

Ituran Location & Control Ltd.
Form 20-F
April 30, 2012

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

Commission file no. 001-32618

ITURAN LOCATION AND CONTROL LTD.

(Exact name of Registrant as specified in its charter and
translation of Registrant's name into English)

Israel

(Jurisdiction of incorporation or organization)

3 Hashikma Street, Azour, Israel

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value NIS 0.331/3 per share	Nasdaq Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report:

23,475,431 Ordinary Shares

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes No

If this report is an annual or transition report, indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant had used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting
Standards as issued
by the International Accounting
Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

[APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS]

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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USE OF CERTAIN TERMS

As used herein, and unless the context suggests otherwise, the terms “we”, “us”, “our” or “Ituran” refer to Ituran Location and Control Ltd. and its consolidated subsidiaries.

We have prepared our consolidated financial statements in US Dollars. Our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). All references herein to “dollars” or “\$” or “USD” are to United States dollars, and all references to “NIS” are to New Israeli Shekels.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 20-F contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The use of the words “projects,” “believes,” “expects,” “may,” “plans” or “intends,” or words of similar import, identifies a statement as “forward-looking.” The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on the assumption that we will not lose a significant customer or customers or experience increased fluctuations of demand or rescheduling of purchase orders, that our markets will continue to grow, that our products will remain accepted within their respective markets and will not be replaced by new technology, that competitive conditions within our markets will not change materially or adversely, that we will retain key technical and management personnel, that our forecasts will accurately anticipate market demand, and that there will be no material adverse change in our operations or business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. In addition, our business and operations are subject to substantial risks which increase the uncertainty inherent in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a

representation by us or any other person that our objectives or plans will be achieved. Factors that could cause actual results to differ from our expectations or projections include the risks and uncertainties described in this annual report in Item 3: Risk Factors.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

We have provided selected financial data under generally accepted accounting principles in the U.S. (U.S. GAAP). You should read the selected consolidated financial data presented in this Item together with Item 5 – Operating and Financial Review and Prospects and with our consolidated financial statements included elsewhere in this annual report.

Our selected consolidated statements of income data for the years ended December 31, 2009, 2010 and 2011 and our selected consolidated balance sheet data as of December 31, 2010 and 2011 have been derived from our consolidated financial statements, included elsewhere in this report. The selected consolidated statements of income data for each of the years ended December 31, 2007 and 2008 and the selected consolidated balance sheet data as of December 31, 2007, 2008 and 2009 are derived from other audited financial statements not included in this report.

Selected Financial Data Under U.S. GAAP:

Consolidated Statements of Income

	Year Ended December 31,				
	2011	2010	2009	2008	2007
	In USD				
	In thousands, except per share amounts				
Revenues:					
Location based services	120,410	108,101	91,574	86,051	64,634
Wireless communications products	39,757	39,724	29,807	46,565	60,204
Total Revenues	160,167	147,825	121,381	132,616	124,838
Cost of Revenues:					
Location based services	49,157	40,820	33,377	31,386	23,630
Wireless communication products	31,578	34,354	27,445	37,611	44,009
Total cost of revenues	80,735	75,174	60,822	68,997	67,639
Gross profit	79,432	72,651	60,559	63,619	57,199
Research and development expenses	631	481	372	408	2,991
Selling and marketing expenses	8,543	8,675	7,684	9,628	8,218
General and administrative expenses	34,984	31,671	27,213	27,505	22,629
Other expenses (income), net	8,691	1,156	908	418	(49,138)
Operating Income	26,583	30,668	24,382	25,660	72,499
Other expenses	(819)	(14,745)	-	(1,617)	-
Financing income (expenses), net	2,100	139	1,604	(166)	1,227
Income before income tax	27,864	16,062	25,986	23,877	73,726
Income tax	(5,655)	(6,286)	(7,139)	(7,896)	(20,953)
Share in income (losses) of affiliated companies, net	(23)	(3)	13	(25)	(516)
Net income for the year	22,186	9,773	18,860	15,956	52,257
Less: net income attributable to non-controlling interest	(908)	(1,071)	(668)	(1,074)	(783)
Net income attributable to Company stockholders	21,278	8,702	18,192	14,882	51,474
Earning per share					
Basic	\$1.01	\$0.42	\$0.87	\$0.69	\$2.21
Diluted	\$1.01	\$0.42	\$0.87	\$0.69	\$2.20
Weighted average number of shares outstanding					
Basic	20,968	20,968	20,968	21,431	23,315
Diluted	20,968	20,968	20,977	21,440	23,422

Consolidated Balance Sheets Data

	2011	Year Ended December 31,			2007
		2010	2009	2008	
		In USD			
	In thousands, except per share amounts				
Cash & Cash Equivalent; deposit in escrow (short and long term) and investment in trading marketable securities	40,226	61,279	78,093	55,668	38,227
Working Capital	48,474	48,594 *	72,825	60,073	110,432
Total Assets	157,457	188,344	185,868	157,899	216,559
Total Liabilities	52,105	73,181	52,025	45,220	64,108