



**ITURAN LOCATION AND CONTROL LTD.**

**Consolidated Interim Financial Statements  
as of June 30, 2015**

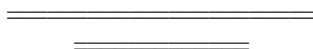


## **ITURAN LOCATION AND CONTROL LTD.**

### **Consolidated Financial Statements as of June 30, 2015**

#### **Table of Contents**

	<b>Page</b>
<b>Consolidated Interim Financial Statements:</b>	
Balance Sheets	2-3
Statements of Income	4
Statements of Cash Flows	5-6





## ITURAN LOCATION AND CONTROL LTD.

### CONSOLIDATED BALANCE SHEETS

	US dollars	
(in thousands)	June 30, 2015	December 31, 2014
<b>Current assets</b>		
Cash and cash equivalents	30,988	38,418
Investment in marketable securities	2,422	2,362
Accounts receivable (net of allowance for doubtful accounts)	29,719	27,960
Other current assets	23,253	22,318
Inventories	12,163	12,164
	98,545	103,222
<b>Long-term investments and other assets</b>		
Investments in affiliated companies	2,139	1,016
Investments in other company	81	79
Other non-current assets	1,376	2,091
Deferred income taxes	3,280	2,886
Funds in respect of employee rights upon retirement	7,340	6,642
	14,216	12,714
<b>Property and equipment, net</b>	37,070	31,908
<b>Intangible assets, net</b>	382	452
<b>Goodwill</b>	4,169	4,041
<b>Total assets</b>	154,382	152,337

**ITURAN LOCATION AND CONTROL LTD.**

**CONSOLIDATED BALANCE SHEETS**

<b>(in thousands)</b>	<b>US dollars</b>	
	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Current liabilities</b>		
Credit from banking institutions	6	-
Accounts payable	13,524	11,658
Deferred revenues	9,920	9,401
Other current liabilities	23,620	23,880
	<u>47,070</u>	<u>44,939</u>
<b>Long-term liabilities</b>		
Liability for employee rights upon retirement	10,845	10,229
Provision for contingencies	1,285	1,373
Deferred revenues	1,005	1,063
Deferred income taxes	132	150
Other	504	-
	<u>13,771</u>	<u>12,815</u>
Stockholders' equity	89,794	90,696
Non-controlling interests	3,747	3,887
<b>Total equity</b>	<u>93,541</u>	<u>94,583</u>
<b>Total liabilities and equity</b>	<u><u>154,382</u></u>	<u><u>152,337</u></u>



## ITURAN LOCATION AND CONTROL LTD.

### CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share data)	US dollars		US dollars	
	Six month period ended June 30,		Three month period ended June 30,	
	2015	2014	2015	2014
<b>Revenues:</b>				
Location-based services	64,093	66,295	32,145	34,115
Wireless communications products	<u>23,921</u>	<u>25,795</u>	<u>11,669</u>	<u>12,515</u>
	<u>88,014</u>	<u>92,090</u>	<u>43,814</u>	<u>46,630</u>
<b>Cost of revenues:</b>				
Location-based services	23,146	23,227	11,845	12,142
Wireless communications products	<u>19,269</u>	<u>20,281</u>	<u>9,732</u>	<u>9,650</u>
	<u>42,415</u>	<u>43,508</u>	<u>21,577</u>	<u>21,792</u>
Gross profit	45,599	48,582	22,237	24,838
Research and development expenses	1,085	1,245	595	654
Selling and marketing expenses	4,625	4,437	2,229	2,152
General and administrative expenses	19,365	19,198	9,402	9,995
Other income, net	<u>(14)</u>	<u>(54)</u>	<u>(2)</u>	<u>(19)</u>
Operating income	20,538	23,756	10,013	12,056
Financing income (expenses), net	<u>208</u>	<u>(44)</u>	<u>(263)</u>	<u>(169)</u>
Income before income tax	20,746	23,712	9,750	11,887
Income tax expense	(6,439)	(7,478)	(3,100)	(3,558)
Share in losses of affiliated companies, net	<u>(844)</u>	<u>(201)</u>	<u>(537)</u>	<u>(201)</u>
Net income for the period	13,463	16,033	6,113	8,128
Less: Net income attributable to non-controlling interests	<u>(834)</u>	<u>(1,295)</u>	<u>(295)</u>	<u>(718)</u>
Net income attributable to the Company	<u>12,629</u>	<u>14,738</u>	<u>5,818</u>	<u>7,410</u>
<b>Basic and diluted earnings per share attributable to Company's stockholders</b>				
	<u>0.60</u>	<u>0.70</u>	<u>0.28</u>	<u>0.35</u>
<b>Basic and diluted weighted average number of shares outstanding</b>				
	<u>20,968</u>	<u>20,968</u>	<u>20,968</u>	<u>20,968</u>

## ITURAN LOCATION AND CONTROL LTD.

### STATEMENTS OF CASH FLOWS

(in thousands)	US dollars		US dollars	
	Six month period ended June 30,		Three month period ended June 30,	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Net income for the period	13,463	16,033	6,113	8,128
<b>Adjustments to reconcile net income to net cash from operating activities:</b>				
Depreciation and amortization	5,383	5,268	2,710	2,575
Losses (gains) in respect of trading marketable securities	(204)	88	(115)	(17)
Exchange differences on principal of deposit and loans, net	-	(23)	-	-
Increase (decrease) in liability for employee rights upon retirement	290	935	(91)	416
Share in losses of affiliated companies, net	844	201	537	201
Deferred income taxes	(346)	(898)	(341)	(426)
Capital losses (gains) on sale of property and equipment, net	(7)	20	(2)	66
Decrease (increase) in accounts receivable	(867)	(5,198)	567	(1,003)
Decrease (increase) in other current assets	(671)	(707)	1,007	1,300
Decrease (increase) in inventories	388	2,533	(272)	(106)
Decrease(increase) in accounts payable	854	(1,121)	(12)	(702)
Increase (decrease) in deferred revenues	128	24	524	(904)
Increase (decrease) in other current liabilities	150	518	53	(1,535)
Net cash provided by operating activities	19,405	17,673	10,678	7,993
<b>Cash flows from investment activities</b>				
Increase in funds in respect of employee rights upon retirement, net of withdrawals	(487)	(297)	(224)	(139)
Capital expenditures	(12,969)	(6,527)	(6,132)	(3,505)
Investment in marketable securities	-	(2,771)	-	12
Investment in affiliated companies	(1,783)	-	(513)	-
Deposit in escrow	-	5,005	-	5,005
Deposit	(239)	(156)	(79)	-
Proceeds from sale of property and equipment	687	628	188	398
Net cash used in investment activities	(14,791)	(4,118)	(6,760)	1,771
<b>Cash flows from financing activities</b>				
Short term credit from banking institutions, net	6	(39)	6	(1,240)
Dividend paid	(11,343)	(11,459)	(6,920)	(7,843)
Dividend paid to non-controlling interests	(536)	(1,505)	-	(769)
Net cash provided by (used in) financing activities	(11,873)	(13,003)	(6,914)	(9,852)
Effect of exchange rate changes on cash and cash equivalents	(171)	(482)	1,076	503
Net increase(decrease) in cash and cash equivalents	(7,430)	70	(1,920)	415
Balance of cash and cash equivalents at beginning of period	38,418	41,697	32,908	41,352
Balance of cash and cash equivalents at end of the period	30,988	41,767	30,988	41,767

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

In May 2015, the Company declared a dividend in an amount of US\$ 3.4 million. The dividend was paid in July 2015. During the six month period ended June 30, 2015, the Company purchased property and equipment in an amount of US\$ 641 thousand using a directly related liability.