

**DELTA GALIL INDUSTRIES LTD.**

Concise Consolidated Balance Sheets

As of June 30, 2014

	June 30		December 31
	2014	2013	2013
	(Unaudited)		(Audited)
	Thousands of Dollars		
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	116,820	34,825	97,346
Restricted Cash	453	1,790	1,448
Other accounts receivable:			
Trade receivables	121,676	117,367	112,293
Taxes on income receivable	4,084	2,389	2,427
Others	12,110	22,797	9,522
Financial derivative	2,875	1,262	2,955
Inventory	188,801	159,890	169,303
Assets classified as held for sale	1,000	1,017	1,000
Total current assets	447,819	341,337	396,294
<b>Non-current assets:</b>			
Long-term receivables	20,493	10,910	15,520
Investment property	4,722	4,668	4,850
Fixed assets, net of accumulated depreciation	99,987	95,503	95,797
Intangible assets, net of accumulated amortization	124,200	112,619	118,135
Deferred tax assets	10,157	9,956	9,560
Financial derivative	16,202	3,280	10,942
Total non-current assets	275,761	236,936	254,804
<b>Total assets</b>	<b>723,580</b>	<b>578,273</b>	<b>651,098</b>

	June 30		December 31
	2014	2013	2013
	(Unaudited)		(Audited)
Thousands of Dollars			
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Short-term bank loans	6,566	38,744	26,438
Current maturities of long-term loans			
from banking corporations	-	450	150
Current maturities of debentures	18,667	16,468	17,847
Other accounts payable:			
Trade payables	82,650	72,832	71,283
Taxes on income payable	4,461	4,618	4,401
Others	55,839	52,986	56,441
Total current liabilities	<u>168,183</u>	<u>186,098</u>	<u>176,560</u>
<b>Non-current liabilities:</b>			
Severance pay liabilities less plan assets	2,328	2,985	2,105
Other non-current liabilities	22,228	12,815	17,196
Debentures	191,866	81,857	129,717
Reserve for deferred taxes	2,688	3,693	3,630
Total non-current liabilities	<u>219,110</u>	<u>101,350</u>	<u>152,648</u>
<b>Total liabilities</b>	<u>387,293</u>	<u>287,448</u>	<u>329,208</u>
<b>Equity:</b>			
Equity attributable to equity holders of the parent company:			
Share capital	23,515	23,451	23,499
Share premium	127,257	125,896	127,024
Other capital reserves	19,069	9,220	16,212
Retained earning	176,331	141,030	163,990
Treasury shares	(10,996)	(10,996)	(10,996)
	<u>335,176</u>	<u>288,601</u>	<u>319,729</u>
Minority interests	1,111	2,224	2,161
<b>Total equity</b>	<u>336,287</u>	<u>290,825</u>	<u>321,890</u>
<b>Total liabilities and equity</b>	<u>723,580</u>	<u>578,273</u>	<u>651,098</u>

## DELTA GALIL INDUSTRIES LTD.

Consolidated Statement of Comprehensive Income  
For the 3-month and 6-month periods ending June 30, 2014

	Six months ended June 30		%	Three months ended June 30		%
	2014	2013	Increase/(Decrease)	2014	2013	Increase/(Decrease)
(Unaudited)						
Thousands of Dollars						
Except for Earnings per Share Data						
<b>Sales</b>	<b>487,226</b>	461,623	%6	<b>249,152</b>	234,368	%6
Cost of sales	<b>337,033</b>	327,765		<b>171,398</b>	165,136	
<b>Gross profit</b>	<b>150,193</b>	133,858	%12	<b>77,754</b>	69,232	%12
% of sales	%30.8	%29.0		%31.2	%29.5	
Selling and marketing expenses	<b>103,520</b>	90,807	%14	<b>53,570</b>	46,239	%16
% of sales	%21.2	%19.7		%21.5	%19.7	
Administrative and general expenses	<b>17,815</b>	19,336	(%8)	<b>9,029</b>	9,919	(%9)
% of sales	%3.7	4.2%		%3.6	%4.2	
Other income, net	<b>1,619</b>	1,831		<b>484</b>	905	
Share in losses of associated companies accounted for using the equity method	<b>101</b>	-		<b>101</b>	-	
<b>Operating income</b>	<b>30,376</b>	25,546	%19	<b>15,538</b>	13,979	%11
% of sales	%6.2	%5.5		%6.2	%6.0	
Finance expenses, net	<b>6,088</b>	5,290	%15	<b>3,041</b>	2,689	%13
Income before tax on income	<b>24,288</b>	20,256		<b>12,497</b>	11,290	
Taxes on income	<b>5,186</b>	4,767		<b>2,725</b>	2,457	
<b>Net income for the period</b>	<b>19,102</b>	15,489	%23	<b>9,772</b>	8,833	%11
<b>Attribution of net earnings for the period:</b>						
<b>Attributed to company's shareholders</b>	<b>18,491</b>	15,429	%20	<b>9,742</b>	8,803	%11
<b>Attributed to non-controlling interests</b>	<b>611</b>	60		<b>30</b>	30	
	<b>19,102</b>	15,489		<b>9,772</b>	8,833	
<b>Net diluted earnings per share attributed to company's shareholders</b>	<b>0.73</b>	0.61	%20	<b>0.38</b>	0.35	%9

## DELTA GALIL INDUSTRIES LTD.

### Consolidated Cash Flow Reports For the 3-month and 6-month periods ending June 30, 2014

	Six months ending June 30		Three months ending June 30	
	2014	2013	2014	2013
(Unaudited)				
Thousands of Dollars				
<b>Cash flows from operating activities:</b>				
Net income for the period	19,102	15,489	9,772	8,833
Adjustments required to reflect cash flows deriving from operating activities	(5,733)	(715)	6,318	14,079
Interest paid in cash	(4,866)	(2,584)	(1,889)	(634)
Interest received in cash	182	107	81	77
Taxes on income paid in cash, net	(5,080)	(7,568)	(4,063)	(4,353)
Net cash generated from operating activities	<u>3,605</u>	<u>4,729</u>	<u>10,219</u>	<u>18,002</u>
<b>Cash flows from investment activities:</b>				
Acquisition of fixed assets and intangible assets	(12,368)	(9,611)	(6,186)	(5,024)
Investments in associated companies	(5,002)	-	(2,204)	-
Restricted cash release	981	1,010	1,091	389
Proceeds from realization of assets held for sale, net of tax	-	1,003	-	655
Proceeds from selling of fixed asset	1,739	466	285	408
Payments related to realization of asset held for sale (Tax payment related to the realization)	(1,989)	-	-	-
Loans to subcontractor, net	36	(400)	18	(227)
Others	9	(49)	6	(19)
Net cash used for Investing activities	<u>(16,612)</u>	<u>(7,581)</u>	<u>(7,002)</u>	<u>(3,818)</u>
<b>Cash flows from financing activities:</b>				
Dividends paid to non-controlling interest holders in consolidated subsidiary	(1,661)	-	(86)	-
Long term payables credit for fixed assets purchase	(1,802)	(1,376)	(734)	(1,376)
Dividend paid	(6,500)	(5,000)	(3,500)	(2,500)
Repayment of loans and other long-term liabilities	(330)	(1,883)	(91)	(1,317)
Short-term credit from banking corporations, net	(19,829)	(1,284)	4,416	(17,056)
Issuance of debentures, net	61,882	-	61,882	-
Proceeds from exercise of employee options	249	1,816	68	1,355
Net cash generated from (used in) financing activities	<u>32,009</u>	<u>(7,727)</u>	<u>61,955</u>	<u>(20,894)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>19,002</b>	<b>(10,579)</b>	<b>65,172</b>	<b>(6,710)</b>
<b>Exchange rate differences and revaluation of cash and cash equivalents, net</b>	<b>472</b>	<b>(71)</b>	<b>420</b>	<b>308</b>
<b>Balance of cash and cash equivalents at the beginning of the period</b>	<b>97,346</b>	<b>45,475</b>	<b>51,228</b>	<b>41,227</b>
<b>Balance of cash and cash equivalents at the end of the Period</b>	<b><u>116,820</u></b>	<b><u>34,825</u></b>	<b><u>116,820</u></b>	<b><u>34,825</u></b>

## DELTA GALIL INDUSTRIES LTD.

### Consolidated Cash Flow Reports For the 3-month and 6-month periods ending June 30, 2014

Six months ending June 30		Three months ending June 30	
2014	2013	2014	2013
(Unaudited)			
Thousands of Dollars			

**Adjustments required to reflect cash flows  
from operating activities:**

Revenues and expenses not involving cash flow:

Depreciation	7,232	7,304	3,691	3,708
Amortization	1,281	1,197	634	601
Cash erosion (revaluation), net	(539)	(16)	(537)	(20)
Interest paid in cash	4,866	2,584	1,889	634
Interest received in cash	(182)	(107)	(81)	(77)
Taxes on income paid in cash, net	5,080	7,568	4,063	4,353
Deferred taxes on income, net	(1,395)	(773)	(1,551)	(1,232)
Severance pay liability, net	224	300	103	179
Capital gain from sale of fixed assets and asset held for sale	(1,319)	(1,343)	(264)	(1,174)
Change to the benefit component of options granted to employees	350	237	174	113
Change to the fair value of financial derivatives	(557)	(491)	(114)	279
Share in losses of associated companies accounted for using the equity method	101	-	101	-
Increase in liabilities of Long-term employee bonuses	995	-	829	-
Changes in long term balances	314	(239)	685	(19)
Others	(379)	(58)	(229)	(72)
	<b>16,072</b>	16,163	<b>9,393</b>	7,273
Changes to operating assets and liabilities:				
Increase in trade receivables	(8,538)	(7,475)	(13,942)	(5,442)
Increase in other receivable and balances	(3,453)	(3,925)	(185)	(346)
Increase (decrease) in trade payables	11,746	(236)	20,344	13,519
Increase (decrease) in other payables	(2,198)	4,309	793	3,631
Increase in inventory	(19,362)	(9,551)	(10,085)	(4,556)
	<b>(21,805)</b>	(16,878)	<b>(3,075)</b>	6,806
	<b>(5,733)</b>	(715)	<b>6,318</b>	14,079