

# DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of September 30, 2014

	<u>September 30</u>		<u>December 31</u>
	<u>2014</u>	<u>2013</u>	<u>2013</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>Thousands of Dollars</u>		
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	147,727	85,541	97,346
Restricted Cash	196	1,421	1,448
Other accounts receivable:			
Trade receivables	114,437	113,968	112,293
Taxes on income receivable	3,173	2,040	2,427
Others	15,987	23,435	9,522
Financial derivative	1,074	1,994	2,955
Inventory	201,790	175,433	169,303
Assets classified as held for sale	1,000	1,018	1,000
Total current assets	<u>485,384</u>	<u>404,850</u>	<u>396,294</u>
<b>Non-current assets:</b>			
Long-term receivables	17,788	8,015	15,520
Investment property	4,316	4,790	4,850
Fixed assets, net of accumulated depreciation	98,153	97,906	95,797
Intangible assets, net of accumulated amortization	121,761	119,143	118,135
Deferred tax assets	11,631	9,232	9,560
Financial derivative	9,340	7,256	10,942
Total non-current assets	<u>262,989</u>	<u>246,342</u>	<u>254,804</u>
<b>Total assets</b>	<u><u>748,373</u></u>	<u><u>651,192</u></u>	<u><u>651,098</u></u>

	September 30		December 31
	2014	2013	2013
	(Unaudited)		(Audited)
Thousands of Dollars			
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Short-term bank loans	830	40,202	26,438
Current maturities of long-term loans			
from banking corporations	-	300	150
Current maturities of debentures	24,353	18,051	17,847
Financial derivative	756	-	-
Other accounts payable:			
Trade payables	90,815	81,099	71,283
Taxes on income payable	4,409	4,552	4,401
Others	55,236	55,725	56,441
Total current liabilities	<u>176,399</u>	<u>199,929</u>	<u>176,560</u>
<b>Non-current liabilities:</b>			
Severance pay liabilities less plan assets	2,290	2,950	2,105
Other non-current liabilities	21,802	17,997	17,196
Debentures	205,400	120,793	129,717
Reserve for deferred taxes	3,800	3,786	3,630
Financial derivative	3,045	-	-
Total non-current liabilities	<u>236,337</u>	<u>145,526</u>	<u>152,648</u>
<b>Total liabilities</b>	<u>412,736</u>	<u>345,455</u>	<u>329,208</u>
<b>Equity:</b>			
Equity attributable to equity holders of the parent company:			
Share capital	23,555	23,467	23,499
Share premium	127,737	126,092	127,024
Other capital reserves	7,403	13,639	16,212
Retained earning	186,763	151,343	163,990
Treasury shares	(10,933)	(10,996)	(10,996)
	<u>334,525</u>	<u>303,545</u>	<u>319,729</u>
Minority interests	1,112	2,192	2,161
<b>Total equity</b>	<u>335,637</u>	<u>305,737</u>	<u>321,890</u>
<b>Total liabilities and equity</b>	<u>748,373</u>	<u>651,192</u>	<u>651,098</u>

## DELTA GALIL INDUSTRIES LTD.

Consolidated Statement of Comprehensive Income  
For the 3-month and 9-month periods ending September 30, 2014

	Nine months ended September 30		%	Three months ended September 30		%
	2014	2013	Increase/(Decrease)	2014	2013	Increase/(Decrease)
<b>(Unaudited)</b>						
<b>Thousands of Dollars</b>						
<b>Except for Earnings per Share Data</b>						
<b>Sales</b>	<b>754,463</b>	718,822	5%	<b>267,237</b>	257,199	4%
Cost of sales	<b>521,620</b>	506,696		<b>184,587</b>	178,931	
<b>Gross profit</b>	<b>232,843</b>	212,126	10%	<b>82,650</b>	78,268	6%
% of sales	30.9%	29.5%		30.9%	30.4%	
Selling and marketing expenses	<b>156,772</b>	138,540	13%	<b>53,252</b>	47,733	12%
% of sales	20.8%	19.3%		19.9%	18.6%	
Administrative and general expenses	<b>26,401</b>	27,791	(5%)	<b>8,587</b>	8,455	2%
% of sales	3.5%	3.9%		3.2%	3.3%	
Other income (expenses), net	<b>2,703</b>	1,037		<b>1,084</b>	(794)	
Share in losses of associated companies accounted for using the equity method	<b>324</b>	-		<b>223</b>	-	
<b>Operating income before one-time items</b>	<b>52,049</b>	46,832	11%	<b>21,672</b>	21,286	2%
% of sales	6.9%	6.5%		8.1%	8.3%	
Restructuring expenses	<b>182</b>	1,529		<b>182</b>	1,529	
<b>Operating income</b>	<b>51,867</b>	45,303	14%	<b>21,490</b>	19,757	9%
Finance expenses, net	<b>10,752</b>	7,518	43%	<b>4,664</b>	2,228	109%
Income before tax on income	<b>41,115</b>	37,785		<b>16,826</b>	17,529	
Taxes on income	<b>8,214</b>	9,622		<b>3,028</b>	4,855	
<b>Net income for the period</b>	<b>32,901</b>	28,163	17%	<b>13,798</b>	12,674	9%
<b>Net income for the period before onetime items, net</b>	<b>33,064</b>	29,737	11%	<b>13,961</b>	14,248	(2%)
<b>Attribution of net earnings for the period:</b>						
<b>Attributed to company's shareholders</b>	<b>32,260</b>	28,073	15%	<b>13,768</b>	12,644	9%
<b>Attributed to non-controlling interests</b>	<b>641</b>	90		<b>30</b>	30	
	<b>32,901</b>	28,163		<b>13,798</b>	12,674	
<b>Net diluted earnings per share attributed to company's shareholders</b>	<b>1.26</b>	1.11	14%	<b>0.54</b>	0.50	8%
<b>Net diluted earnings per share attributed to company's shareholders before one-time items, net</b>	<b>1.27</b>	1.17	9%	<b>0.55</b>	0.56	(2%)

# DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports  
For the 3-month and 9-month periods ending September 30, 2014

	Nine months ending September 30		Three months ending September 30	
	2014	2013	2014	2013
(Unaudited)				
Thousands of Dollars				
<b>Cash flows from operating activities:</b>				
Net income for the period	32,901	28,163	13,798	12,674
Adjustments required to reflect cash flows deriving from operating activities	4,241	14,067	9,975	14,782
Interest paid in cash	(9,079)	(6,166)	(4,213)	(3,583)
Interest received in cash	220	287	38	180
Taxes on income paid in cash, net	(9,865)	(12,247)	(4,785)	(4,678)
Net cash generated from operating activities	18,418	24,104	14,813	19,375
<b>Cash flows from investment activities:</b>				
Acquisition of fixed assets and intangible assets	(18,534)	(15,904)	(6,166)	(6,293)
Investments in associated companies	(6,502)	-	(1,500)	-
Restricted cash release	1,252	1,434	271	424
Proceeds from realization of assets held for sale, net of tax	-	1,577	-	574
Proceeds from selling of fixed asset	1,807	526	68	60
Payments related to realization of asset held for sale (Tax payment related to the realization)	(1,989)	2,118	-	2,118
Loans to subcontractor, net	55	(412)	19	(12)
Others	24	(115)	33	(67)
Net cash used for Investing activities	(23,887)	(10,776)	(7,275)	(3,196)
<b>Cash flows from financing activities:</b>				
Dividends paid to non-controlling interest holders in consolidated subsidiary	(1,690)	(63)	(29)	(63)
Long term payables credit for fixed assets purchase	(2,289)	(1,577)	(487)	(201)
Debentures principle pay down	(11,285)	(11,285)	(11,285)	(11,285)
Debentures issuance return, excluding issuance expenses	107,532	49,710	45,650	49,710
Dividend paid	(10,000)	(7,500)	(3,500)	(2,500)
Repayment of loans and other long-term liabilities	(566)	(2,723)	(236)	(839)
Short-term credit from banking corporations, net	(25,344)	(795)	(5,515)	489
Proceeds from exercise of employee options	832	2,028	583	212
Net cash generated from financing activities	57,190	27,795	25,181	35,523
<b>Net increase in cash and cash equivalents</b>	<b>51,721</b>	<b>41,123</b>	<b>32,719</b>	<b>51,702</b>
<b>Exchange rate differences and revaluation of cash and cash equivalents, net</b>	<b>(1,340)</b>	<b>(1,057)</b>	<b>(1,812)</b>	<b>(986)</b>
<b>Balance of cash and cash equivalents at the beginning of the period</b>	<b>97,346</b>	<b>45,475</b>	<b>116,820</b>	<b>34,825</b>
<b>Balance of cash and cash equivalents at the end of the Period</b>	<b>147,727</b>	<b>85,541</b>	<b>147,727</b>	<b>85,541</b>

# DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports  
For the 3-month and 9-month periods ending September 30, 2014

Nine months ending September 30		Three months ending September 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	11,001	10,701	3,769	3,397
Amortization	1,948	1,750	667	552
Cash erosion, net	437	1,175	976	1,191
Interest paid in cash	9,079	6,166	4,213	3,583
Interest received in cash	(220)	(287)	(38)	(180)
Taxes on income paid in cash, net	9,865	12,247	4,785	4,678
Deferred taxes on income, net	(1,461)	106	(66)	879
Severance pay liability, net	341	275	117	(25)
Restructuring expenses, net	(182)	1,529	(182)	1,529
Capital gain from sale of fixed assets and asset held for sale	(1,339)	(1,103)	(20)	240
Change to the benefit component of options and restricted shares granted to employees	513	377	164	140
Change to the fair value of financial derivatives	(671)	262	(114)	753
Share in losses of associated companies accounted for using the equity method	324	-	223	-
Increase in liabilities of Long-term employee bonuses	463	814	(532)	814
Changes in long term balances	995	(416)	681	(177)
Others	201	123	580	181
	<b>31,294</b>	33,719	<b>15,223</b>	17,555
Changes to operating assets and liabilities:				
Decrease (increase) in trade receivables	(1,638)	(4,768)	6,900	2,707
Increase in other receivable and debtor balances	(3,586)	(4,002)	(133)	(77)
Increase in trade payables	22,768	9,205	11,022	9,442
Increase (decrease) in other payables	(5,201)	3,777	(3,003)	(532)
Increase in inventory	(39,396)	(23,864)	(20,034)	(14,313)
	<b>(27,053)</b>	(19,652)	<b>(5,248)</b>	(2,773)
	<b>4,241</b>	14,067	<b>9,975</b>	14,782