

DELTA

GALIL INDUSTRIES LTD.

August 4, 2011

Delta Galil Reports its Financial Results for the Second Quarter of 2011:

**The seventh consecutive quarter of sales growth and
the ninth consecutive quarter of profit growth**

**The Company announces a dividend for the sixth
consecutive quarter**

**Sales of second quarter 2011 increased by 2% and
profit attributed to shareholders increased by 23%**

Isaac Dabah, Delta's CEO: This is another quarter of improved results, due to better performance of Delta Israel and Global Upper Market; The profitability of the U.S. mass market which was challenged in the first half of the year, is expected to recover in the second half of 2011, as a result of increased selling prices to customers.

Sales of Delta Galil in the second quarter of 2011 amounted to \$ 160.2 million, compared to \$ 156.7 million in the second quarter of 2010, an increase of 2%. The profit attributed to Delta's shareholders in the second quarter of 2011 was approximately \$5.6 million, compared to approximately \$ 4.5 million in the same quarter last year, an increase of 23%.

In the first half of 2011, Delta's sales reached \$ 317.6 million compared to \$ 297.2 million in the first half of 2010, an increase of 7%. Profit attributed to Delta's shareholders in the first half of 2011 were \$ 11.4 million, compared to \$ 8.4 million in the first half of last year, an increase of 36%.

Isaac Dabah, Delta's CEO, stated: "This is the ninth consecutive quarter of improved profits and the seventh consecutive quarter of sales growth, despite the softness in the US mass market. We estimate that the mass market segment will attain operational profitability in the second half of 2011, following an increase in selling prices to customers." Isaac Dabah added, "the activity of the Delta Kids stores, launched this year, is successful and is an important growth engine to our Delta Israel segment."

Gross profit of Delta in the second quarter of 2011 amounted to \$ 32.7 million, or 20.4% of the total sales, compared to \$ 29.5 million, or 18.8% of the sales in the second quarter of last year, an increase of 11%. The increase in gross profit results from an increase in sales and from improvement in profitability of the Global Upper Market and Delta Israel segments and despite the erosion of the gross margin in the U.S Mass Market segment.

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Sales of the Global Upper Market segment in the second quarter of 2011 increased by 4% to \$ 71.2 million, and the operating profit increased by 60% to \$ 7.2 million. The improvement in the operating profit results from higher sales and an improved product mix, which included highly innovative products. Also contributing to the improved profit margins was an increase in the production volume and profitability of the Company's plants.

Sales of Delta Israel in the second quarter of 2011 increased by 28% to \$ 21.5 million and the operating profit increased by 42% to \$ 3.6 million. The improvement in operating profit was a function of the increase in sales volume.

US Mass Market sales in the second quarter of 2011 decreased by 10% to \$ 69.6 million. The operating loss amounted to \$ 1.7 million compared to a profit of \$ 1.9 million in the same quarter of last year.

The transition from operating profit in the second quarter last year to an operating loss in the second quarter of 2011 was caused by an erosion of gross margin due to the increase in product costs, primarily an increase in cotton price as well as the time lag to adjust selling prices to customers. The segment is expected to become profitable in the second half of the year, following the increase in selling prices to customers.

Delta's operating profit in the second quarter of 2011 amounted to \$ 7.9 million, compared to \$ 7.6 million in the same quarter last year, an increase of 3%.

Subsequent to the balance sheet date, Delta announced a dividend distribution, amounting to \$ 2 million, or 8.54 cent per share, to be distributed on September 6, 2011. This is the sixth consecutive quarter in which the Company distributes dividends.

Safe Harbor Statement:

Matters discussed in this press release contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this press release, the words "anticipate," "believe," "estimate," "may," "intend," "expect" and similar expressions identify such forward-looking statements. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein, and while expected, there is no guarantee that we will attain the aforementioned anticipated developmental milestones. These forward-looking statements are based largely on the expectations of the Company and are subject to a number of risks and uncertainties. These include, but are not limited to, risks and uncertainties associated with: the impact of economic, competitive and other factors affecting the Company and its operations, markets, product, and distributor performance, the impact on the national and local economies resulting from terrorist actions, and U.S. actions subsequently; and other factors detailed in reports filed by the Company.