Shagrir Group Vehicle Services Ltd.

Interim Condensed Financial Statements

As of June 30, 2016

- **Part A: Board of Director's Report of the State of the Company's Affairs for a period of six months ending on June 30, 2016.**
- **Part B: Condensed Interim Consolidated Financial Statements as of June 30, 2016.**
- **Part C: Summary of Separate Interim Financial Information as of June 30, 2016.**
- **Part D: Managers' Declarations.**

The Company's Board of Directors determined on July 12, 2016 that the Company meets the criteria of a "Small Corporation," as the term is defined in the Securities Regulations (Immediate and Periodic Reports), 5730-1970 (the "Regulations"). The Company's Board of Directors decided to adopt the leniencies established in the Regulations as applying to a "Small Corporation" wherever such are relevant (or will be relevant) to the Company.

Part A - Board of Directors Report of the State of the Corporation's Affairs

For the period ending June 30, 2016

The Board of Directors of Shagrir Group Vehicle Services Ltd. (the "**Company**") is pleased to hereby submit the Board of Director's Report of the State of Business of the Company and its consolidated company for the six month and three month periods ending December 30, 2016 (the "**Period**" or the "**Reporting Period**"), in accordance with the Securities Regulations (Immediate and Periodic Reports), 5730-1970.

The summary brought hereunder is limited in its scope and addresses incidents with a significant impact on the state of the Company's affairs during the Reporting Period. This Report should be examined together with the financial statements and the board of director's report on the state of the Company's affairs for the fiscal year concluding on December 31, 2015, which was attached to the Company's prospectus on May 27, 2016 (reference: 2016-01-035664) (the "**Prospectus**").

1. <u>Brief Description of the Company (and the consolidated company), its Business Environment and the Development of its Businesses during the Reporting Period</u>

1.1. On June 8, 2016, the Company's shares were distributed as a dividend in kind to the shareholders of Pointer Telocation Ltd. (the Company's former controlling shareholder), which began to be traded on the Tel Aviv Stock Exchange starting June 28, 2016.

1.2. As of the date of the Report, the Company is operating in two areas of activity, reported as sectors of activity in the Company's financial statements:

1.2.1. Area of services to the insurance companies - in this field, the Company provides various services including road services, services to homes, services provided by auto service centers and other services. The aforesaid services are offered and sold to customers of the Company in the area of activity, including mainly the insurance companies, and are provided directly by the Company to subscribers and/or additional customers that purchase these services from the Company directly (and not through the insurance companies).

1.2.2. Area of vehicle sharing and rental - in this field, the Company provides, via its subsidiary Car2Go, private and commercial car rental services to customers from the general public for short periods of time (car sharing). Currently, these services are provided through vehicles spread primarily throughout Tel Aviv, as well as Givatayim, Raanana, Ramat Gan and Herzliya.

1.3. On June 26, 2016 a loan extended to Car2Go on April 9, 2014 was converted, with a remaining balance of NIS 3,490,000 on the date of conversion (including interest and adjustments) against the allocation of 11,542 preferred shares, as a result of which the Company's holdings in Car2Go increased from 61.06% to 72.4%. For additional details regarding the loan, see Section 6.22.1(D) of the Prospectus.

1.4. On June 26, 2016, Car2Go provided a bank guarantee for the Authority for Economic Development of Tel Aviv-Jaffa Ltd. (the "Authority") amounting to NIS 3.5 million, that is owed or is likely to be owed to the Authority by Car2Go Car Sharing T.L.V. Limited Partnership, in connection with a contract to establish, maintain and operate a car sharing system in Tel Aviv-Jaffa.

1.5. On June 27, 2016, an agreement was signed between Car2Go and between the Authority for Economic Development of Tel Aviv-Jaffa Ltd. (the "**Authority**") in connection with the operation of car sharing in Tel Aviv by Car2Go. The agreement becomes effective starting July 1, 2016. In the framework of the agreement, it was determined that the Company would provide a guarantee amounting to NIS 6 million for the Authority to secure their full and precise fulfillment of Car2Go's undertakings towards the Authority under the agreement. For providing the guarantee, a pledge will be recorded in favor of Shagrir over Car2Go's share capital, which will be ranked secondary to the pledge to be recorded in favor of the bank in which the guarantee was produced.

2. Explanations of the Board of Directors regarding state of the corporation's business, results of its operations, capital and its cash flow

It is noted that in its financial statements, the Company treated the acquisition of shares of Car2Go on July 1, 2015 as a business combination between entities under common control, while applying the "as pooling" method. For additional details, see note 1 in the Company's annual combined financial statements of December 31, 2015.

2.1. Summary of Data from the Statement of Financial Position

The following are explanations of the primary developments in the sections of the combined interim statement of financial position of the Company as of June 30, 2016 and December 31, 2015 (in NIS thousands):

Section	As of June 30, 2016	As of December 31, 2015	Change	Explanation
Total balance sheet	142,607	130,878	11,729	See below.
Current assets	52,633	46,455	6,178	The main growth in current assets stems from the growth in outstanding customer balances amounting to NIS 9,140,000, a growth in the outstanding balance of various debtors amounting to NIS 639,000. This growth was partially offset by a reduction of outstanding cash and cash value balances amounting to NIS 2,563,000, in an outstanding balance of fixed assets available for sale amounting to NIS 1,009,000, and outstanding balance of inventory amounting to NIS 29,000.
Fixed assets	28,053	22,379	5,674	The growth stems from investments in fixed assets, mainly the renewal of a fleet of service and rental vehicles (alongside the reduction in fixed assets available for sale) and the renovation of the central branch in Holon. This growth is offset by routine depreciation costs.
Other intangible assets	1,838	1,843	(5)	The reduction stems from routine depreciation of non-tangible assets in offsetting an investment in other assets.
Goodwill	60,083	60,083	-	
Deferred taxes	-	118	(118)	The reduction stems from the updating of deferred tax balances. For additional details, see Note 3(A) of the interim financial statements.
Current liabilities	66,804	60,134	6,670	The main growth in current liabilities steams from a growth in outstanding supplier balances amounting to NIS 2,896,000, and an outstanding advance income balance amounting to NIS 5,020,000. This growth was partially offset by a reduction of outstanding eligible balances amounting to NIS 1,377,000.
Non-current liabilities	8,166	9,922	(1,756)	The reduction stems from the conversion of a capital note by Pointer, the former controlling shareholder, to capital (for additional details, see Section 2.1.6 above) and a reduction in advance income in the long term amounting to NIS 454,000. Against this, there has been growth on account of

				Car2Go's acceptance of a long term loan amounting to NIS 778,000, a growth in reserves for deferred taxes amounting to NIS 766,000, and a growth in commitments towards workers amounting to NIS 140,000.
Non-controlling interests	(2,380)	(4,793)	2,413	The growth stems from a reduction in the minority holdings in Car2Go (for details, see Section 2.1.10 above).
Share capital attributed to shareholders of the Company	70,017	65,615	4,402	The reduction stems from the conversion of a capital note by Pointer, the former controlling shareholder, against the allocation of a single share of the Company (for additional details, see Section 2.1.6 above) and from the net revenue during the Reporting Period. Against this, a reduction was recorded in the principle capital from transactions with the minority, as a result of an increase in the share of holdings in Car2Go (for additional details, see Section 2.1.10 above).

2.2. Analysis of Results of Operations

2.2.1. The following are explanations of the primary developments in the sections of the combined profit/loss report of the Company for the period of six months that ending on June 30, 2016, as compared to the same period last year and for 2015 (in NIS thousands):

Section	**For a year ending December 31**	**For a period of six months ending on June 30**		**Explanation**
	2015	**2016**	**2015**	
Income	156,623	85,274	75,110	Income during the Reporting Period, compared to the same period the previous year, increased in the amount of NIS 10,164,000, a growth of about 13.5%. This increase stems from the growth in the business operations in the Company's two sectors of operation. For additional details, see the summary results by sector of operation, Section 2.3.3 hereunder.
Gross profit	19,571	13,734	9,431	Gross Profit during the Reporting Period, compared to the same period the previous year, increased in the amount of NIS 4,303,000, a growth of about 45.6%. The gross profit increased in both sectors of operation and stems mainly from the growth in revenues. In the sector of services to the insurance companies, increase in the rate of profitability also stems from the change in the composition of the revenues, and increase in revenues for cost at higher profitability rates, and also reflects the size advantage as stated in Section 6.8.6 of Chapter F(E) of the Prospectus.

Total gross profit rate from revenue	12.5%	16.1%	12.6%	-
Operating profit	1,608	4,177	1,515	Operating profit during the Reporting Period as compared to the same period the previous year, increased in the amount of NIS 2,662,000, a growth of about 176%. Operational profit grew on account of the growth in revenues and the increase in gross profits and in their rates, as stated above. This growth was partially offset by a growth amounting to NIS 1,641,000 in sales and marketing expenditures and general and management expenditures associated mainly with a growth in the manpower roster, an increase in the difference for results based rewards, and an increase in the difference from supplied debts and issuance costs.
Rate of operating profit from revenue	1.0%	4.9%	2.0%	-
Net profit before taxes, Financing, Depreciation and amortization (EBITDA)	10,143	7,905	4,926	The EBITDA grew at a rate of 60.5% in relation to the same period last year, owing to an increase in operational profits, as stated above. The EBITDA during the Reporting Period constitutes approximately 9.3% of the income, compared to 6.6% during the same period last year.
Net financing expenses	8,218	233	3,784	The reduction in net financing costs stems from the repayment of the loan that the Company received from Pointer, its former controlling shareholder, for the acquisition of the operations. For details, see Notes 11 and 14 of the Company's financial statements as of December 31, 2015.
Current tax expenses (tax benefit)	(860)	1,234	(217)	The growth in tax expenditures during the Reporting Period as compared to the same period last year, stems from an increase in revenues before taxes.
Net profit (loss) for the period	(5,750)	2,710	(2,052)	-
Net profit (loss) attributable to Company shareholders	(5,472)	2,531	(1,864)	-
Share of net profit (loss) attributable to Company shareholders from the revenues	(3.5%)	3.0%	(2.5%)	-

2.2.2. The following are explanations of the primary developments in the sections of the combined profit/loss report of the Company for the period of three months that ending on June 30, 2016, as compared to the same period last year:

Section	For a period of three months ending on June 30		Explanation
	2016	**2015**	
Income	42,893	37,810	Income in the second fiscal quarter of 2016 grew in the amount of NIS 5,083,000 - an increase of about 13.4% compared to the same period last year. This increase stems from the growth in the business operations in the Company's two sectors of operation. For additional details, see the summary results by sector of operation, Section 2.3.3 hereunder.
Gross profit	6,773	4,742	Gross profit in the second fiscal quarter of 2016 grew in the amount of NIS 2,031,000 - an increase of about 42.8% compared to the same period last year. The gross profit increased in both sectors of operation and stems mainly from the growth in revenues. In addition, in the sector of services to the insurance companies, the increase in the gross profits and in the rate of profitability stems from the change in the composition of the revenues, and increase in revenues for cost at higher profitability rates, and also reflects the size advantage as stated in Section 6.8.6 of Chapter F(E) of the Prospectus.
Total gross profit rate from revenue	15.8%	12.5%	-
Operating profit	1,998	380	Operational profit in the second fiscal quarter of 2016 grew in the amount of NIS 1,618,000 - an increase of about 425.8% compared to the same period last year. This is on account of the growth in revenues and the increase in gross profits and in their rates, as stated above. This growth was partially offset by a growth amounting to NIS 413,000 in sales and marketing expenditures and general and management expenditures associated mainly with a growth in the manpower roster, an increase in the difference for results based rewards, and an update of the difference from supplied debts.
Rate of operating profit from revenue	4.7%	1%	-
Net profit before taxes, financing, depreciation and amortization (EBITDA)	3,839	1,889	The EBITDA grew at a rate of 103.2% in relation to the same period last year, owing to an increase in operational profits, as stated above. Profit before taxes and financing EBITDA in the second quarter of 2016 constituted 9% of the revenues, compared to 5% during the same quarter last year.
Net financing	59	1,863	The reduction in net financing costs stems from the repayment of

expenses			the loan that the Company received from Pointer, its former controlling shareholder, for the acquisition of the operations. For details, see Notes 11 and 14 of the Company's financial statements as of December 31, 2015.
Current tax expenses (tax benefit)	575	(90)	The main growth stems from an increase in revenues before taxes.
Net profit (loss) for the period	1,364	(1,393)	-
Net profit (loss) attributable to Company shareholders	1,289	(1,258)	-
Share of net profit (loss) attributable to Company shareholders from the revenues	3.0%	(3.3%)	-

2.2.3. Summary results by sector of operation (in NIS thousands):

<u>Income</u>

	For the six months ending on June 30 In NIS thousands			**For the three months ending on June 30 In NIS thousands**		
	2016	**2015**	**Nature of change**	**2016**	**2015**	**Nature of change**
Services to the Insurance Companies	77,443	69,013	12.2%	38,962	34,534	12.8%
Field of car sharing and rental	8,125	6,725	20.8%	4,100	3,481	17.8%
Adjustments	(294)	(628)	(53.2%)	(169)	(205)	(17.6%)
Total	85,274	75,110	13.5%	42,893	37,810	13.4%

Operating Profit

	For the six months ending on June 30			For the three months ending on June 30		
	In NIS thousand ds			In NIS thousands		
	2016	2015	Nature of change	2016	2015	Nature of change
Services to the Insurance Companies	3,390	1,703	99.1%	1,571	471	233.5%
Field of car sharing and rental	787	(188)	518.6%	427	(91)	569.2%
Total	4,177	1,515	175.7%	1,998	380	425.8%

Sector of services to the insurance companies:

The income during the Reporting Period amounted to a total of NIS 77,443,000 compared to loss of NIS 69,013,000 during the same period last year. This reflects growth of approximately 12.2%.

The growth in income was positively influenced, compared to the same period the previous year, by the growth in business operations in most of the services supplied by the Company. *Inter alia*, a growth of approximately 42% in the scope of tinsmith and painting services in the existing service centers, and the opening of two additional service centers during the second half of 2015. In addition, a growth in the number of subscriptions sold by the Company led to a growth of about 7.1% in subscription fees during the Reporting Period, compared to the same period last year.

Income in the second fiscal quarter of 2016 amounted to a total of NIS 38,962,000 compared to a sum of NIS 34,534,000 in the same period last year. A growth of approximately 12.8% stemming from the increase in scope of the services provided by the Company, as stated above.

The operating profit for the Reporting Period amounted to a total of NIS 3,390,000, compared to operating profit of NIS 1,703,000 in the same period last year, reflecting growth of approximately 99.1%. The growth in operational profit and in the rate stems from the change in the composition of the revenues, and increase in revenues for cost at higher profitability rates, and also reflects economies of scale as stated in Section 6.8.6 of Chapter F of the Prospectus.

The operating profit for the second fiscal quarter of 2016 amounted to a total of NIS 1,571,000 compared to an operating profit of about NIS 471,000 in the same period last year, reflecting growth of approximately 233.5%.

Sector of car sharing and rental:

The income during the Reporting Period amounted to a total of NIS 8,125,000 compared to income of NIS 6,725,000 during the same period last year, reflecting growth of approximately 20.8%. Income in the second fiscal quarter of 2016 amounted to a total of NIS 4,100,000 compared to income of NIS 3,481,000 in the same period last year, reflecting growth of approximately 17.8%. The growth stems from an increase in vehicle utilization.

The operating profit for the Reporting Period amounted to a total of NIS 787,000, compared to operating loss of about NIS 188,000 in the same period last year. The operating profit for the second fiscal quarter of 2016 amounted to a total of NIS 427,000, compared to an operating loss of about NIS 91,000 in the same period last year. The growth in operating profit and in its rate stems from the increase in revenues, as stated above.

2.3. Summary of Cash Flows - (in NIS thousands):

	For six months ending on June 30		For three months ending on June 30		For year ending on December 31
	2016	**2015**	**2016**	**2015**	**2015**
Net profit (loss)	2,710	(2,052)	1,364	(1,393)	(5,750)
Adjustments to profit or loss sections:	4,716	7,362	2,446	3,774	15,341
FFO operating cash flow	**7,426**	**5,310**	**3,810**	**2,381**	**9,591**
Changes in sections of assets and liabilities	(3,850)	533	(518)	73	2,411
Cash flow arising from current operations	**3,576**	**5,843**	**3,292**	**2,454**	**12,002**
Net cash deriving from (used in) investing activities	**(7,047)**	**118**	**(5,105)**	**160**	**(2,974)**
Net cash deriving from (used in) financing activities	**908**	**83**	**787**	**(129)**	**(888)**
Increase (decrease) in cash	(2,563)	6,044	(1,026)	2,485	8,140

Cash flow from current operations

Net cash arising from current activities during the Report Period amounted to a total of NIS 3,576,000 compared to income of NIS 5,843,000 in the same period last year.

The operational cash flow for the Reporting Period amounted to a total of NIS 7,426,000, compared to NIS 5,310,000 in the same period last year - a growth of approximately 39.8% stemming from an improvement in operational profitability. This growth was offset by growth of net changes in the assets and liabilities sections following the increase in the scope of operations.

Cash flow from investment activity

Net cash used in investing activities for the Reporting Period amounted to a total of NIS 7,047,000, compared to a total of NIS 118,000 stemming from investment activities for the same period last year.

The investments served to procure fixed assets, mainly the renewal of a fleet of service and rental vehicles and the renovation of the central branch in Holon.

Cash flows from financing activities

Net cash stemming from financing activities during the Reporting Period amounted to a sum of NIS 908,000, compared to a sum of NIS 83,000 for the same period last year. The cash flow from financing activities for the Reporting Period included receipt of credit from a bank for Car2Go’s activity in the amount of NIS 1,232,000 (NIS 457,000 of which was in short-term credit), and the repayment of other loans on the order of NIS 324,000.

2.4. Sources of Financing

As of the date of its incorporation, the Company has financed its ongoing operations through current credit from bank corporations, supplier credit and the independent sources of the Company, arising from the Company’s income from sales.

The following is information regarding the financing sources of the Company as of December 30, 2016:

	As of June 30, 2016	
	%	**In NIS thousands**
Equity attributed to the Company's shareholders	48%	70,017
Non-current liabilities	6%	8,166
Current liabilities	46%	66,804

3. Information regarding incidents during the Reporting Period and thereafter

See Note 5 of the Company's interim financial statements of June 30, 2016.

On behalf of the Board of Directors,

Yossi Ben Shalom,
Chairman of the Board

Yossi Regev, CEO

Date of Signature: August 23, 2016

SHAGRIR GROUP VEHICLE SERVICES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2016

UNAUDITED

INDEX

	Page
Review of Interim Consolidated Financial Statements	2
Consolidated Statements of Financial Position	3 - 4
Consolidated Statements of Profit or Loss and Other Comprehensive Income	5 - 6
Consolidated Statements of Changes in Equity	7 - 11
Consolidated Statements of Cash Flows	12 - 13
Notes to Interim Consolidated Financial Statements	14 - 19

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Building a better working world

Kost Forer Gabbay & Kasierer
3 Aminadav St.
Tel-Aviv 6706703, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

Auditors' review report to the shareholders of Shagrir Group Vehicle Services Ltd.

Introduction

We have reviewed the accompanying financial information of Shagrir Group Vehicle Services Ltd. ("the Company"), which comprises the condensed consolidated statement of financial position as of June 30, 2016 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six and three months periods then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
August 23, 2016

KOST FORER GABBAY & KASIERER
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2016	June 30, 2015	December 31, 2015
	Unaudited	Unaudited	Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	5,613	6,080	8,176
Trade receivables	43,906	33,373	34,766
Other accounts receivable	2,397	4,182	1,758
Inventories	625	575	654
Assets held for sale	92	2,689	1,101
	52,633	46,899	46,455
NON-CURRENT ASSETS:			
Property, plant and equipment	28,053	20,353	22,379
Intangible assets	1,838	2,116	1,843
Goodwill	60,083	60,083	60,083
Deferred taxes	-	62	118
	89,974	82,614	84,423
	142,607	129,513	130,878

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2016	June 30, 2015	December 31, 2015
	Unaudited	Unaudited	Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks, the parent company and others	457	69,383	326
Trade payables	30,551	25,990	27,655
Accrued income	26,111	24,246	21,091
Other accounts payable	9,685	9,492	11,062
	66,804	129,111	60,134
NON-CURRENT LIABILITIES:			
Long-term accrued income	1,362	-	1,816
Loans from shareholders and others	4,588	693	6,796
Employee benefit liabilities, net	1,450	1,010	1,310
Deferred taxes	766	-	-
	8,166	1,703	9,922
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital	97	95	95
Share premium	80,985	652	76,179
Reserve from controlling shareholder	-	5,649	-
Accumulated deficit	(7,684)	(1,864)	(9,497)
Reserve from transactions with non-controlling interests	(4,179)	(1,945)	(1,945)
Reserve from remeasurement of defined benefit plans	798	833	783
	70,017	3,420	65,615
Non-controlling interests	(2,380)	(4,721)	(4,793)
Total equity (deficit)	67,637	(1,301)	60,822
	142,607	129,513	130,878

The accompanying notes are an integral part of the interim consolidated financial statements.

XXX, 2016			
Date of approval of the financial statements	Yossi Ben-Shalom Chairman of the Board	Yossi Regev CEO	Revital Avrahami CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
Revenues from sales	14,521	10,598	7,173	5,469	24,642
Revenues from rendering of services	70,753	64,512	35,720	32,341	131,981
Total revenues	85,274	75,110	42,893	37,810	156,623
Cost of sales	8,183	5,954	4,086	2,952	13,847
Cost of rendering of services	63,357	59,725	32,034	30,116	123,205
Total cost of sales and services	71,540	65,679	36,120	33,068	137,052
Gross profit	13,734	9,431	6,773	4,742	19,571
Operating expenses:					
Selling and marketing expenses	4,105	3,816	2,090	2,102	7,976
General and administrative expenses	5,452	4,100	2,685	2,260	9,987
	9,557	7,916	4,775	4,362	17,963
Operating income	4,177	1,515	1,998	380	1,608
Finance expenses, net	233	3,784	59	1,863	8,218
Income (loss) before taxes on income	3,944	(2,269)	1,939	(1,483)	(6,610)
Taxes on income (tax benefit)	(1,234)	217	(575)	90	860
Net income (loss)	2,710	(2,052)	1,364	(1,393)	(5,750)
Other comprehensive loss (income) net of tax effect:					
Amounts not to be reclassified to profit or loss in subsequent periods:					
Remeasurement gain (loss) from defined benefit plans	15	89	97	61	40
Total components not to be reclassified to profit or loss in subsequent periods	15	89	97	61	40
Total other comprehensive income	15	89	97	61	40
Total comprehensive income (loss)	2,725	(1,963)	1,461	(1,332)	(5,710)

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont.)

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands (except per share data)				
Net income (loss) attributable to:					
Equity holders of the Company	2,531	(1,864)	1,289	(1,258)	(5,472)
Non-controlling interests	179	(188)	75	(135)	(278)
	2,710	(2,052)	1,364	(1,393)	(5,750)
Total comprehensive income (loss) attributable to:					
Equity holders of the Company	2,546	(1,775)	1,386	(1,197)	(5,433)
Non-controlling interests	179	(188)	75	(135)	(277)
	2,725	(1,963)	1,461	(1,332)	(5,710)
Net earnings (loss) per share attributable to equity holders of the Company (in NIS):					
Basic net earnings (loss)	0.32	(0.24)	0.16	(0.16)	(0.70)
Diluted net earnings (loss)	0.32	(0.24)	0.16	(0.16)	(0.70)

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Reserve from remeasurement of defined benefit plans	Reserve from controlling shareholder	Accumulated deficit	Reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in thousands								
Balance at January 1, 2016 (audited)	95	76,179	783	-	(9,497)	(1,945)	65,615	(4,793)	60,822
Net Income	-	-	-	-	2,531	-	2,531	179	2,710
Other comprehensive income	-	-	15	-	-	-	15	-	15
Cost of share-based payment	-	706	-	-	-	-	706	-	706
Exercise of options into shares	2	-	-	-	-	-	2	-	2
Conversion of loan from controlling shareholder	(*-	4,100	-	-	(718)	-	3,382	-	3,382
Reserve from transactions with non-controlling interests	-	-	-	-	-	(2,234)	(2,234)	2,234	-
Balance at June 30, 2016	97	80,985	798	-	(7,684)	(4,179)	70,017	(2,380)	67,637

*) Represents less than NIS 1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Reserve from remeasurement of defined benefit plans	Reserve from controlling shareholder	Accumulated deficit	Reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in thousands								
Balance at January 1, 2015 (audited)	*) -	-	744	5,649	-	(1,945)	4,448	(4,554)	(106)
Net Loss	-	-	-	-	(1,864)	-	(1,864)	(188)	(2,052)
Other comprehensive income	-	-	89	-	-	-	89	-	89
Cost of share-based payment	-	747	-	-	-	-	747	21	768
Issue of bonus shares	95	(95)	-	-	-	-	-	-	-
Balance at June 30, 2015	95	652	833	5,649	(1,864)	(1,945)	3,420	(4,721)	(1,301)

*) Represents less than NIS 1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Reserve from remeasurement of defined benefit plans	Reserve from controlling shareholder	Accumulated deficit	Reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in thousands								
Balance at April 1, 2016	97	80,678	701	-	(8,973)	(1,782)	70,721	(4,852)	65,869
Net Income	-	-	-	-	1,289	-	1,289	75	1,364
Other comprehensive income	-	-	97	-	-	-	97	-	97
Cost of share-based payment	-	307	-	-	-	-	307	-	307
Reserve from transactions with non-controlling interests	-	-	-	-	-	(2,397)	(2,397)	2,397	-
Balance at June 30, 2016	97	80,985	798	-	(7,684)	(4,179)	70,017	(2,380)	67,637

*) Represents less than NIS 1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Reserve from remeasurement of defined benefit plans	Reserve from controlling shareholder	Accumulated deficit	Reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
	Unaudited								
	NIS in thousands								
Balance at April 1, 2015	95	93	772	5,649	(606)	(1,945)	4,058	(4,595)	(537)
Net Loss	-	-	-	-	(1,258)	-	(1,258)	(135)	(1,393)
Other comprehensive income	-	-	61	-	-	-	61	-	61
Cost of share-based payment	-	559	-	-	-	-	559	9	568
Balance at June 30, 2015	95	652	833	5,649	(1,864)	(1,945)	3,420	(4,721)	(1,301)

*) Represents less than NIS 1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	**Share premium**	**Reserve from remeasurement of defined benefit plans**	**Reserve from controlling shareholder**	**Accumulated deficit**	**Reserve from transactions with non-controlling interests**	**Total**	**Non-controlling interests**	**Total equity**
	Audited								
	NIS in thousands								
Balance at January 1, 2015	*) -	-	744	5,649	-	(1,945)	4,448	(4,554)	(106)
Net Loss	-	-	-	-	(5,472)	-	(5,472)	(278)	(5,750)
Other comprehensive income	-	-	39	-	-	-	39	1	40
Cost of share-based payment	-	1,774	-	-	-	-	1,774	38	1,812
Issue of bonus shares	95	(95)	-	-	-	-	-	-	-
Conversion of loan	*) -	74,500	-	-	-	-	74,500	-	74,500
Reserve from transactions with controlling shareholder	-	-	-	(5,649)	(4,025)	-	(9,674)	-	(9,674)
Balance at December 31, 2015	95	76,179	783	-	(9,497)	(1,945)	65,615	(4,793)	60,822

*) Represents less than NIS 1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
Cash flows from operating activities:					
Net Income (loss)	2,710	(2,052)	1,364	(1,393)	(5,750)
Adjustments to reconcile income (loss) to net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	3,023	3,322	1,535	1,607	6,795
Finance expenses, net	153	3,713	50	1,840	7,935
Cost of share-based payment	706	768	307	569	1,812
Gain from sale of property, plant and equipment	(560)	(236)	(111)	(124)	(587)
Taxes on income (tax benefit)	1,234	(217)	575	(90)	(860)
Change in employee benefit liabilities, net	160	12	90	(28)	246
	7,426	5,310	3,810	2,381	9,591
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(9,389)	(1,997)	(138)	2,806	(3,141)
Decrease (increase) in other accounts receivable and prepaid expenses	(597)	(1,267)	172	(2,105)	382
Decrease (increase) in inventories	29	13	7	24	(66)
Decrease in other accounts payable	(1,353)	(2,376)	(379)	(90)	(896)
Increase in trade payable	2,894	4,362	524	1,684	5,673
Increase (decrease) in accrued income	4,566	1,798	(704)	(2,246)	459
	(3,850)	533	(518)	73	2,411
Net cash provided by operating activities	3,576	5,843	3,292	2,454	12,002
Cash flows from investing activities:					
Purchase of property, plant and equipment	(8,767)	(1,870)	(5,213)	(991)	(6,868)
Purchase of intangible assets	(439)	(61)	(259)	(30)	(275)
Proceeds from sale of property, plant and equipment	2,159	2,049	367	1,181	4,149
Proceeds from sale of intangible assets	-	-	-	-	20
Net cash provided by (used in) investing activities	(7,047)	118	(5,105)	160	(2,974)

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30, 2016	Six months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2015	Year ended December 31, 2015
	Unaudited				Audited
	NIS in thousands				
Cash flows from financing activities:					
Receives of long-term loans	1,058	-	1,058	-	
Repayment of long-term loans	(327)	(103)	(276)	(52)	(206)
Short-term credit from banks and others	177	186	5	(77)	(682)
Net cash provided by (used in) financing activities	908	83	787	(129)	(888)
Increase (decrease) in cash and cash equivalents	(2,563)	6,044	(1,026)	2,485	8,140
Cash and cash equivalents at beginning of period	8,176	36	6,639	3,595	36
Cash and cash equivalents at end of period	5,613	6,080	5,613	6,080	8,176
(a) Significant non-cash transactions:					
Purchase of property, plant and equipment on credit	1,336	1,025	1,336	1,025	1,469
Sale of property, plant and equipment for credit	40	-	40	-	249

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1:- GENERAL

These financial statements have been prepared in a condensed format as of June 30, 2016 and for the six and three months periods then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2015 and for the year then ended and accompanying notes ("annual consolidated financial statements").

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. In January 2016, the Law for Amending the Income Tax Ordinance (No. 216) (Reduction of Corporate Tax Rate), 2016 was approved, which includes a reduction of the corporate tax rate from 26.5% to 25%, effective from January 1, 2016.

   The deferred tax balances as of December 31, 2015 were calculated according to the former tax rate. The deferred tax balances included in the financial statements as of June 30, 2016 are calculated according to the new tax rate, as explained above.

   The change in tax rate described above resulted in a decrease in the balance of deferred tax liabilities of NIS 119 thousand and a decrease in the balance of deferred tax assets of NIS 125 thousand. Therefore, in the reporting period, an expense of NIS 35 thousand was recorded in profit or loss in taxes on income and an amount of NIS 29 thousand was recognized in capital reserves.

b. On January 27, 2016, a subsidiary, Car2go, granted 562 shares in consideration their par value to the leaving CEO as a result of which, the Company's interests in Car2go were reduced from 62.3% to 61.06%.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

c. On February 22, 2016, the Company and the subsidiary, Car2go ("Car2go"), entered into a convertible loan agreement according to which the Company and additional investors will provide Car2go a loan of approximately NIS 5,000 thousand of which an amount of approximately NIS 3,710 thousand by the Company.

The loan is linked to the Israeli CPI and bears annual interest of 7% to be calculated on a compounded interest basis. The actual provision of any part of the loan will be done in accordance with Car2go's notification to the investors, the latest of which will not be later than 18 months from the signing date.

Car2go will repay the loan principal, interest and linkage at the end of two years (24 months) from the date of actual provision of any part of the loan principal in 12 quarterly installments, each representing 8.333% of the loan, with the addition of interest and linkage differences accrued on the relevant part of the loan through that date. This is provided that none of the investors (as applicable) has repaid or converted the loan before its maturity dates as specified below.

In addition, according to the loan terms, if before the final maturity date Car2go raises capital from third parties in a total that exceeds NIS 5,000 thousand then on the date of completion of such capital raising transaction, the relevant lenders will be entitled to convert the loan into shares of the same class and conferring the same rights as allocated in the capital raising with a 30% discount on the share price in the capital raising. However, if Car2go fails to complete such raising round within 12 months from the date of receiving the loan principal, the relevant lenders will be entitled to convert the unrepaid loan into Preferred A shares of Car2go at a value of NIS 10 million before the money and on a fully diluted basis, this at any time from the end of the 12 months stated above through the full repayment of the loan.

As of the date of approval of these financial statements, practically no amounts under the above loan agreement were provided to Car2go.

d. In March 2016, 1,667 employee options vested and were exercised into shares of NIS 1 par value each in return for their par value.

e. On March 28, 2016, an agreement was signed between the Company and Car2go whereby the maturity date of a loan totaling NIS 6,000 thousand will be deferred to September 1, 2016. The loan was given to the subsidiary on May 15, 2009 and its original maturity date was March 1, 2016.

f. On March 29, 2016, the parent company's board decided to repay a capital note of NIS 8,000 thousand that had been issued by the Company on December 30, 2015. The board also decided to convert an amount of NIS 4,100 thousand from the capital note into capital. In respect of the unconverted balance, two capital notes were issued in the amount of NIS 3,100 thousand and NIS 800 thousand under the same terms as the original capital note.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

g. On May 19, 2016, the Company's authorized share capital was increased by NIS 940,000 so that instead of authorized share capital of NIS 16,000,000 divided into 16,000,000 Ordinary shares of NIS 1.00 par value each, the Company's authorized share capital now consists of NIS 16,940,000 divided into 16,940,000 Ordinary shares of NIS 1.00 par value each. The Company's share capital was also split from Ordinary shares of NIS 1.00 par value each to Ordinary shares of NIS 0.0121 par value each. According to international accounting standards, data of earnings (loss) per share in the consolidated statements of profit or loss and other comprehensive income were adjusted in the reporting periods to the number of shares after the split.

h. On May 19, 2016, the Company allocated the parent company, Pointer, 14,726 Ordinary shares of NIS 0.0121 par value each in return for their par value.

i. On June 26, 2016, the company converted loan that was given to Car2go from April 9, 2014, which the balance to the day of the convert was NIS 3,490 thousand (including interest and linkage) against 11,542 share in premiere and consequently from the convert increased the company holding in Car2go from 61.06% to 72.4%.

j. On June 26, 2016, Car2go provided a bank guarantee to The Tel Aviv-Yafo Economic Development Authority Ltd. (the "Authority") in the amount of NIS 3.5 million that owe or may come available to the authority from Car2go Car Sharing TLV, LTD Partnership, in connection with the contact for the foundation, maintenance and operation of the vehicle sharing system in Tel Aviv.

k. On June 27, 2016, an agreement was signed between Car2go and the Authority in connection with the operation of vehicles sharing in Tel Aviv by Car2go. The agreement will be valid as of July 1, 2016. The agreement states that the company will provide for the Authority a guarantee in the amount of, up to NIS 6 million to ensure the full and exact implementation of the commitments of Car2go to the Authority under the agreement. In consideration for providing the guarantee, will be registered, for Shagrir lien on the registered share capital of Car2go, that will be second in the grade to the lien that will be registered to the bank that issued the guarantee.

l. On June 8, 2016, the company was divided as dividend to the shareholders of Pointer and began to trading in Tel Aviv Stock Exchange from June 28, 2016.

m. As of the reporting date, the company CEO holds 0.91% from the share capital of the company.

NOTE 4:- OPERATING SEGMENTS

a. General:

As stated in the annual consolidated financial statements, the Group operates in the following operating segments:

1. The rendering of services to insurance companies segment.

2. The vehicle sharing and rental segment.

b. Reporting on operating segments:

	Services to insurance companies	Vehicle sharing and rental	Adjustments	Total
	Unaudited			
	NIS in thousands			
Six months ended June 30, 2016:				
Revenues from external customers	77,149	8,125	-	85,274
Intersegment revenues	294	-	(294)	-
Total revenues	77,443	8,125	(294)	85,274
Segment income	3,390	787	-	4,177
Finance expense, net				233
Income before taxes on income				3,944

	Services to insurance companies	Vehicle sharing and rental	Adjustments	Total
	Unaudited			
	NIS in thousands			
Six months ended June 30, 2015:				
Revenues from external customers	68,385	6,725	-	75,110
Intersegment revenues	628	-	(628)	-
Total revenues	69,013	6,725	(628)	75,110
Segment income (loss)	1,703	(188)	-	1,515
Finance expense, net				3,784
Loss before taxes on income				2,269

NOTE 4:- OPERATING SEGMENTS (Cont.)

	Services to insurance companies	Vehicle sharing and rental	Adjustments	Total
	Unaudited			
	NIS in thousands			
Three months ended June 30, 2016:				
Revenues from external customers	38,793	4,100	-	42,893
Intersegment revenues	169	-	(169)	-
Total revenues	38,962	4,100	(169)	42,893
Segment income (loss)	1,571	427	-	1,998
Finance expense, net				59
Income before taxes on income				1,939

	Services to insurance companies	Vehicle sharing and rental	Adjustments	Total
	Unaudited			
	NIS in thousands			
Three months ended June 30, 2015:				
Revenues from external customers	34,329	3,481	-	37,810
Intersegment revenues	205	-	(205)	-
Total revenues	34,534	3,481	(205)	37,810
Segment income (loss)	471	(91)	-	380
Finance expense, net				1,863
Loss before taxes on income				1,483

NOTE 4:- OPERATING SEGMENTS (Cont.)

	Services to insurance companies	Vehicle sharing and rental	Adjustments	Total
	Audited			
	NIS in thousands			
Year ended December 31, 2015:				
Revenues from external customers	141,794	14,829	-	156,623
Intersegment revenues	(818)	-	(818)	-
Total revenues	142,612	14,829	(818)	156,623
Segment income (loss)	1,710	(102)	-	1,608
Finance expense, net				8,218
Loss before taxes on income				(6,610)

The following table presents the segment assets and liabilities as of June 30, 2016 and 2015 and December 31, 2015:

	Services to insurance companies	Vehicle sharing and rental	Adjustments	Total
	NIS in thousands			
Segment assets:				
June 30, 2016 (unaudited)	140,466	4,282	(2,141)	142,607
June 30, 2015 (unaudited)	129,912	3,263	(3,724)	129,451
December 31, 2015 (audited)	131,754	2,787	(3,663)	130,878
Segment liabilities:				
June 30, 2016 (unaudited)	70,448	13,286	(8,765)	74,969
June 30, 2015 (unaudited)	126,491	15,998	(11,737)	130,752
December 31, 2015 (audited)	66,139	15,741	(11,824)	70,056

NOTE 5:- EVENTS AFTER THE REPORTING PERIOD

A. The board of directors determined on July 12, 2016, that the company stands in the criteria for "small corporation", as defined in clause 5C of the Securities Regulations (Periodic and Immediate Reports), 1970 (the regulations of the reports). The board of directors decided to adopt all the exemption that apply on "small corporation" in the regulations of the reports (clause 5D(B) of the reports) as they are relevant (or will be relevant) to the reports.

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SHAGRIR GROUP VEHICLE SERVICES LTD.

FINANCIAL DATA FROM THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ATTRIBUTABLE TO THE COMPANY

AS OF JUNE 30, 2016

UNAUDITED

INDEX

	Page
Special Auditors' Report	2
Special Report pursuant to Regulation 38d	3
Financial Data from the Consolidated Statements of Financial Position Attributable to the Company	4 - 5
Financial Data from the Consolidated Statements of Profit or Loss and Other Comprehensive Income Attributable to the Company	6 - 7
Financial Data from the Consolidated Statements of Cash Flows Attributable to the Company	8 - 9
Additional Information	10 - 12

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Kost Forer Gabbay & Kasierer
3 Aminadav St.
Tel-Aviv 6706703, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

Special Auditors' Report on the Separate Interim Financial Information in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the separate interim financial information disclosed in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 of Shagrir Group Vehicle Services Ltd. ("the Company") as of June 30, 2016 and for the six and three months periods then ended. The Company's board of directors and management are responsible for the separate interim financial information. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the separate interim financial information is not prepared, in all material respects, in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
August 23, 2016

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Special Report in accordance with Regulation 38d

Financial Data and Financial Information from the

Interim Consolidated Financial Statements Attributable to the Company

Below are separate financial data and financial information attributable to the Company from the Group's interim consolidated financial statements as of June 30, 2016, published as part of the periodic reports ("consolidated financial statements") presented in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

Financial Data from the Consolidated Balance Sheets Attributable to the Company

	June 30,		December 31,
	2016	2015	2015
	Unaudited		Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	5,611	6,074	7,948
Current maturities of loan to investee	2,806	899	3,596
Trade receivables	42,995	32,553	33,950
Other accounts receivable	1,983	3,898	1,509
Inventories	484	472	499
Assets held for sale	92	2,689	1,101
	53,971	46,585	48,603
NON-CURRENT ASSETS:			
Loans to investees	5,613	10,451	8,033
Excess liabilities over assets attributable to investees, net, including goodwill	(6,624)	(8,013)	(8,161)
Property, plant and equipment	25,585	18,690	21,235
Intangible assets, net	1,838	2,116	1,843
Goodwill	60,083	60,083	60,083
Deferred taxes	-	62	118
	86,495	83,389	83,151
	140,466	129,974	131,754

The accompanying additional information is an integral part of the separate financial data and financial information.

Financial Data from the Consolidated Balance Sheets Attributable to the Company

	June 30,		December 31,
	2016	**2015**	**2015**
	Unaudited		**Audited**
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from the parent company less discount	-	68,111	-
Trade payables	28,562	24,507	25,787
Accrued income	26,111	24,246	21,091
Other accounts payable	9,116	8,708	10,060
	63,789	125,572	56,938
NON-CURRENT LIABILITIES:			
Capital note from shareholders less discount	3,101	-	6,094
Employee benefit liabilities, net	1,431	982	1,291
Long-term accrued income	1,362	-	1,816
Deferred taxes	766	-	-
	6,660	982	9,201
CONTINGENT COMMITMENTS AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
Share capital	97	95	95
Share premium	80,985	652	76,179
Reserve from controlling shareholder	-	5,649	-
Accumulated deficit	(7,684)	(1,864)	(9,497)
Reserve from transactions with non-controlling interests	(4,179)	(1,945)	(1,945)
Reserve from remeasurement of defined benefit plans	798	833	783
Total equity	70,017	3,420	65,615
	140,466	129,974	131,754

The accompanying additional information is an integral part of the separate financial data and financial information.

XXX, 2016			
Date of approval of the financial statements	Yossi Ben-Shalom Chairman of the Board	Yossi Regev CEO	Revital Avrahami CFO

Financial Data from the Consolidated Statements of Profit or Loss and Other Comprehensive Income Attributable to the Company

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
Revenues from sales	14,483	10,598	7,155	5,469	24,502
Revenues from rendering of services	62,960	58,415	31,807	29,065	118,110
Total revenues	77,443	69,013	38,962	34,534	142,612
Cost of sales	8,176	5,953	4,080	2,952	13,829
Cost of rendering of services	57,925	54,916	29,300	27,492	112,568
Total cost of sales and services	66,101	60,869	33,380	30,444	126,397
Gross profit	11,342	8,144	5,582	4,090	16,215
Selling and marketing expenses	3,320	3,114	1,693	1,715	6,547
General and administrative expenses	4,632	3,327	2,318	1,904	7,958
Operating income	3,390	1,703	1,571	471	1,710
Finance expenses, net	192	3,731	32	1,839	8,119
Finance income in respect of loans from investees	286	257	206	242	536
Company's share of earnings (losses) of investees (less impairment of goodwill), net	281	(310)	119	(222)	(459)
Income (loss) before taxes on income	3,765	(2,081)	1,864	(1,348)	(6,332)
Taxes on income (tax benefit)	1,234	(217)	575	(90)	(860)
Net income (loss) attributable to the Company	2,531	(1,864)	1,289	(1,258)	(5,472)

The accompanying additional information is an integral part of the separate financial data and financial information.

Financial Data from the Consolidated Statements of Profit or Loss and Other Comprehensive Income Attributable to the Company

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
Other comprehensive income (loss) attributable to the Company (net of tax effect):					
Amounts not to be reclassified to profit or loss in subsequent periods:					
Remeasurement gain from defined benefit plans	15	89	97	61	39
Total components not to be reclassified to profit or loss in subsequent periods	15	89	97	61	39
Total other comprehensive income attributable to the Company	15	89	97	61	39
Total comprehensive income (loss) attributable to the Company	2,546	(1,775)	1,386	(1,197)	(5,433)

The accompanying additional information is an integral part of the separate financial data and financial information.

Financial Data from the Consolidated Statements of Cash Flows Attributable to the Company

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	**2015**	**2016**	**2015**	**2015**
	Unaudited				**Audited**
	NIS in thousands				
Cash flows from operating activities of the Company:					
Net income (loss) attributable to the Company	2,531	(1,864)	1,289	(1,258)	(5,472)
Adjustments to reconcile net income (loss) to net cash provided by operating activities of the Company:					
Adjustments to the profit or loss items of the Company:					
Depreciation and amortization	2,734	2,999	1,381	1,447	6,150
Finance expenses, net	(135)	3,433	(154)	1,577	7,353
Gain from sale of property, plant and equipment	(560)	(238)	(111)	(126)	(577)
Taxes on income (tax benefit)	1,234	(217)	575	(90)	(860)
Change in employee benefit liabilities, net	161	9	87	42	249
Amortization of options	706	747	307	559	1,774
Company's share of losses (earnings) of investees	(281)	310	(119)	222	459
	6,390	5,179	3,255	2,373	9,076
Changes in asset and liability items of the Company:					
Decrease (increase) in trade receivables	(9,294)	(1,486)	(143)	3,123	(2,634)
Decrease (increase) in other accounts receivable	(434)	(1,147)	249	(2,144)	476
Decrease (increase) in inventories	15	7	(5)	7	(27)
Increase in trade payable	3,145	3,912	461	1,390	4,748
Decrease in other accounts payable	(1,055)	(2,411)	(357)	(210)	(1,058)
Increase (decrease) in accrued income	4,566	1,798	(704)	(2,246)	459
	(3,057)	673	(499)	(80)	1,964
Net cash provided by operating activities of the Company	3,333	5,852	2,756	2,293	11,040

The accompanying additional information is an integral part of the separate financial data and financial information.

Financial Data from the Consolidated Statements of Cash Flows Attributable to the Company

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2016	2015	2016	2015	2015
	Unaudited				Audited
	NIS in thousands				
Cash flows from investing activities of the Company:					
Purchase of property, plant and equipment	(7,391)	(1,797)	(3,888)	(954)	(6,780)
Purchase of intangible assets	(439)	(61)	(259)	(30)	(275)
Proceeds from sale of property, plant and equipment	2,160	2,049	368	1,181	3,924
Proceeds from sale of intangible assets	-	-	-	-	20
Net cash provided by (used in) investing activities of the Company	(5,670)	191	(3,779)	197	(3,111)
Cash flows from financing activities of the Company:					
Short-term credit from banks and others	-	-	-	-	(12)
Net cash used in financing activities of the Company	-	-	-	-	(12)
Increase (decrease) in cash and cash equivalents	(2,337)	6,043	(1,023)	2,490	7,917
Cash and cash equivalents at beginning of period	7,948	31	6,634	3,584	31
Cash and cash equivalents at end of period	5,611	6,074	5,611	6,074	7,948
(a) Significant non-cash transactions:					
Purchase of property, plant and equipment on credit	1,099	1,025	1,099	1,025	1,469
Sale of property, plant and equipment for credit	40	-	40	-	249

The accompanying additional information is an integral part of the separate financial data and financial information.

NOTE 1:- GENERAL

a. Shagrir Group Vehicle Services Ltd. ("the Company") was incorporated in Israel on November 25, 2014. The Company provides services to insurance companies consisting of auto repair, field and towing and car rental services ("services to insurance companies") and also provides vehicle sharing and rental services for different timeframes through Car2Go Ltd. ("Car2Go" or "the subsidiary"). The Company was established by Pointer Telocation Ltd. ("the parent company").

b. This separate financial information has been prepared in a condensed format as of June 30, 2016 and for the six and three months periods then ended in accordance with Regulation 38d to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970. This separate financial information should be read in conjunction with the annual financial statements as of December 31, 2015 and for the year then ended and the accompanying additional information.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of this separate financial information are consistent with those applied in the preparation of the separate financial information as of December 31, 2015.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. In January 2016, the Law for Amending the Income Tax Ordinance (No. 216) (Reduction of Corporate Tax Rate), 2016 was approved, which includes a reduction of the corporate tax rate from 26.5% to 25%, effective from January 1, 2016.

The deferred tax balances as of December 31, 2015 were calculated according to the former tax rate. The deferred tax balances included in the financial statements as of June 30, 2016 are calculated according to the new tax rate, as explained above.

The change in tax rate described above resulted in a decrease in the balance of deferred tax liabilities of NIS 119 thousand and a decrease in the balance of deferred tax assets of NIS 125 thousand. Therefore, in the reporting period, an expense of NIS 35 thousand was recorded in profit or loss in taxes on income and an amount of NIS 29 thousand was recognized in capital reserves.

b. On January 27, 2016, a subsidiary, Car2go, allocated granted 562 shares in return consideration for their par value to the leaving CEO as a result of which, the Company's interests in Car2go were reduced from 62.3% to 61.06%.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

c. On February 22, 2016, the Company and the subsidiary, Car2go ("Car2go"), entered into a convertible loan agreement according to which the Company and additional investors will provide Car2go a loan of approximately NIS 5,000 thousand of which an amount of approximately NIS 3,710 thousand by the Company ("the loan"). The loan is linked to the Israeli CPI and bears annual interest of 7% to be calculated on a compounded interest basis. The actual provision of any part of the loan will be done in accordance with Car2go's notification to the investors, the latest of which will not be later than 18 months from the signing date.

Car2go will repay the loan principal, interest and linkage at the end of two years (24 months) from the date of actual provision of any part of the loan principal in 12 quarterly installments, each representing 8.333% of the loan, with the addition of interest and linkage differences accrued on the relevant part of the loan through that date. This is provided that none of the investors (as applicable) has repaid or converted the loan before its maturity dates as specified below.

In addition, according to the loan terms, if before the final maturity date Car2go raises capital from third parties in a total that exceeds NIS 5,000 thousand then on the date of completion of such capital raising transaction, the relevant lenders will be entitled to convert the loan into shares of the same class and conferring the same rights as allocated in the capital raising with a 30% discount on the share price in the capital raising. However, if Car2go fails to complete such raising round within 12 months from the date of receiving the loan principal, the relevant lenders will be entitled to convert the unrepaid loan into Preferred A shares of Car2go at a value of NIS 10 million before the money and on a fully diluted basis, this at any time from the end of the 12 months stated above through the full repayment of the loan.

d. In March 2016, 1,667 employee options vested and were exercised into shares of NIS 1 par value each in return for their par value.

e. On March 28, 2016, an agreement was signed between the Company and Car2go whereby the maturity date of a loan totaling NIS 6,000 thousand will be deferred to September 1, 2016. The loan was granted to the subsidiary on May 15, 2009 and its original maturity date was March 1, 2016.

f. On March 29, 2016, the parent company's board decided to repay a capital note of NIS 8,000 thousand that had been issued by the Company on December 30, 2015. The board also decided to convert an amount of NIS 4,100 thousand from the capital note into capital. In respect of the unconverted balance, two capital notes were issued in the amount of NIS 3,100 thousand and NIS 800 thousand under the same terms as the original capital note.

g. On May 19, 2016, the Company's authorized share capital was increased by NIS 940,000 so that instead of authorized share capital of NIS 16,000,000 divided into 16,000,000 Ordinary shares of NIS 1.00 par value each, the Company's authorized share capital now consists of NIS 16,940,000 divided into 16,940,000 Ordinary shares of NIS 1.00 par value each. The Company's share capital was also split from Ordinary shares of NIS 1.00 par value each to Ordinary shares of NIS 0.0121 par value each. According to

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

international accounting standards, data of earnings (loss) per share in the consolidated statements of profit or loss and other comprehensive income were adjusted in the reporting periods to the number of shares after the split.

h. On May 19, 2016, the Company allocated the parent company, Pointer, 14,726 Ordinary shares of NIS 0.0121 par value each in return for their par value.

i. On June 26, 2016, the company converted loan that given to Car2go from April 9, 2014, which the balance to the day of the convert was NIS 3,490 thousand (including interest and linkage) against 11,542 share in premiere and consequently from the convert increased the company holding in Car2go from 61.06% to 72.4%.

j. On June 27, 2016, an agreement was signed between Car2go and the Authority in connection with the operation of vehicles sharing in Tel Aviv by Car2go. The agreement will be valid as of July 1, 2016. The agreement states that the company will provide for the Authority a guarantee in the amount of, up to NIS 6 million to ensure the full and exact implementation of the commitments of Car2go to the Authority under the agreement. In consideration for providing the guarantee, will be registered, for Shagrir lien on the registered share capital of Car2go, that will be second in the grade to the lien that will be registered to the bank that issued the guarantee.

k. On June 8, 2016, the company was divided as dividend to the shareholders of Pointer and began to trading in Tel Aviv Stock Exchange from June 28, 2016.

l. As of the reporting date, the company CEO holds 0.91% from the share capital of the company.

NOTE 4:- EVENTS AFTER THE REPORTING PERIOD

The board of directors determined on July 12, 2016, that the company stands in the criteria for "small corporation", as defined in clause 5C of the Securities Regulations (Periodic and Immediate Reports), 1970 (the regulations of the reports). The board of directors decided to adopt all the exemption that apply on "small corporation" in the regulations of the reports (clause 5D(B) of the reports) as they are relevant (or will be relevant) to the reports.

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Managers' Declaration

CEO Declaration

I, Yosef Regev, declare that:

1. I have examined the interim financial statements and the other financial information included in the reports for the interim period of Shagrir Group Vehicle Services Ltd. (hereinafter: the "Company") for the second quarter of 2016 (hereinafter: the "Reports" or the "Reports for Interim Period");

2. Insofar as I am aware, the Interim Financial Reports and the other financial information included in the Reports for Interim Periods do not include any incorrect representation of material fact and did not omit any representation of material fact that is essential in order for the representations included therein, in light of the circumstances in which the same representations are included, to not be misleading with respect to the period of the Reports;

3. Insofar as I am aware, the financial statements and other financial information included in the Reports properly reflect, from all material respects, the financial state, the results of the operations and the cash flows of the Company as of the dates and for the periods to which the Reports relate;

4. I have revealed to the Company's auditor, to the board of directors and to the audit committee of the Company's board of directors any fraud, whether material or immaterial, in which the CEO or a party directly subject to him is involved or that involves other employees that have a significant role in the internal control of the financial reporting and disclosure.

The provisions above will not derogate from my liability or the liability of any other person under any law.

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Yosef Regev, CEO

Date: August 23, 2016

Managers' Declaration

Declaration of the Senior Officer in the Financial Field

I, Revital Avrahami, declare that:

1. I have examined the interim financial statements and the other financial information included in the reports for the interim period of Shagrir Group Vehicle Services Ltd. (hereinafter: the "Company") for the second quarter of 2016 (hereinafter: the "Reports" or the "Reports for Interim Period");

2. Insofar as I am aware, the Interim Financial Reports and the other financial information included in the Reports for Interim Periods do not include any incorrect representation of material fact and did not omit any representation of material fact that is essential in order for the representations included therein, in light of the circumstances in which the same representations are included, to not be misleading with respect to the period of the Reports;

3. Insofar as I am aware, the financial statements and other financial information included in the Reports properly reflect, from all material respects, the financial state, the results of the operations and the cash flows of the Company as of the dates and for the periods to which the Reports relate;

4. I have revealed to the Company's auditor, to the board of directors and to the audit committee of the Company's board of directors any fraud, whether material or immaterial, in which the CEO or a party directly subject to him is involved or that involves other employees that have a significant role in the internal control of the financial reporting and disclosure.

The provisions above will not derogate from my liability or the liability of any other person under any law.

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Revital Avrahami, CFO

Date: August 23, 2016