



**ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES**

**Consolidated Interim Financial Statements**

**As of March 31, 2010**



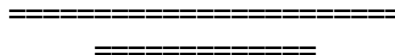
## **ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES**

### **Consolidated Interim Financial Statements**

**As of March 31, 2010**

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**ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED INTERIM BALANCE SHEETS**

	US dollars	
	March 31,	December 31,
(in thousands)	2010	2009
<b>Current assets</b>		
Cash and cash equivalents	67,519	60,813
Deposit in escrow	5,227	5,227
Investments in trading marketable securities	1,428	4,213
Accounts receivable (net of allowance for doubtful accounts)	27,268	24,906
Other current assets	6,926	6,136
Inventories	10,623	11,096
	118,991	112,391
<b>Long-term investments and debit balances</b>		
Deposit in escrow	7,842	7,840
Investments in affiliated company	225	205
Investments in other company	82	80
Other assets	1,932	1,742
Loan to former employee	558	558
Deferred income taxes	5,497	5,653
Funds in respect of employee rights upon retirement	3,783	3,606
	19,919	19,684
<b>Property and equipment, net</b>	40,147	39,090
<b>Intangible assets, net</b>	4,859	5,064
<b>Goodwill</b>	9,760	9,639
<b>Total assets</b>	193,676	185,868



**ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED INTERIM BALANCE SHEETS**

US dollars

	March 31,	December 31,
(in thousands)	2010	2009
<b>Current liabilities</b>		
Credit from banking institutions	514	6
Accounts payable	13,931	13,459
Deferred revenues	5,611	5,486
Other current liabilities	17,358	17,443
	<u>37,414</u>	<u>36,394</u>
	.....	.....
<b>Long-term liabilities</b>		
Liability for employee rights upon retirement	5,714	5,457
Provision for contingencies	3,272	3,071
Deferred income taxes	1,163	1,209
	<u>10,149</u>	<u>9,737</u>
	.....	.....
<b>Capital Notes</b>	<u>5,894</u>	<u>5,894</u>
	.....	.....
<b>Shareholders' equity</b>	136,057	130,126
<b>Non –controlling interest</b>	4,162	3,717
<b>Total equity</b>	<u>140,219</u>	<u>133,843</u>
	.....	.....
<b>Total liabilities and shareholders' equity</b>	<u>193,676</u>	<u>185,868</u>



**ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED INTERIM STATEMENTS OF INCOME**

	Three months period ended March 31 ,	
(in thousands except per share data)	2010	2009
<b>Revenues:</b>		
Location-based services	25,724	20,134
Wireless communications products	9,269	7,118
	<u>34,993</u>	<u>27,252</u>
<b>Cost of revenues:</b>		
Location-based services	9,635	7,369
Wireless communications products	8,188	6,348
	<u>17,823</u>	<u>13,717</u>
Gross profit	17,170	13,535
Research and development expenses	106	90
Selling and marketing expenses	2,217	1,704
General and administrative expenses	7,574	6,511
Other ( income) expenses, net	<u>3</u>	<u>217</u>
Operating income	7,270	5,013
Other expenses	(64)	-
Financing income ( expenses ) , net	(127)	4,154
Income before taxes on income	<u>7,079</u>	<u>9,167</u>
Taxes on income	(1,929)	(3,362)
Share in gains of affiliated companies, net	12	-
Net income for the period	<u>5,162</u>	<u>5,805</u>
Less: net income attributable to non-controlling interest	<u>(362)</u>	<u>(210)</u>
Net income attributable to company shareholders	<u>4,800</u>	<u>5,595</u>
<b>Earnings per share:</b>		
Basic	<u>0.23</u>	<u>0.27</u>
Diluted	<u>0.23</u>	<u>0.27</u>
<b>Weighted average number of shares outstanding (in thousands):</b>		
Basic	<u>20,968</u>	<u>20,968</u>
Diluted	<u>20,977</u>	<u>20,976</u>



**ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

	US dollars	
	Three months period ended March 31 ,	
(in thousands)	2010	2009
<b>Cash flows from operating activities</b>		
Net income for the period	5,162	5,805
<b>Adjustments to reconcile net income to net cash from operating activities:</b>		
Depreciation and amortization	3,723	2,637
Exchange differences on principal of deposit and loan, net	225	(51)
Gains in respect of trading marketable securities	(14)	(1,888)
Increase in liability for employee rights upon retirement	166	77
Share in gains of affiliated companies, net	(12)	-
Deferred income taxes	174	(315)
Capital losses (gains) on sale of property and equipment, net	3	(10)
Increase in accounts receivable	(1,905)	(246)
Decrease (increase) in other current assets	(710)	224
Decrease (increase) in inventories	658	(1,397)
Increase in accounts payable	247	2,101
Increase in deferred revenues	33	512
Increase(decrease) in other current liabilities	(225)	237
Net cash provided by operating activities	<u>7,525</u>	<u>7,686</u>
<b>Cash flows from investing activities</b>		
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(117)	(116)
Capital expenditures	(5,253)	(2,491)
Proceeds from sale of property and equipment	265	26
Deposit	(5)	(163)
Investment in trading marketable securities	(1,326)	(15,497)
Sale of marketable securities	4,214	30,100
Net cash provided by investment activities	<u>(2,222)</u>	<u>11,859</u>
<b>Cash flows from financing activities</b>		
Short-term credit from banking institutions, net	508	113
Net cash provided by (used in) financing activities	<u>508</u>	<u>113</u>
Effect of exchange rate changes on cash and cash equivalents	895	(2,376)
Net increase in cash and cash equivalents	<u>6,706</u>	<u>17,282</u>
Balance of cash and cash equivalents at beginning of period	<u>60,813</u>	<u>12,511</u>
Balance of cash and cash equivalents at end of period	<u>67,519</u>	<u>29,793</u>