



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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 2014 and 2013, 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 ended 31 December 2014 and 2013, 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 as adopted by the European Union, 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 2014 and 2013, and its financial performance and cash flows for the years ended 31 December 2014 and 2013, in accordance with International Financial Reporting Standards as adopted by the European Union.

June 23, 2015
Tel-Aviv, Israel

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31 December	
		2014	2013
		Euros in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		2,092	1,117
Inventory		216	
Government authorities and accounts receivable	5	263	489
<u>Total current assets</u>		<u>2,571</u>	<u>1,606</u>
NON-CURRENT ASSETS:			
Long-term deposits	6	119	132
Biological assets	7	7,299	6,645
Property and equipment, net	8	21,533	16,285
<u>Total non-current assets</u>		<u>28,951</u>	<u>23,062</u>
<u>Total assets</u>		<u>31,522</u>	<u>24,668</u>

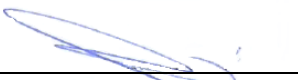
The accompanying notes are an integral part of the consolidated financial statements.

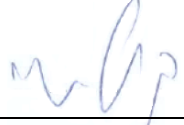
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

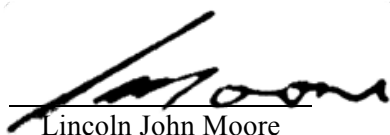
	Note	31 December	
		2014	2013
		Euros in thousands	
EQUITY AND LIABILITIES			
CURRENT LIABILITIES:			
Short-term loans and current maturities of long-term loans	11	2,182	977
Trade payables		1,440	386
Advance payments from customers		1,330	637
Other accounts payable and accrued expenses	9	445	435
<u>Total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

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

June 23, 2015
Date of approval of the
financial statements


Youval Rasin
Director and Chief
Executer Officer


Yehoshua Shai Kol
Director and Chief
Finance Officer


Lincoln John Moore
Executive Director

CONSOLIDATED STATEMENTS OF INCOME

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

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