

Dekeloil PLC
Commencement of construction at cashew project
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Dekeloil Public Limited
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**DekelOil Public Limited ('DekelOil' or the 'Company')
Commencement of construction at cashew processing project**

DekelOil Public Limited, the West African focused agricultural company, is pleased to provide an update on activity at the 10,000 tpa (expandable to 30,000 tpa) raw cashew nut ('RCN') processing project at Tiebissou in Côte d'Ivoire (the 'Project'), including the commencement of construction works at the site. Construction is due to take 12 months to complete with first production expected in June 2020. Once operational, Tiebissou will be DekelOil's second producing project in Cote d'Ivoire, alongside its Ayenouan palm oil project. Tiebissou is being developed by Capro CI SA, a wholly owned subsidiary of Pearlside Holdings Ltd ('Pearlside'), in which DekelOil has a 37.8% shareholding together with an option to acquire a further 17% interest.

Works at the site at Tiebissou have now commenced following an official opening ceremony attended by local government and community leaders. Key activity undertaken or due to commence shortly are detailed below:

- Established an administration office to support construction works
- Bore holes drilled and three cubic metres per hour of water identified at two sites on Pearlside's land, each sufficient to support the boiler and processing requirements, as well as provide a backup water source
- Electrical contractor appointed and commenced work to establish connection to the grid
- Final technical changes to the mill design and construction schedule in Italy both agreed, with construction due to start in August
- Infrastructure works including land clearing and earthworks have been scheduled with the contractor and will commence at the end of the wet season in August
- A recruitment agency has been appointed and the process of gradually building an initial team of approximately 300 employees during the latter part of the year has started - Mill manager and Technical manager are now appointed
- Confirmation received that the Project qualifies for the new tax incentive scheme:
- Expected to generate cash savings of approximately €350,000 during the construction phase due to the inclusion of a full customs exemption
- Tiebissou to be wholly exempt from corporation tax for a 10-year period and exempt from 75% of corporation tax for the subsequent five-year period
- The previous code did not include a full customs exemption but had a longer 13-year full exemption from corporation tax. Further details are provided below.

DekelOil Executive Director Lincoln Moore said, "The commencement of the construction site and construction phase at Tiebissou is a milestone event for the Company. We would like to take this opportunity to thank the local government officials and members of the community for sparing the time to attend the opening ceremony at the site and for the support they have shown for the Project. In addition, the process to transfer Tiebissou to the new tax code has been completed. This is an exciting period for DekelOil and the Tiebissou village and I look forward to providing further updates on progress made on the ground during the construction phase as appropriate in due course."

Further information

The Project

Tiebissou is to be developed in line with the collaborative model DekelOil deployed at its producing palm oil project at Ayenouan. This is centred on constructing a state-of-the-art plant which will process RCN grown by local smallholders. The development of Tiebissou is being overseen by a team comprised of executives who played a key role in the construction and commissioning of the mill at DekelOil's palm oil project in Ayenouan. A turnkey contract for the engineering, manufacture, delivery, installation and commissioning of the Project, together with relevant training of personnel, has been awarded to Overseas Projects & Services Limited (see announcement of 31 October 2018). In addition, a contract has been awarded for the construction of civil works and associated infrastructure to Entreprise Kone Daouda Soukpafole Nouvelle ('EKDS'), an established civil engineering company in Côte d'Ivoire; and Société Internationale d'Ingénierie en Structures et Assemblages Métalliques ('SIISAM'), an associate company of EKDS, specialising in metal and civil works (see announcement of 19 November 2018).

New Investment Incentives Code

Confirmation has been received from the Government of Côte d'Ivoire that the Project at Tiebissou will now be covered by the new Investment Incentives Code ('the New Code') administered by government agency CEPICI. The New Code, which the Company elected to apply for, replaced the previous Investment Incentives Code ('the Old Code') in August 2018. In 12 July 2018, the Company announced Tiebissou was to be covered by the Old Code and as a result future profits generated would have been fully exempt from corporation tax for 13 years and partially exempt for a further two years. Under the Old Code however, customs duties would have been payable on all imported materials required for the construction phase, subject to a 40% exemption. Under the New Code, all imported materials are fully exempt from customs duties and this is expected to generate cash savings of approximately €350,000 during the construction phase.

Following a comprehensive evaluation of the respective benefits of both the New and Old Codes, the tax benefits potentially receivable under the New Code outweighed those potentially receivable under the Old Code. Accordingly, application was made to novate the Project across to the New Code. CEPICI has confirmed that the transfer to the New Code is now effective.

DekelOil's 100% owned palm oil project at Ayenouan will remain under the Old Code. As Ayenouan is a producing asset, the tax benefits available to Tiebissou under the New Code during construction are not applicable. Ayenouan continues to benefit from a 13-year full exemption from corporation tax and a further two-year partial exemption. In Year 14, profits will be taxed at a rate equivalent to 50% of the prevailing rate of tax, rising to 75% in Year 15. Profits thereafter will be taxed at the full prevailing corporation tax rate, currently 25%.

**** ENDS ****

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This announcement has been released by Lincoln Moore, executive director of the Company.

Notes:

DekelOil Public Limited is a multi-project, multi-commodity agricultural company focused on West Africa. It has a portfolio of projects in Cote d'Ivoire at various stages of development: a fully operational palm oil project in Ayenouan where fruit produced by local smallholders is processed at the Company's 70,000tpa crude palm oil mill; a cashew processing project in Tiebissou, which is due to commence production in 2020; and a second palm oil project in Guitry which is under development.

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