

# DELTA GALIL INDUSTRIES LTD.

Concise Consolidated Balance Sheets

As of June 30, 2015

	<u>June 30</u>		<u>December 31</u>
	<u>2015</u>	<u>2014</u>	<u>2014</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>Thousands of Dollars</u>		
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	<b>199,602</b>	116,820	166,958
Restricted Cash	<b>438</b>	453	369
Other accounts receivable:			
Trade receivables	<b>119,022</b>	121,676	108,559
Taxes on income receivable	<b>6,947</b>	4,084	6,096
Others	<b>16,262</b>	12,110	26,202
Financial derivative	<b>808</b>	2,875	329
Inventory	<b>197,516</b>	188,801	181,687
Assets classified as held for sale	<b>1,793</b>	1,000	1,000
Total current assets	<b>542,388</b>	447,819	491,200
<b>Non-current assets:</b>			
Long-term receivables	<b>6,615</b>	20,493	8,013
Investment property	<b>3,741</b>	4,722	4,132
Fixed assets, net of accumulated depreciation	<b>111,681</b>	99,987	98,861
Intangible assets, net of accumulated amortization	<b>116,075</b>	124,200	118,506
Deferred tax assets	<b>11,018</b>	10,157	11,348
Financial derivative	<b>4,373</b>	16,202	1,254
Total non-current assets	<b>253,503</b>	275,761	242,114
<b>Total assets</b>	<b>795,891</b>	723,580	733,314

	June 30		December 31
	2015	2014	2014
	(Unaudited)		(Audited)
Thousands of Dollars			
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Short-term bank loans	-	6,566	931
Current maturities of debentures	<b>24,549</b>	18,667	23,054
Financial derivative	<b>2,323</b>	-	2,235
Other accounts payable:			
Trade payables	<b>88,145</b>	82,650	80,648
Taxes on income payable	<b>5,833</b>	4,461	4,961
Others	<b>61,019</b>	55,839	57,548
Total current liabilities	<b>181,869</b>	168,183	169,377
<b>Non-current liabilities:</b>			
Severance pay liabilities less plan assets	<b>2,228</b>	2,328	2,339
Other non-current liabilities	<b>17,949</b>	22,228	19,999
Debentures	<b>243,686</b>	191,866	197,262
Reserve for deferred taxes	<b>2,061</b>	2,688	2,954
Financial derivative	<b>4,866</b>	-	8,784
Total non-current liabilities	<b>270,790</b>	219,110	231,338
<b>Total liabilities</b>	<b>452,659</b>	387,293	400,715
<b>Equity:</b>			
Equity attributable to equity holders of the parent company:			
Share capital	<b>23,652</b>	23,515	23,579
Share premium	<b>129,797</b>	127,257	128,274
Other capital reserves	<b>(9,603)</b>	19,069	(6,598)
Retained earning	<b>209,145</b>	176,331	197,135
Treasury shares	<b>(10,933)</b>	(10,996)	(10,933)
	<b>342,058</b>	335,176	331,457
Minority interests	<b>1,174</b>	1,111	1,142
<b>Total equity</b>	<b>343,232</b>	336,287	332,599
<b>Total liabilities and equity</b>	<b>795,891</b>	723,580	733,314

## DELTA GALIL INDUSTRIES LTD.

Consolidated Statement of Comprehensive Income  
For the 3-month and 6-month periods ending June 30, 2015

	Six months ended June 30		%	Three months ended June 30		%
	2015	2014	<i>Increase/(Decrease)</i>	2015	2014	<i>Increase/(Decrease)</i>
<b>(Unaudited)</b>						
<b>Thousands of Dollars</b>						
<b>Except for Earnings per Share Data</b>						
<b>Sales</b>	<b>508,375</b>	487,226	4%	<b>255,537</b>	249,152	3%
Cost of sales	<b>363,010</b>	337,033		<b>183,038</b>	171,398	
<b>Gross profit</b>	<b>145,365</b>	150,193	(3%)	<b>72,499</b>	77,754	(7%)
% of sales	<b>28.6%</b>	30.8%		<b>28.4%</b>	31.2%	
Selling and marketing expenses	<b>99,175</b>	103,520	(4%)	<b>49,316</b>	53,570	(8%)
% of sales	<b>19.5%</b>	21.2%		<b>19.3%</b>	21.5%	
General and administrative expenses	<b>17,520</b>	17,815	(2%)	<b>8,324</b>	9,029	(8%)
% of sales	<b>3.4%</b>	3.7%		<b>3.3%</b>	3.6%	
Other income, net	<b>735</b>	1,619		<b>(604)</b>	484	
Share in profits (losses) of associated companies accounted for using the equity method	<b>395</b>	(101)		<b>216</b>	(101)	
<b>Operating income</b>	<b>29,800</b>	30,376	(2%)	<b>14,471</b>	15,538	(7%)
% of sales	<b>5.9%</b>	6.2%		<b>5.7%</b>	6.2%	
Finance expenses, net	<b>7,567</b>	6,088	24%	<b>3,368</b>	3,041	11%
Income before tax on income	<b>22,233</b>	24,288		<b>11,103</b>	12,497	
Taxes on income	<b>4,002</b>	5,186		<b>1,791</b>	2,725	
<b>Net income for the period</b>	<b>18,231</b>	19,102	(5%)	<b>9,312</b>	9,772	(5%)
<b>Attribution of net earnings for the period:</b>						
<b>Attributed to company's shareholders</b>	<b>18,171</b>	18,491	(2%)	<b>9,282</b>	9,742	(5%)
<b>Attributed to non-controlling interests</b>	<b>60</b>	611		<b>30</b>	30	
	<b>18,231</b>	19,102		<b>9,312</b>	9,772	
<b>Net diluted earnings per share attributed to company's shareholders</b>	<b>0.71</b>	0.73	(3%)	<b>0.36</b>	0.38	(5%)

# DELTA GALIL INDUSTRIES LTD.

Consolidated Cash Flow Reports  
For the 3-month and 6-month periods ending June 30, 2015

	Six months ending June 30		Three months ending June 30	
	2015	2014	2015	2014
(Unaudited)				
Thousands of Dollars				
<b>Cash flows from operating activities:</b>				
Net income for the period	<b>18,231</b>	19,102	<b>9,312</b>	9,772
Adjustments required to reflect cash flows deriving from operating activities	<b>(4,161)</b>	(5,733)	<b>20,551</b>	6,318
Interest paid in cash	<b>(6,437)</b>	(4,866)	<b>(2,651)</b>	(1,888)
Interest received in cash	<b>1,312</b>	182	<b>101</b>	80
Taxes on income paid in cash, net	<b>(4,729)</b>	(5,080)	<b>(3,268)</b>	(4,063)
Net cash generated from operating activities	<b>4,216</b>	3,605	<b>24,045</b>	10,219
<b>Cash flows from investment activities:</b>				
Acquisition of fixed assets and intangible assets	<b>(16,178)</b>	(12,368)	<b>(9,464)</b>	(6,186)
Restricted cash release (deposit)	<b>(85)</b>	981	<b>1</b>	1,091
Acquisition of a subsidiary	<b>(2,000)</b>	-	<b>-</b>	-
Investments in associated companies	<b>-</b>	(5,000)	<b>-</b>	(2,204)
Proceeds from selling of fixed asset	<b>116</b>	1,739	<b>30</b>	285
Payments related to realization of asset held for sale (Tax payment related to the realization)	<b>10,879</b>	(1,989)	<b>-</b>	-
Others	<b>81</b>	25	<b>99</b>	12
Net cash used for Investing activities	<b>(7,187)</b>	(16,612)	<b>(9,334)</b>	(7,002)
<b>Cash flows from financing activities:</b>				
Dividends paid to non-controlling interest holders in consolidated subsidiary	<b>(28)</b>	(1,661)	<b>-</b>	(86)
Long term payables credit for fixed assets purchase	<b>(1,842)</b>	(1,802)	<b>(192)</b>	(734)
Dividend paid	<b>(7,000)</b>	(6,500)	<b>(3,500)</b>	(3,500)
Repayment of loans and other long-term liabilities	<b>(215)</b>	(330)	<b>(59)</b>	(91)
Short-term credit from banking corporations, net	<b>(852)</b>	(19,829)	<b>(402)</b>	4,416
Issuance of debentures, net of issuance costs	<b>40,006</b>	61,882	<b>40,006</b>	61,882
Release of bank deposit used as a security with respect of SWAP transaction	<b>4,950</b>	-	<b>2,242</b>	-
Proceeds from exercise of employee options	<b>1,596</b>	249	<b>975</b>	68
Net cash generated from financing activities	<b>36,615</b>	32,009	<b>39,070</b>	61,955
<b>Net increase in cash and cash equivalents</b>	<b>33,644</b>	19,002	<b>53,781</b>	65,172
<b>Exchange rate differences and revaluation of cash and cash equivalents, net</b>	<b>(1,000)</b>	472	<b>478</b>	420
<b>Balance of cash and cash equivalents at the beginning of the period</b>	<b>166,958</b>	97,346	<b>145,343</b>	51,228
<b>Balance of cash and cash equivalents at the end of the Period</b>	<b>199,602</b>	116,820	<b>199,602</b>	116,820

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Consolidated Cash Flow Reports  
For the 3-month and 6-month periods ending June 30, 2015

Six months ending June 30		Three months ending June 30	
2015	2014	2015	2014
(Unaudited)			
Thousands of Dollars			

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

Revenues and expenses not involving cash flow:

Depreciation	7,668	7,232	3,994	3,691
Amortization	1,253	1,281	609	634
Cash erosion (revaluation), net	190	(539)	(99)	(537)
Interest paid in cash	6,437	4,866	2,651	1,888
Interest received in cash	(1,312)	(182)	(101)	(80)
Taxes on income paid in cash, net	4,729	5,080	3,268	4,063
Deferred taxes on income, net	(596)	(1,395)	(1,040)	(1,551)
Severance pay liability, net	139	224	(15)	103
Capital gain from sale of fixed assets and asset held for sale	(93)	(1,319)	(103)	(264)
Change to the benefit component of options granted to employees	839	350	408	174
Share in losses (profits) of associated companies accounted for using the equity method	(395)	101	(216)	101
Increase in liabilities of Long-term employee bonuses		995		829
Changes in long term balances	86	314	177	685
Others	(281)	(936)	99	(343)
	<b>18,664</b>	16,072	<b>9,632</b>	9,393
Changes to operating assets and liabilities:				
Increase in trade receivables	(11,049)	(8,538)	(8,185)	(13,942)
Decrease (Increase) in other receivable and balances	(417)	(3,453)	974	(185)
Increase (decrease) in trade payables	8,156	11,746	23,944	20,344
Increase (decrease) in other payables	(442)	(2,198)	3,363	793
Increase in inventory	(19,073)	(19,362)	(9,177)	(10,085)
	<b>(22,825)</b>	(21,805)	<b>10,919</b>	(3,075)
	<b>(4,161)</b>	(5,733)	<b>20,551</b>	6,318