



**ITURAN LOCATION AND CONTROL LTD.**

**Consolidated Interim Financial Statements  
as of March 31, 2017**



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### **Consolidated Financial Statements as of March 31, 2017**

#### **Table of Contents**

	<b>Page</b>
<b>Consolidated Financial Statements:</b>	
Balance Sheets	2-3
Statements of Income	4
Statements of Cash Flows	5

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**CONSOLIDATED BALANCE SHEETS**

<b>(in thousands)</b>	<b>US dollars</b>	
	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>Current assets</b>		
Cash and cash equivalents	26,610	31,087
Investments in marketable securities	695	398
Accounts receivable (net of allowance for doubtful accounts)	38,786	33,865
Other current assets	40,966	35,522
Inventories	16,057	14,351
	<u>123,114</u>	<u>115,223</u>
<b>Long-term investments and other assets</b>		
Investments in affiliated companies	16,507	11,975
Investments in other companies	1,150	85
Other non-current assets	1,700	1,515
Deferred income taxes	2,130	2,280
Funds in respect of employee rights upon retirement	8,481	7,868
	<u>29,968</u>	<u>23,723</u>
<b>Property and equipment, net</b>	<u>36,365</u>	<u>35,644</u>
<b>Intangible assets, net</b>	<u>23</u>	<u>23</u>
<b>Goodwill</b>	<u>3,606</u>	<u>3,406</u>
<b>Total assets</b>	<u><u>193,076</u></u>	<u><u>178,019</u></u>

**CONSOLIDATED BALANCE SHEETS**

<b>(in thousands)</b>	<b>US dollars</b>	
	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>Current liabilities</b>		
Credit from banking institutions	413	3
Accounts payable	18,018	18,624
Deferred revenues	12,075	10,762
Other current liabilities	30,328	26,738
	<u>60,834</u>	<u>56,127</u>
<b>Long-term liabilities</b>		
Liability for employee rights upon retirement	12,758	11,751
Provision for contingencies	447	435
Deferred revenues	1,221	1,034
Others non-current	590	501
	<u>15,016</u>	<u>13,721</u>
Stockholders' equity	110,974	102,229
Non-controlling interests	6,252	5,942
Total equity	<u>117,226</u>	<u>108,171</u>
<b>Total liabilities and equity</b>	<u><u>193,076</u></u>	<u><u>178,019</u></u>



## CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share data)	US dollars Three month period ended March 31,	
	2017	2016
<i>Revenues:</i>		
Location-based services	39,739	32,155
Wireless communications products	<u>17,372</u>	<u>15,044</u>
	<u>57,111</u>	<u>47,199</u>
<b>Cost of revenues:</b>		
Location-based services	13,491	11,221
Wireless communications products	<u>15,539</u>	<u>12,188</u>
	<u>29,030</u>	<u>23,409</u>
Gross profit	28,081	23,790
Research and development expenses	782	675
Selling and marketing expenses	2,828	2,378
General and administrative expenses	10,762	9,271
Other income, net	<u>(88)</u>	<u>(43)</u>
Operating income	13,797	11,509
Financing income, net	<u>489</u>	<u>68</u>
Income before income tax	14,286	11,577
Income tax expenses	(4,576)	(3,215)
Share in gains (losses) of affiliated companies ,net	4,000	(692)
Net income for the period	<u>13,710</u>	<u>7,670</u>
Less: Net income attributable to non-controlling interest	<u>(723)</u>	<u>(571)</u>
Net income attributable to the Company	<u>12,987</u>	<u>7,099</u>
Basic and diluted earnings per share attributable to Company's stockholders	<u>0.62</u>	<u>0.34</u>
Basic and diluted weighted average number of shares outstanding (in thousands)	<u>20,968</u>	<u>20,968</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>(in thousands)</b>	<b>US dollars</b>	
	<b>Three month period ended March 31, 2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Net income for the period	13,710	7,670
<b>Adjustments to reconcile net income to net cash from operating activities:</b>		
Depreciation amortization and impairment of goodwill	3,228	2,611
Gain in respect of trading marketable securities	(30)	(34)
Increase in liability for employee rights upon retirement	296	371
Share in losses (gains) of affiliated companies, net	(4,000)	692
Deferred income taxes	111	(692)
Capital gains on sale of property and equipment, net	(30)	(10)
Increase in accounts receivable	(3,215)	(6,569)
Increase in other current assets	(4,136)	(3,230)
Decrease (increase) in inventories	(865)	32
Increase (decrease) in accounts payable	(1,143)	2,480
Increase in deferred revenues	1,085	1,355
Increase(decrease) in other current liabilities	(1,872)	748
Net cash provided by operating activities	3,139	5,424
<b>Cash flows from investment activities</b>		
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(119)	(223)
Capital expenditures	(2,756)	(2,211)
Investments in affiliated companies	(1,158)	(1,408)
Investments in marketable securities	(1,428)	(344)
Sale of marketable securities	1,179	1,858
Deposit	2	(63)
Proceeds from sale of property and equipment	66	90
Net cash used in investment activities	(4,214)	(2,301)
<b>Cash flows from financing activities</b>		
Short term credit from banking institutions, net	399	(152)
Dividend paid	(4,193)	(3,120)
Dividend paid to non-controlling interest	(713)	(617)
Net cash used in financing activities	(4,507)	(3,889)
Effect of exchange rate changes on cash and cash equivalents	1,105	562
Net decrease in cash and cash equivalents	(4,477)	(204)
Balance of cash and cash equivalents at beginning of the period	31,087	27,016
Balance of cash and cash equivalents at end of the period	26,610	26,812

**Supplementary information on investing activities not involving cash flows:**

In February 2017, the Company declared a dividend in an amount of US\$ 8.5 million. The dividend will be paid in April 2017.