

DELTA

GALIL INDUSTRIES LTD.

The details herein are the summary of Delta Galil Industries LTD 2007 Financial Statements for the year and the fourth quarter.

The full Annual Report for 2007 was released today, Sunday, March 30, 2008 in Hebrew.

The translation of the said Annual Report into English will be available on our website in the next few weeks.

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GALIL INDUSTRIES LTD.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Year ended		Three months
	December 31		ended
	2007	2006	December 31
	2007		
In US \$ thousand (except per share data)			
Revenues	647,409	706,699	165,888
Cost of revenues	534,662	583,918	135,562
Gross profit	112,747	122,781	30,326
Selling, marketing, general and administrative expenses:			
Selling and marketing expenses	71,923	71,832	18,384
General and administrative expenses	25,186	25,339	6,960
Gain (loss) from realization of assets	784	686	(4)
Amortization of intangible asset	739	739	185
Restructuring expenses	11,060	1,663	260
Operating income	4,623	23,894	4,533
Financial expenses - net	12,999	15,350	2,921
Share in loss of associated company	33		33
Income (loss) before taxes on income	(8,409)	8,544	1,579
Taxes on income	4,126	5,474	434
Net income (loss) for the period	(12,535)	3,070	1,145
Allocation of net income (loss) for the period:			
For the shareholders	(12,951)	2,575	934
For the minority	416	495	211
	(12,535)	3,070	1,145
Earnings (loss) per share - basic and diluted attributed to the shareholders	(0.69)	0.14	0.05

<u>Selected data in US \$ millions:</u>	Y 2007	Y 2006	Q4 2007
Revenues	647.4	706.7	165.9
Operating income excluding restructuring expenses	15.7	25.6	4.8
Operating income	4.6	23.9	4.5
Adjusted EBITDA	29.0	41.2	8.3
Net income (loss) excluding restructuring expenses	(1.5)	4.7	1.4
Net income(loss)	(12.5)	3.1	1.1
Restructuring expenses	11.1	1.7	0.3
Operating cash flow	10.4	24.2	23.5

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GALIL INDUSTRIES LTD.

CONDENSED CONSOLIDATED BALANCE SHEET

	December 31	
	2007	2006
	<u>In US \$ thousands</u>	
Assets:		
Current assets:		
Cash and cash equivalents	16,676	10,342
Restricted cash		4,000
Accounts receivable:		
Trade	103,052	109,710
Tax Recivable	630	483
Other	7,775	7,116
Inventories	137,506	131,556
Assets held for sale	5,410	4,474
Total current assets	<u>271,049</u>	<u>267,681</u>
Long term prpaid expenses	521	632
Other long term reciavable	1,578	745
Long term Defferd taxes	5,557	3,711
Funds in respet of employee right upon retirement	47	1,059
Property, plant and equipment	84,947	98,054
Intangible assets	86,262	80,165
Total non current assets	<u>178,912</u>	<u>184,366</u>
Total assets	<u>449,961</u>	<u>452,047</u>
Liabilities and shareholders equity:		
Current liabilities:		
Short-term bank credit	141,345	129,368
Current maturities of long term bank loans	8,200	9,150
Accounts payable:		
Trade	60,886	59,038
Tax Payable	1,460	1,639
Liability due to adjustment to purchase price of a subsidiary	1,977	2,400
Other	37,534	33,241
Total current liabilities	<u>251,402</u>	<u>234,836</u>
Long-term liabilities:		
Bank loans, net of current maturities	8,200	17,639
Liability for employee rights upon retirement	197	425
Deferred income taxes	7	50
Liability due to adjustment to purchase price of a subsidiary	7,600	7,890
Other long term liabilities	6,123	1,554
Total long-term liabilities	<u>22,127</u>	<u>27,558</u>
Total liabilities	<u>273,529</u>	<u>262,394</u>
Shareholders' equity	176,432	189,653
Total Liabilities and shareholders equity	<u>449,961</u>	<u>452,047</u>

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GALIL INDUSTRIES LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Year ended	
	December 31	
	2007	2006
	In US \$ thousands	
Cash flows from operating activities:		
Net income (loss) for the year	(12,535)	3,070
Adjustments required to reflect cash flows from operating activities	38,484	40,002
Interest paid in cash	(10,470)	(10,039)
Taxes on income paid in cash	(5,082)	(8,793)
Net cash provided by operating activities	<u>10,397</u>	<u>24,240</u>
Cash flows from investing activities:		
Additional payment for the acquisition of a subsidiary	(2,400)	(1,245)
Purchase of fixed assets and other assets	(8,181)	(5,706)
Proceeds from realization of fixed assets	1,393	1,274
Proceeds from realization of assets held for sale	302	3,117
Change in restricted cash	4,000	(4,000)
Other	(12)	(29)
Net cash used in investing activities	<u>(4,898)</u>	<u>(6,589)</u>
Cash flows from financing activities:		
Dividend paid to minority	(525)	(512)
Long-term bank loans and other liabilities - net	(10,470)	(49,123)
Short-term bank credit - net	11,804	26,498
Proceeds from realization of employee stock option		376
Other	(213)	(263)
Net cash provided by (used in) financing activities	<u>596</u>	<u>(23,024)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,095	(5,373)
TRANSLATION IN DIFFERENCES IN CASH AND CASH EQUIVALENTS	239	1,120
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>10,342</u>	<u>14,595</u>
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>16,676</u></u>	<u><u>10,342</u></u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Year ended	
	December 31	
	2007	2006
	In US \$ thousands	
Adjustments required to reflect cash flows from operating activities:		
Income and expenses not involving cash flows:		
Depreciation and amortization	13,279	15,627
Interest paid in cash	10,470	10,039
Taxes on income paid in cash	5,082	8,793
Finance expense due to a liability due to adjustment to purchase price of a subsidiary	1,077	1,225
Restructuring expenses	8,569	1,156
Deferred income taxes - net	(1,533)	422
Capital gain from realization of assets	(784)	(686)
Other	(104)	(2,126)
	<u>36,056</u>	<u>34,450</u>
Changes in operating assets and liabilities items:		
Decrease (increase) in trade receivable	6,951	(5,141)
Decrease (increase) in accounts receivable	(652)	4,399
Increase (decrease) in trade payable and accruals	1,316	(2,211)
Increase (decrease) in accounts payable and accruals	735	(7,158)
Decrease (increase) in inventories	(5,922)	15,663
	<u>2,428</u>	<u>5,552</u>
	<u>38,484</u>	<u>40,002</u>

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Sales and Operating result by segment

	Year ended December 31			Three months ended December 31			
	2007	2006	% Ch.	2007	2006	2007	
	Sales			Operating Profit (loss)		Sales	Operating Profit (loss)
Delta USA-Mass Market	262,722	269,722	(2.6)	10,702	13,765	63,921	1,655
Intimate apparel Europe & US Upper Market	194,994	258,908	(24.7)	(7,489)	8,982	50,150	(1,785)
Socks-Europe & US	121,751	122,484	(0.6)	5,882	1,510	31,832	2,686
Delta Marketing Israel	64,003	54,308	17.9	9,851	6,883	19,844	3,554
Seam-Less	16,705	17,971	(7.0)	(1,296)	(2,487)	4,236	(372)
Adjustments and other	(12,766)	(16,694)		(1,967)	(3,096)	(4,095)	(945)
Total	647,409	706,699	(8.4)	15,683	25,557	165,888	4,793
Restructuring expenses				11,060	1,663		260
Consolidated operating Profit				4,623	23,894		4,533