

Pointer Telocation Ltd  
Form 6-K  
March 06, 2007

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16  
OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of March, 2007**

**POINTER TELOCATION LTD.**

**1 Korazin Street  
Givatayim, 53583  
Israel**

**Indicate by check mark whether the registrant files or will file annual reports  
under cover of Form 20-F or Form 40-F.**

**Form 20-F  Form 40-F**

**Indicate by check mark whether by furnishing the information contained in this  
Form, the registrant is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.**

**Yes  No**

**If "Yes" is marked, indicate below the file number assigned to the registrant in  
connection with Rule 12g3-2(b): 82-**

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For Immediate Release

Pointer Telocation Announces Record High Revenues for 2006:  
Increase of 13.4% to \$41.9 million Y/Y

Operating Income of \$4.9 million, compared to \$1 million in 2005  
Revenues from international operations in 2006 - up 21%  
First net annual income from Continuing Operations of \$1.2 million

Givatayim, Israel - March 6<sup>th</sup>, 2007. Pointer Telocation Ltd. (Nasdaq Capital Markets: PNTR), a leading provider of services to the insurance and automotive industries including road-side assistance, fleet management and stolen vehicle retrieval services in Israel, Argentina and Mexico, reported its financial results for 2006.

Yes  No

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In 2006 Pointer Telocation continued to reinforce its business and financial position, recording an increase in annual growth of 13.4% resulting from an improvement in both its domestic and international revenues. Pointer furthermore broadened its service offerings with the launch of its cellular based services. Net income was negatively affected by the recording of a minority interest for the first time.

### Financial Highlights:

**Revenues:** Pointer's annual revenues for 2006 increased 13.4% to \$41.9 million compared to \$37.0 million, in 2005. Revenues for the fourth quarter of 2006 increased 10.7% to \$10.9 million, compared with \$9.9 million in the same period of 2005.

Pointer's revenues from its international operations increased 21% in 2006 as compared to 2005 and 10% in the fourth quarter of 2006 as compared to the same period in 2005. The increase in total revenues in 2006 as compared to 2005 is also attributable to the fact that revenues in 2005 included only ten months of revenues deriving from the acquisition of the road-side assistance and towing business of Shagrir Towing Services completed on February 28, 2005.

**Gross Profit:** In 2006, gross profit increased 13.7% to \$15.5 million as compared to \$13.7 million in 2005. For the fourth quarter of 2006, gross profit increased by 14.7% to \$4.2 million as compared to \$3.6 million in the same period in 2005. As a percentage of revenues, gross profit was 37.0% and 38.1%, in 2006 and the fourth quarter of 2006, respectively, as compared to 36.9% and 36.8% in the comparable periods in 2005.

**Operating Income:** Pointer recorded a significant increase in operating income to \$4.9 million in 2006, compared to \$1.0 million for 2005. In the fourth quarter of 2006 Pointer recorded \$0.8 million in operating income, compared to \$0.77 million for the comparable period of 2005. The increase in operating income in 2006 includes one time net income of \$1.3 million associated with an agreement signed with a Latin American customer, offset by a \$372 thousand impairment of long-lived assets. In our subsidiary in Israel operating income was negatively affected by one time charges related to SG & A.

**Minority Interest:** As noted in Pointer's previous announcement of its financial results, during the fourth quarter Pointer recorded a minority interest in the Statement of Operations of its Israeli subsidiary Shagrir Motor Vehicle Systems as results based on actual holdings which is 56.6%. Minority interest recorded in 2006 was \$1.04 million.

**Profit from continuing operations:** First ever net annual income from continuing operations (net income) of \$1.2 million that derived from the Company's activities (in 2003 the Company recorded net income due to a one time gain from a discontinued operation).

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**Net Profit:** Pointer improved its bottom-line results recording a net profit of \$1.2 million or \$0.39 per share in 2006, as compared to a net loss of \$2.7 million or \$(1.17) per share in 2005. For the fourth quarter of 2006, Pointer recorded a net income of \$34 thousand as compared to a net loss of \$18 thousand in the comparable period of 2005

**EBITDA:** Pointer's EBITDA increased to \$10.1 million in 2006 (without off-setting minority interest), as compared to \$6.4 million in 2005.

**Total Shareholder's Equity:** In December 2006, the Company raised \$4.7M in consideration for the issuance of 425,000 new shares and 212,500 warrants in a private placement to Israeli institutional investors, out of which \$2.6 million received in 2006. Shareholders' equity for the end of the 2006 was \$19.4 million compared to \$10.8 million at the end of 2005.

Commenting on the results, Danny Stern, Pointer's CEO, said: We are pleased with the financial results of 2006, notably the growth of our international revenues and increased gross profit. Broad service offerings and our improved market positioning also enhance and lend force to our business model.

Pointer's business development in 2006 and up to the current date includes the following:

In Argentina new marketing channels were expanded by acquiring subscriber portfolios that are expected to provide additional growth in the future.

Our Mexican subsidiary commenced marketing fleet management services to business partners.

Pointer raised \$6.1 million from the exercise of warrants and a private placement which indicates continuing investor confidence in the Company.

During the fourth quarter Pointer's shares were dual listed on the Tel Aviv Stock Exchange.

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We are confident that our efforts to increase Pointer's international activities will continue to be leveraged into further economies of scale and will positively affect our revenues and profitability. Pointer's future growth is expected to be based on future M&A activity in addition to the Company's continued internal growth. We continue to focus on increasing our products and service offerings, strengthening our technologies and entering into in new areas of cooperation with additional business partners, concluded Mr. Stern.

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### Conference Call Information:

Pointer's management will host two conference calls with the investment community today, March 6, 2007:

The Hebrew conference call will start at 15:00 Israel time (GMT +2, 8:00 EST)

The English conference call will start at 9:00 EST (16:00 Israel time)

### To listen to the conference calls, please dial:

From the US: 1-888-407-2553

From Israel: 03-9180687

A replay of the conference call will be available through March 7<sup>th</sup>, 2007 on the Company's website at [www.pointer.com](http://www.pointer.com).

### About Pointer Telocation:

Pointer Telocation Ltd [www.pointer.com](http://www.pointer.com) provides range of services to insurance companies and automobile owners, including road-side assistance, vehicle towing, stolen vehicle retrieval, fleet management and other value added services. Pointer Telocation provides services, for the most part, in Israel, through its subsidiary Shagrir and in Argentina and Mexico through its local subsidiaries. Independent operators provide similar services in Russia and Venezuela utilizing Pointer's technology and operational know-how.

### Safe Harbor Statement

*This press release contains forward-looking statements with respect to the business, financial condition and results of operations of Pointer and its affiliates. These forward-looking statements are based on the current expectations of the management of Pointer, only, and are subject to risk and uncertainties relating to changes in technology and market requirements, the company's concentration on one industry in limited territories, decline in demand for the company's products and those of its affiliates, inability to timely develop and introduce new technologies, products and applications, and loss of market share and pressure on pricing resulting from competition, which could cause the actual results or performance of the company to differ materially from those contemplated in such forward-looking statements. Pointer undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. For a more detailed description of the risks and uncertainties affecting the company, reference is made to the company's reports filed from time to time with the Securities and Exchange Commission.*

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## POINTER TELOCATION LTD. AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

|                           | December 31, |          |
|---------------------------|--------------|----------|
|                           | 2006         | 2005     |
| <b>ASSETS</b>             |              |          |
| <b>CURRENT ASSETS:</b>    |              |          |
| Cash and cash equivalents | \$ 5,850     | \$ 1,696 |

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|  | December 31,     |                  |
|--|------------------|------------------|
|  | 2006             | 2005             |
| Trade receivables (net of allowance for doubtful accounts of \$309 and \$ 363 at December 31, 2006 and 2005, respectively) | 8,315            | 6,576            |
| Other accounts receivable and prepaid expenses   | 557              | 505              |
| Inventories  | 1,447            | 1,389            |
| <b>Total current assets</b>  | <b>16,169</b>    | <b>10,166</b>    |
| <b>LONG-TERM ASSETS:</b>   |                  |                  |
| Long-term accounts receivable  | 183              | 219              |
| Severance pay fund   | 3,794            | 2,989            |
| Property and equipment, net  | 7,346            | 7,319            |
| Goodwill   | 38,707           | 36,924           |
| Other intangible assets, net   | 8,612            | 9,597            |
| Deferred income taxes  | 1,588            | -                |
| <b>Total long-term assets</b>  | <b>60,230</b>    | <b>57,048</b>    |
| <b>Total assets</b>  | <b>\$ 76,399</b> | <b>\$ 67,214</b> |

**POINTER TELOCATION LTD. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands (except share and per share data)

|  | December 31,  |               |
|--|---------------|---------------|
|  | 2006          | 2005          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                      |               |               |
| <b>CURRENT LIABILITIES:</b>                                      |               |               |
| Short-term bank credit and current maturities of long-term loans | \$ 11,801     | \$ 9,949      |
| Trade payables   | 5,378         | 3,904         |
| Deferred revenues and customer advances                          | 6,584         | 6,477         |
| Other accounts payable and accrued expenses                      | 4,091         | 3,835         |
| <b>Total current liabilities</b>                                 | <b>27,854</b> | <b>24,165</b> |
| <b>LONG-TERM LIABILITIES:</b>                                    |               |               |
| Long-term loans from banks                                       | 15,833        | 16,211        |
| Long-term loans from shareholders and others                     | 7,490         | 12,082        |
| Accrued severance pay  | 4,650         | 3,951         |

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|  | December 31,     |                  |
|--|------------------|------------------|
|  | 27,973           | 32,244           |
| MINORITY INTEREST  | 1,142            | -                |
| <b>SHAREHOLDERS' EQUITY:</b>   |                  |                  |
| Share capital -  |                  |                  |
| Ordinary shares of NIS 3 par value:  |                  |                  |
| Authorized - 8,000,000 shares at December 31, 2006 and 2005; Issued and outstanding - 3,222,875 and 2,479,020 shares at December 31, 2006 and 2005, respectively | 2,140            | 1,680            |
| Additional paid-in capital   | 103,880          | 100,707          |
| Deferred stock-based compensation  | -                | (1)              |
| Receipt on account of shares   | 2,586            | -                |
| Accumulated other comprehensive loss   | 98               | (1,138)          |
| Accumulated deficit  | (89,274)         | (90,443)         |
| <b>Total</b> shareholders' equity  | <b>19,430</b>    | <b>10,805</b>    |
| <b>Total</b> liabilities and shareholders' equity  | <b>\$ 76,399</b> | <b>\$ 67,214</b> |

**POINTER TELOCATION LTD. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

U.S. dollars in thousands (except per share data)

|                               | Year ended December 31, |               |               |
|-------------------------------|-------------------------|---------------|---------------|
|                               | 2006                    | 2005          | 2004          |
| <b>Revenues:</b>              |                         |               |               |
| Products                      | \$ 9,701                | \$ 8,856      | \$ 5,594      |
| Services                      | 32,211                  | 28,108        | 5,375         |
| <b>Total</b> revenues         | <b>41,912</b>           | <b>36,964</b> | <b>10,969</b> |
| <b>Cost of revenues:</b>      |                         |               |               |
| Products                      | 5,602                   | 5,727         | 4,297         |
| Services                      | 20,786                  | 17,587        | 3,301         |
| <b>Total</b> cost of revenues | <b>26,388</b>           | <b>23,314</b> | <b>7,598</b>  |
| <b>Gross profit</b>           | <b>15,524</b>           | <b>13,650</b> | <b>3,371</b>  |

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|  | Year ended December 31, |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2004                    | 2003              | 2002              |
| Operating expenses:                                  |                         |                   |                   |
| Research and development, net                        | 1,170                   | 892               | 482               |
| Selling and marketing                                | 3,927                   | 3,693             | 1,644             |
| General and administrative                           | 4,749                   | 5,518             | 2,775             |
| Amortization of deferred stock-based compensation *) | -                       | 126               | 465               |
| Amortization of intangible assets                    | 1,740                   | 2,462             | 932               |
| <b>Total operating expenses</b>                      | <b>11,586</b>           | <b>12,691</b>     | <b>6,298</b>      |
| Other income net                                     | (1,292)                 | -                 | -                 |
| Impairment of long lived assets                      | 372                     | -                 | -                 |
| Operating income (loss)                              | 4,858                   | 959               | (2,927)           |
| Financial expenses, net                              | 2,577                   | 4,027             | 758               |
| Other income (expenses), net                         | 14                      | 341               | (42)              |
| Loss before taxes on income                          | 2,295                   | (2,727)           | (3,727)           |
| Taxes on income                                      | 82                      | -                 | 37                |
| Net income (loss) before Minority interest           | 2,213                   | (2,727)           | (3,764)           |
| Minority interest                                    | 1,044                   | -                 | -                 |
| Net income (loss)                                    | <b>\$ 1,169</b>         | <b>\$ (2,727)</b> | <b>\$ (3,764)</b> |
| Basic and diluted net earnings (loss) per share      | <b>\$ 0.39</b>          | <b>\$ (1.17)</b>  | <b>\$ (2.58)</b>  |

\*) Stock-based compensation relates to the following:

|                            |      |        |        |
|----------------------------|------|--------|--------|
| General and administrative | \$ - | \$ 126 | \$ 465 |
|----------------------------|------|--------|--------|

**POINTER TELOCATION LTD. AND ITS SUBSIDIARIES**

**CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

U.S. dollars in thousands (except share data)

|                               | Number of<br>shares | Share<br>capital | Additional<br>paid-in<br>capital | Deferred<br>stock-based<br>compensation | Receipt<br>on<br>account<br>of shares | Accumulated<br>other<br>comprehensive<br>loss | Accumulated<br>deficit | Total<br>comprehensive<br>income<br>(loss) | Total<br>shareholders'<br>equity<br>(deficiency) |
|-------------------------------|---------------------|------------------|----------------------------------|---|---------------------------------------|---|------------------------|--|--|
| Balance as of January 1, 2004 | 1,145,300           | \$ 773           | \$ 83,239                        | \$ (566)                                | \$ -                                  | \$ (840)                                      | \$ (83,952)            |  | \$ (1,346)                                       |

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|  | Number of shares | Share capital | Additional paid-in capital | Deferred stock-based compensation | Receipt on account of shares | Accumulated other comprehensive loss | Accumulated deficit | Total comprehensive income (loss) | Total shareholders' equity (deficiency) |
|--|------------------|---------------|----------------------------|-----------------------------------|------------------------------|--------------------------------------|---------------------|-----------------------------------|---|
| Issuance of shares, warrants and options for the acquisition of additional interest in a subsidiary, net | 429,154          | 286           | 10,815                     | -                                 | -                            | -                                    | -                   |                                   | 11,101                                  |
| Deferred stock-based compensation  | -                | -             | 16                         | (16)                              | -                            | -                                    | -                   |                                   | -                                       |
| Amortization of deferred stock-based compensation  | -                | -             | -                          | 465                               | -                            | -                                    | -                   |                                   | 465                                     |
| Exercise of warrants and options   | 130,051          | 86            | 57                         | -                                 | -                            | -                                    | -                   |                                   | 143                                     |
| Comprehensive loss:  |                  |               |                            |                                   |                              |                                      |                     |                                   |   |
| Foreign currency translation adjustments   | -                | -             | -                          | -                                 | -                            | 487                                  | -                   | \$ 487                            | 487                                     |
| Net loss   | -                | -             | -                          | -                                 | -                            | -                                    | (3,764)             | (3,764)                           | (3,764)                                 |
| <b>Total comprehensive loss</b>  |                  |               |                            |                                   |                              |                                      |                     | <b>\$ (3,277)</b>                 |   |
| Balance as of December 31, 2004  | 1,704,505        | 1,145         | 94,127                     | (117)                             | -                            | (353)                                | (87,716)            |                                   | 7,086                                   |
| Issuance of shares and warrants, net   | 722,587          | 500           | 6,391                      | -                                 | -                            | -                                    | -                   |                                   | 6,891                                   |
| Deferred stock-based compensation  | -                | -             | 10                         | (10)                              | -                            | -                                    | -                   |                                   | -                                       |
| Amortization of deferred stock-based compensation  | -                | -             | -                          | 126                               | -                            | -                                    | -                   |                                   | 126                                     |
| Exercise of warrants and stock options   | 51,928           | 35            | 179                        | -                                 | -                            | -                                    | -                   |                                   | 214                                     |
| Comprehensive loss:  |                  |               |                            |                                   |                              |                                      |                     |                                   |   |
| Foreign currency translation adjustments   | -                | -             | -                          | -                                 | -                            | (785)                                | -                   | \$ (785)                          | (785)                                   |
| Net loss   | -                | -             | -                          | -                                 | -                            | -                                    | (2,727)             | (2,727)                           | (2,727)                                 |
| <b>Total comprehensive loss</b>  |                  |               |                            |                                   |                              |                                      |                     | <b>\$ (3,512)</b>                 |   |
| Balance as of December 31, 2005  | 2,479,020        | 1,680         | 100,707                    | (1)                               | -                            | (1,138)                              | (90,443)            |                                   | 10,805                                  |
| Deferred stock-based compensation  | -                | -             | (1)                        | 1                                 | -                            | -                                    | -                   |                                   | -                                       |
| Stock-based compensation expenses  | -                | -             | 153                        | -                                 | -                            | -                                    | -                   |                                   | 153                                     |
| Exercise of warrants and stock options   | 743,855          | 460           | 3,021                      | -                                 | -                            | -                                    | -                   |                                   | 3,481                                   |
| Receipt on account of shares   | -                | -             | -                          | -                                 | 2,586                        | -                                    | -                   |                                   | 2,586                                   |
| Comprehensive loss:  |                  |               |                            |                                   |                              |                                      |                     |                                   |   |
| Foreign currency translation adjustments   | -                | -             | -                          | -                                 | -                            | 1,236                                | -                   | \$ 1,236                          | 1,236                                   |
| Net loss   | -                | -             | -                          | -                                 | -                            | -                                    | 1,169               | 1,169                             | 1,169                                   |
| <b>Total comprehensive loss</b>  |                  |               |                            |                                   |                              |                                      |                     | <b>\$ 2,405</b>                   |   |
| Balance as of December 31, 2006  | 3,222,875        | \$ 2,140      | \$ 103,880                 | \$ -                              | \$ 2,586                     | \$ 98                                | \$ (89,274)         |                                   | \$ 19,430                               |

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| Number of shares | Share capital | Additional paid-in capital | Deferred stock-based compensation | Receipt on account of shares | Accumulated other comprehensive loss | Accumulated deficit | Total comprehensive income (loss) | Total shareholders' equity (deficiency) |
|------------------|---------------|----------------------------|-----------------------------------|------------------------------|--------------------------------------|---------------------|-----------------------------------|---|
|------------------|---------------|----------------------------|-----------------------------------|------------------------------|--------------------------------------|---------------------|-----------------------------------|---|

POINTER TELOCATION LTD. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

|   | Year ended December 31, |            |            |
|---|-------------------------|------------|------------|
|   | 2006                    | 2005       | 2004       |
| <b>Cash flows from operating activities:</b>  |                         |            |            |
| Net income (loss)   | \$ 1,169                | \$ (2,727) | \$ (3,764) |
| Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities: |                         |            |            |
| Depreciation and amortization   | 5,983                   | 4,997      | 2,065      |
| Accrued interest and exchange rate changes of convertible debenture and long-term loans                     | 137                     | 1,961      | (43)       |
| Accrued severance pay, net  | (166)                   | 484        | 28         |
| Gain from sale of property and equipment, net   | (567)                   | (299)      | (56)       |
| Gain from realization of investment in subsidiary, net  | -                       | (359)      | -          |
| Amortization of deferred stock-based compensation   | 153                     | 126        | 465        |
| Increase in Minority interest   | 1,142                   | -          | -          |
| Decrease (increase) in trade receivables, net   | (1,167)                 | 2,581      | (355)      |
| Decrease (increase) in other accounts receivable and prepaid expenses                                       | (36)                    | 2,301      | 289        |
| Decrease (increase) in inventories  | (432)                   | (144)      | 291        |
| Write-off of inventories  | 69                      | 199        | 479        |
| Increase in Deferred income taxes   | (1,588)                 | -          | -          |
| Decrease (increase) in other long-term accounts receivable  | 60                      | (20)       | (35)       |
| Increase (decrease) in trade payables   | 1,049                   | (359)      | 1,238      |
| Decrease in other accounts payable and accrued expenses   | (400)                   | (2,962)    | (508)      |
| Net cash provided by (used in) operating activities   | 5,406                   | 5,779      | 94         |
| <b>Cash flows from investing activities:</b>  |                         |            |            |
| Purchase of property and equipment  | (2,277)                 | (2,020)    | (873)      |
| Proceeds from short-term bank deposits  | -                       | 15         | -          |
| Proceeds from sale of property and equipment  | -                       | 519        | 58         |
| Proceeds from realization of investment in subsidiary   | 1,026                   | 6,241      | -          |
| Acquisition of additional interest in Shagrir Motor Vehicle Systems, net of cash acquired (a)               | -                       | -          | 10         |
| Acquisition of activities and assets of Shagrir Towing Services Ltd. and Shagrir (1985) Ltd. (b)            | -                       | (43,847)   | -          |



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|  | Year ended December 31, |          |       |
|--|-------------------------|----------|-------|
|  |                         |          |       |
| Net cash used in investing activities                          | (1,251)                 | (39,092) | (805) |
| <b>Cash flows from financing activities:</b>                   |                         |          |       |
| Receipt of long-term loans from banks                          | 2,243                   | 16,066   | 743   |
| Repayment of long-term loans from banks                        | (2,949)                 | (2,035)  | (376) |
| Receipt of long-term loans from shareholders and others        | 131                     | 21,136   | 149   |
| Repayment of long-term loans from others                       | (4,529)                 | (6,241)  | -     |
| Proceeds from issuance of shares and exercise of warrants, net | 6,067                   | 6,176    | 67    |
| Short-term bank credit, net                                    | (973)                   | (401)    | (504) |
| Net cash provided by financing activities                      | (10)                    | 34,701   | 79    |
| Effect of exchange rate on cash and cash equivalents           | 9                       | 233      | (1)   |
| Increase (decrease) in cash and cash equivalents               | 4,154                   | 1,621    | (633) |
| Cash and cash equivalents at the beginning of the year         | 1,696                   | 75       | 708   |
| Cash and cash equivalents at the end of the year               | \$ 5,850                | \$ 1,696 | \$ 75 |

**POINTER TELOCATION LTD. AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**U.S. dollars in thousands**

|   | Year ended December 31, |      |            |
|---|-------------------------|------|------------|
|   | 2006                    | 2005 | 2004       |
| (a) <u>Acquisition of additional interest in Shagrir Motor Vehicle Systems:</u> |                         |      |            |
| Fair value of assets acquired and liabilities assumed at date of acquisition:   |                         |      |            |
| Working capital   | \$ -                    | \$ - | \$ (1,238) |
| Long-term accounts receivable   | -                       | -    | (224)      |
| Property and equipment  | -                       | -    | (1,117)    |
| Customer list   | -                       | -    | (2,646)    |
| Brand name  | -                       | -    | (828)      |
| Goodwill  | -                       | -    | (12,638)   |
| Short-term bank credit  | -                       | -    | 5,282      |
| Long-term loan  | -                       | -    | 1,890      |
| Accrued severance pay, net  | -                       | -    | 276        |

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|   | Year ended December 31, |             |          |
|---|-------------------------|-------------|----------|
|   | -                       | -           | (11,243) |
| Fair value of shares, options and warrants issued   | -                       | -           | 11,253   |
|   | \$ -                    | \$ -        | \$ 10    |
| <b>(b) <u>Acquisition of activities and assets of Shagrir Towing Services Ltd. and Shagrir (1985) Ltd.:</u></b> |                         |             |          |
| Fair value of assets acquired and liabilities assumed at date of acquisition:                                   |                         |             |          |
| Working capital   | \$ -                    | \$ 4,568    | \$ -     |
| Property and equipment  | -                       | (5,760)     | -        |
| Customer list   | -                       | (8,558)     | -        |
| Brand name  | -                       | (1,920)     | -        |
| Goodwill  | -                       | (31,652)    | -        |
| Long-term loan  | -                       | (1,175)     | -        |
| Accrued severance pay, net  | -                       | 6           | -        |
|   | -                       | (44,491)    | -        |
| Fair value of shares and warrants issued  | -                       | 644         | -        |
|   | \$ -                    | \$ (43,847) | \$ -     |

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**POINTER TELOCATION LTD.**

By: /s/ Yossi Ben Shalom

Yossi Ben Shalom  
Chairman of the Board of Directors

Date: March 6, 2007