

Pointer Telocation Ltd  
Form 424B5  
June 19, 2012

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PROSPECTUS SUPPLEMENT  
  
(to Prospectus dated June 7, 2010)

Filed Pursuant to Rule  
424(b)(5)  
Registration No. 333-167144

Pointer Telocation Ltd.

### SUBSCRIPTION RIGHTS TO PURCHASE UP TO 644,034 ORDINARY SHARES

We are distributing at no charge to the holders of our ordinary shares as of the close of business on June 29, 2012, which we refer to as the record date, subscription rights to purchase up to an aggregate of 644,034 of our ordinary shares. We will distribute to you one right for every 7.626 ordinary shares that you own on the record date. Your rights will be rounded down to the nearest whole number and accordingly, no fractional rights will be issued in the rights offering.

Each right entitles the holder to purchase, at a price of \$2.90 per share, one ordinary share. Holders who fully exercise their basic subscription rights will be entitled to subscribe for additional rights that remain unsubscribed as a result of any unexercised basic subscription rights, which we refer to as the over-subscription right. If an insufficient number of shares are available to satisfy fully the over-subscription requests, then the available shares will be distributed proportionately among subscription rights holders who exercised their over-subscription right, based on the number of over-subscription rights to which they subscribed. Rights may only be exercised for whole numbers of ordinary shares; no fractional ordinary shares will be issued in the rights offering.

The rights are exercisable beginning after 5:00 p.m., New York City time on June 29, 2012 and ending on July 26, 2012 at 5:00 p.m., New York City time, unless we decide to terminate the rights offering earlier. Any rights not exercised at or before the applicable time will expire without any payment to the holders for those unexercised rights.

The issuance of ordinary shares purchased in the rights offering will be made as soon as practicable after the expiration of the rights offering. American Stock Transfer & Trust Company, LLC will mail certificates representing ordinary shares purchased in the rights offering to record holders registered on our shareholder register maintained by it promptly after such date. Beneficial owners of our ordinary shares whose shares are held by a nominee, such as a broker, dealer or bank, rather than in their own name, will have any ordinary shares acquired in the rights offering credited to the account of such nominee on such date.

There is no minimum subscription requirement to consummate the rights offering. However, DBSI Investments Ltd., or DBSI, our controlling shareholder, has undertaken to exercise its basic subscription right in full and its over-subscription right in full.

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The subscription rights may not be sold or transferred except for being transferable by operation of law, and will not be tradable on any trading market. We may terminate or cancel the offering at any time prior to its expiration. If the offering is terminated, then we will return your subscription price payment, but without any payment of interest.

You should carefully consider whether to exercise your subscription rights before the expiration date. All exercises of subscription rights are irrevocable. Our board of directors is making no recommendation regarding your exercise of the subscription rights.

Our ordinary shares are traded on the NASDAQ Capital Market under the symbol "PNTR." The last sale price of our ordinary shares on the NASDAQ Capital Market on June 18, 2012 was \$2.90 per share. The ordinary shares issued in the rights offering will also be listed for trading on the NASDAQ Capital Market.

On May 1, 2012 the aggregate market value of our outstanding ordinary shares held by non-affiliates was \$5,796,309. As of the date hereof, we have not offered any securities pursuant to General Instruction I.B.5 of Form F-3 during the prior 12 calendar month period that ends on and includes the date of this prospectus.

**INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE S-21, AND UNDER SIMILAR HEADINGS IN THE OTHER DOCUMENTS THAT ARE INCORPORATED BY REFERENCE INTO THIS PROSPECTUS FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BEFORE DECIDING WHETHER TO EXERCISE YOUR SUBSCRIPTION RIGHTS.**

Neither the Securities and Exchange Commission, the Israel Securities Authority nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense under the laws of the United States and the laws of the State of Israel.

The date of this Prospectus is June 19, 2012.

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You should rely only on the information included or incorporated by reference in this prospectus or any supplement or free writing prospectus prepared by us. We have not authorized anyone to provide information or represent anything other than that contained in, or incorporated by reference in, this prospectus. We have not authorized anyone to provide you with different information. If you receive any other information, you should not rely on it. We are not making an offer in any state or jurisdiction or under any circumstances where the offer is not permitted. You should assume that the information in this prospectus or any supplement or free writing prospectus prepared by us is accurate only as of the date on their cover pages and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.

In this prospectus to, references to "the Company," "we," "us" and "our" refer to Pointer Telocation Ltd., a company organized under the laws of the State of Israel, and its wholly owned subsidiaries. In addition, unless otherwise specified or unless the context otherwise requires, all references to "\$" or "dollars" are to U.S. dollars and all references to "NIS" are to New Israeli Shekels.

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## QUESTIONS AND ANSWERS ABOUT THE RIGHTS OFFERING

The following are examples of what we anticipate may be common questions about the rights offering. The answers are based on selected information from this prospectus. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the rights offering. This prospectus contains more detailed descriptions of the terms and conditions of the rights offering and provides additional information about us and our business, including potential risks relating to the rights offering, our business, our ordinary shares and our location in Israel.

Exercising the rights and investing in our securities involves a high degree of risk. We urge you to carefully read the section entitled "Risk Factors" beginning on page S-21 of this prospectus and all other information included or incorporated by reference in this prospectus in its entirety before you decide whether to exercise your rights.

Q: What is a rights offering?

A: A rights offering is a distribution of subscription rights on a pro rata basis to all existing shareholders of a company to buy a proportional number of additional securities at a given price. We are distributing to holders of our ordinary shares, at no charge, as of the close of business on the record date (June 29, 2012), subscription rights to purchase up to an aggregate of 644,034 of our ordinary shares. You will receive one subscription right for every 7.626 ordinary shares you own at the close of business on the record date. Each right carries with it a basic subscription right and an over-subscription right. The basic and over-subscription rights will be evidenced by subscription rights certificates, which may be physical certificates but will more likely be electronic instruments issued through the facilities of the Depository Trust Company, or DTC, in the United States.

Q: What is a right?

A: We will issue one right for every 7.626 of our ordinary shares that you own on the record date. Each right carries with it a basic subscription right and an over-subscription right and entitles the holder of the right the opportunity to purchase, at the subscription price of \$2.90 per right, one ordinary share. Your rights will be rounded down to the nearest whole number and accordingly, no fractional rights will be issued in the rights offering.

Q: Why are we undertaking the rights offering, and how will we use the proceeds from the rights offering?

A: We are making the rights offering to raise funds primarily to repay the Bridge Loan (as defined below) and for general working capital purposes, including supporting our foreign subsidiaries and expanding our existing foreign operations.

The rights offering provides our existing shareholders the opportunity to participate in our capital-raising efforts in a manner that allows them to maintain, and possibly increase, their proportional ownership interest in us.

Q: How much money will we raise as a result of the rights offering?

A: We estimate that the net proceeds from the rights offering will be approximately \$1.79 million, after deducting expenses related to the rights offering payable by us, estimated at approximately \$80,000.

Q: May I transfer my subscription rights?

A: No. The subscription rights may not be sold or transferred except for being transferable by operation of law. There will be no “trading day” on the NASDAQ Capital Market (or any other stock market) for the subscription rights.

Q: What is a basic subscription right?

A: Each basic subscription right gives you the opportunity to purchase one of our ordinary shares. You may exercise any number of your basic subscription rights or you may choose not to exercise any subscription rights at all.

For example, if you own 763 of our ordinary shares on the record date and you are granted one basic subscription right for every 7.626 ordinary shares you own at that time, then you would have the basic right to purchase, at an aggregate price of up to \$290.00, up to 100 ordinary shares.

If you hold your ordinary shares in the name of a broker, dealer, bank or other nominee who uses the services of the DTC, then DTC will credit the account of the nominee with one right for every 7.626 ordinary shares you own at the record date.

Q: What is an over-subscription right?

A: If you elect to purchase all of the securities available to you pursuant to your basic subscription right, you may also elect to subscribe for additional rights that remain unsubscribed as a result of any other shareholders not exercising their basic subscription rights. If an insufficient number of shares are available to satisfy fully the over-subscription requests, then the available shares will be distributed proportionately among subscription rights holders who exercised their over-subscription right, based on the number of over-subscription rights to which they subscribed (see “The Rights Offering – Allocation and Exercise of Over-Subscription Rights”). Payments in respect of over-subscription rights are due at the time payment is made for the basic subscription right. Any excess subscription price payments will be returned, without interest or deduction, promptly after the expiration of the rights offering.

Rights may only be exercised for whole numbers of ordinary shares; no fractional ordinary shares will be issued in the rights offering.

Q: Who may participate in the rights offering?

A: Only holders of record of our ordinary shares as of the close of business on June 29, 2012 (the record date) are entitled to participate in the rights offering.

Q: Will the officers, directors and significant shareholders of Pointer be exercising their rights?

A: Our officers, directors and greater than 5% beneficial shareholders may participate in the rights offering, but other than DBSI, none of our officers, directors or greater than 5% beneficial shareholders are obligated to so participate. DBSI, our controlling shareholder, has undertaken to exercise its basic subscription right in full and its over-subscription right in full. As of the date of this prospectus, DBSI beneficially owns approximately 45.5% of our outstanding shares.

Q: Will the subscription rights and the ordinary shares that I receive upon exercise of my rights be tradable on the NASDAQ Capital Market?

A: Our ordinary shares are listed on the NASDAQ Capital Market under the ticker symbol "PNTR." The ordinary shares issued in the rights offering will also be listed for trading on the NASDAQ Capital Market. However, the subscription rights may not be sold or transferred except for being transferable by operation of law, and will not be tradable on the NASDAQ Capital Market or any other trading market.

Q: How do I exercise my basic subscription right and over-subscription right?

A: Shortly after the record date we will send a rights certificate to each holder of our ordinary shares that on the record date is registered in our shareholder register maintained by American Stock Transfer & Trust Company, LLC, the transfer agent of our ordinary shares, which is also acting as the subscription agent for the rights offering. The rights certificate will evidence the number of rights issued to each holder and will be accompanied by a copy of this prospectus.

If you are a record holder of our ordinary shares and you wish to exercise your subscription rights, you should complete the exercise form on the back of the rights certificate and send the certificate, accompanied by the subscription price, to the subscription agent. The subscription rights certificate, together with full payment of the subscription price, must be received by the subscription agent on or prior to the expiration date of the rights offering.

If you are a record holder, in order to properly exercise your over-subscription right, you must: (i) indicate on your subscription rights certificate that you submit with respect to the exercise of the rights issued to you how many additional rights you are willing to exercise pursuant to your over-subscription right and (ii) concurrently deliver the subscription payment related to your over-subscription right at the time you make payment for your basic subscription right. All funds from over-subscription rights that are not honored will be promptly returned to shareholders, without interest or deduction. See "The Rights Offering – Methods of Exercise of Rights for Record Holders."

If you use the mail, we recommend that you use insured, registered mail, return receipt requested. We will not be obligated to honor your exercise of subscription rights if the subscription agent receives the documents relating to your exercise after the rights offering expires, regardless of when you transmitted the documents.



If you are a record holder that resides in Israel, rather than exercising via the subscription agent, you may, at your option, exercise your subscription rights by delivering your executed subscription rights certificate to our offices in Rosh Haayin, Israel, accompanied by evidence of a wire transfer to Pointer Telocation Ltd. Payment to us must be denominated in U.S. dollars. The subscription rights certificate, together with full payment of the subscription price, must be received by us on or prior to the expiration date of the rights offering.

If you are a beneficial owner of our ordinary shares and hold them through a broker, dealer, bank or other nominee (including a member of DTC), rather than in your own name, and you wish to exercise your subscription rights, you should contact your nominee to exercise your subscription rights sufficiently in advance of the expiration of the subscription period in order to ensure timely delivery of a subscription rights certificate reflecting your exercise. Your nominee will instruct you as to the proper time and payment of the subscription price. See also "The Rights Offering- Exercise of Rights by Beneficial Owners Who Are Not Record Holders".

Q: Am I required to subscribe in the rights offering?

A: No. You may exercise any number of your subscription rights, or you may choose not to exercise subscription rights at all.

Q: What happens if I choose not to exercise my subscription rights?

A: You will retain your current number of ordinary shares even if you do not exercise your basic subscription rights. However, if you do not exercise your basic subscription right in full, the percentage of our ordinary shares that you own will decrease, and your voting and other rights will be diluted to the extent that other shareholders exercise their basic and over-subscription rights. In addition, as a result of DBSI's over-subscription commitment, if shareholders don't exercise their subscription rights, DBSI's percentage ownership of our ordinary shares will increase.

Q: When will the subscription rights expire?

A: The subscription rights will expire, if not exercised, at 5:00 p.m., New York City time on July 26, 2012, unless we decide to terminate the rights offering earlier. We or the subscription agent must actually receive all required documents and payments before that time and date. Any rights not exercised at or before the applicable time will expire without any payment to the holders for those unexercised rights. See "The Rights Offering – Expiration of the Rights Offering."

If you hold your shares through a broker, dealer or other nominee, you will be required to comply with the procedural requirements of such nominee, including the procedures relating to the last time by which you may be required to provide notice of your intention to exercise your rights. For further information see "The Rights Offering- Exercise of Rights by Beneficial Owners Who Are Not Record Holders".

If you do not timely exercise your rights in accordance with the procedures applicable to you, your ability to exercise the rights and purchase the ordinary shares will expire.

Q: Will Pointer require a minimum dollar amount of subscriptions to consummate the rights offering?

A: No. There is no minimum subscription requirement to consummate the rights offering. However, DBSI, our controlling shareholder, has undertaken to exercise its basic subscription right in full and its over-subscription right in full.

Q: What is the over-subscription commitment?

A: In connection with the rights offering, DBSI, our controlling shareholder, has undertaken to exercise its basic subscription right in full and its over-subscription right in full. DBSI is not receiving any compensation for its over-subscription commitment.

Q: Is exercising my subscription rights risky?

A: The exercise of your subscription rights and over-subscription rights (and the resulting ownership of our ordinary shares) involves a high degree of risk. Exercising your subscription rights means buying ordinary shares and should be considered as carefully as you would consider any other equity investment. You should carefully consider the information under the heading "Risk Factors" and all other information included in this prospectus and the documents incorporated by reference herein before deciding to exercise your subscription rights.

Q: After I exercise my subscription rights, can I change my mind and cancel my purchase?

A: No. Once you send in your subscription rights certificate and payment, you cannot revoke the exercise of either your basic or over-subscription rights, even if the market price of our ordinary shares is below the \$2.90 per share subscription price. You should not exercise your subscription rights unless you are certain that you wish to purchase additional ordinary shares at the proposed subscription price. Any rights not exercised at or before the expiration date will expire worthless without any payment to the holders for those unexercised rights.

Q: Can the board of directors cancel, terminate or amend the rights offering?

A: Our board of directors may decide to cancel or terminate the rights offering at any time and for any reason prior to 5:00 p.m. New York City time (midnight, Israel time) on July 26, 2012. If our board of directors cancels or terminates the rights offering, we will issue a press release notifying shareholders of the cancellation or termination, and any money received from subscribing shareholders will be promptly returned, without interest or deduction. We may not amend or modify the terms of the rights offering, nor can we extend the expiration date of the rights offering.

Q: What should I do if I want to participate in the rights offering but my ordinary shares are held in the name of my broker, dealer, bank or other nominee and not in my name?

A: Beneficial owners of our ordinary shares whose shares are held by a nominee, such as a broker, dealer, bank or trustee, rather than in their own name, must contact that nominee to exercise their rights. In that case, the nominee will complete the subscription rights certificate on behalf of the beneficial owner and arrange for proper payment by one of the methods described above. See "The Rights Offering- Exercise of Rights by Beneficial Owners Who Are Not Record Holders".

Q: Will I be charged a sales commission or a fee if I exercise my subscription rights?

A: We will not charge a brokerage commission or a fee to subscription rights holders for exercising their subscription rights. However, if you exercise your subscription rights and/or sell any underlying ordinary shares through a broker, dealer, bank or other nominee, you will be responsible for any fees charged by your broker, dealer, bank or other nominee.

Q: What is the recommendation of the board of directors regarding the rights offering?

A: None of Pointer, our board of directors or the subscription agent is making any recommendation as to whether or not you should exercise your subscription rights. You are urged to make your decision in consultation with your own advisors as to whether or not you should participate in the rights offering or otherwise invest in our securities and only after considering all of the information included in this prospectus, including the "Risk Factors" section that follows.

Q: How was the \$2.90 per share subscription price established?

A: Our board of directors determined that the subscription price should be designed to provide an incentive to our current shareholders to exercise their rights in the rights offering. Other factors considered in setting the subscription price included the amount of proceeds desired, our need for equity capital, the market price of our ordinary shares at the time the price was established, our business prospects, alternatives available to us for raising equity capital, and the liquidity of our ordinary shares.

The subscription price does not necessarily bear any relationship to any other established criteria for value. You should not consider the subscription price as an indication of value of our company or our ordinary shares. You should not assume or expect that, after the rights offering, our ordinary shares will trade at or above the subscription price in any given time period. The market price of our ordinary shares may decline during or after the rights offering, and you may not be able to sell any ordinary shares purchased during the rights offering at a price equal to or greater than the subscription price. You should obtain a current quote for our ordinary shares before exercising your subscription rights and make your own assessment of our business and financial condition, our prospects for the future, and the terms of this rights offering. On June 18, 2012, the last reported sale price of our ordinary shares on the NASDAQ Capital Market was \$2.90 per share.

Q: What are the U.S. federal income tax consequences of receiving or exercising my subscription rights?

A: A U.S. holder of ordinary shares likely will not recognize any income, gain or loss for U.S. federal income tax purposes in connection with the receipt or exercise of subscription rights. You should consult your own tax advisor as to the particular consequences to you of the rights offering. See "Material U.S. Federal Income Tax Considerations."

Q: What are the Israeli income tax consequences of receiving or exercising my subscription rights?

A: An Israeli holder of ordinary shares likely will not recognize any income, gain or loss for Israeli income tax purposes in connection with the receipt or exercise of subscription rights. However, no tax ruling from the Israeli Income Tax Authority will be sought for the rights offering. You should consult your own tax advisor as to the particular consequences to you of the rights offering. See "Certain Israeli Tax Considerations."

Q: How many ordinary shares will be outstanding after the rights offering?

A: The number of ordinary shares that will be outstanding immediately after the completion of the rights offering will be 5,555,558 ordinary shares (assuming no exercise of outstanding options).

Q: If I exercise my subscription rights, how will I receive ordinary shares in the rights offering?

A: The issuance of ordinary shares purchased in the rights offering will be made as soon as practicable after the expiration date. American Stock Transfer & Trust Company, LLC will mail certificates representing ordinary shares purchased in the rights offering to record holders registered on our shareholder register maintained by it promptly after such date. Beneficial owners of our ordinary shares whose shares are held by a nominee, such as a broker, dealer or bank, rather than in their own name, will have any ordinary shares acquired in the rights offering credited to the account of such nominee on such date.

Q: How will this rights offering affect the price of our ordinary shares on NASDAQ?

A: NASDAQ will not reduce the opening price of our ordinary shares at the opening of trading on the NASDAQ Ex-day, which is the first day that our ordinary shares will trade on NASDAQ without entitlement to receive the rights. The NASDAQ Ex-day for the rights offering will be the first trading day on NASDAQ following the record date and therefore will be July 2, 2012.

Q: Who is the subscription agent for the rights offering?

A: The subscription agent is American Stock Transfer & Trust Company, LLC. The address for delivery to the subscription agent is as follows:

If delivering by hand, express mail, courier, or other expedited service:

American Stock Transfer & Trust Company, LLC  
Operations Center  
Attn: Reorganization Department  
6201 15th Avenue  
Brooklyn, New York 11219

If delivering by mail:

American Stock Transfer & Trust Company, LLC  
Operations Center  
Attn: Reorganization Department  
P.O. Box 2042  
New York, New York 10272-2042

Your delivery to the subscription agent to an address other than the address set forth above will not constitute valid delivery and, accordingly, may be rejected by us.

Q: What should I do if I have other questions?

A: If you have any questions or need further information about the rights offering, please contact Zvi Fried, our Chief Financial Officer, at 972-3-572-3111 during normal business hours in Israel. For a more complete description of the rights offering, see “The Rights Offering.”

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## PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company and the rights offering, including “Risk Factors” and our consolidated financial statements and related notes, included elsewhere or incorporated by reference in this prospectus. This summary highlights selected information from this prospectus and does not contain all of the information that may be important to you.

### Our Business

We were incorporated in July 1991 as a corporation under the laws of the State of Israel and are subject to the Israeli Companies Law 1999 - 5759.

We are a leading provider of mobile resource management, or MRM products and services for the automotive and insurance industries. Through our Cellocator segment, we design, develop and produce leading MRM products, which include devices for asset tracking, fleet management and security products for sale to third party operators providing MRM services in Europe, Latin America and Israel, as well as to our Pointer segment. For the communication systems required in our products, we utilize either radio frequency or GPRS/GSM technologies. Through our Pointer segment, we act as an operator primarily in Israel, Argentina, Mexico, Brazil and Romania by bundling our products together with a range of services including stolen vehicle retrieval services and fleet management services, and also provide roadside assistance services and emergency home repair services for sale to insurance companies, fleets and individual customers. In 2011, revenues generated by our Cellocator segment represented 20% of our total revenues, and revenues generated by our Pointer segment represented 80% of our total revenues.

Our principal place of business is located at 14 Hamelacha Street Afek Industrial Park, Rosh Haayin 48091, Israel, and our telephone number is 972-3-572-3111. Our agent for service in the United States is Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711, and their telephone number is 302-738-6680. Our website is [www.pointer.com](http://www.pointer.com). The information on our website is not incorporated by reference into this prospectus.

### Recent Developments

#### Delisting from the Tel Aviv Stock Exchange

In January 2012, we announced that our Board of Directors resolved to delist our ordinary shares from the TASE. The delisting was effective as of April 17, 2012, with the last trading date on the TASE being April 15, 2012. The delisting in Israel does not affect our continued listing on the NASDAQ Capital Market in the United States.

#### Bridge Loan.

To enable us to expand our international operations on May 2, 2012, Bank Hapoalim Ltd. provided us with a bridge loan in the principal amount of US\$1 million (the “Bridge Loan”). The loan is due and payable in full on the earlier of (i) the completion of this rights offering and (ii) December 31, 2012. The loan accrues interest at an annual floating rate of LIBOR plus 3.65%, calculated from the date of the loan, with the interest payable monthly. We intend to use part of the proceeds from this rights offering for the repayment of the bridge loan.

Private Placement

Immediately prior to the filing hereof, we completed the previously announced private placement of 50,000 of our ordinary shares to DBSI, at a price per share of \$2.95, which is equal to the closing price of our ordinary shares on the NASDAQ Capital Market on April 20, 2012 (the last trading day prior to signing the subscription agreement). The sale of 50,000 ordinary shares to DBSI was completed for the purpose of enabling DBSI to hold in excess of 45% of the issued share capital of the Company, thereby enabling it to participate on the same basis as all of the Company's shareholders, in this rights offering. The private placement was approved by our shareholders at an extraordinary general meeting held on June 7, 2012.

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## SUMMARY OF THE RIGHTS OFFERING

### Securities Offered

We are distributing at no charge to the holders of our ordinary shares as of the close of business on June 29, 2012, which we refer to as the record date, subscription rights to purchase up to an aggregate of 644,034 of our ordinary shares. We will distribute one right to the holder of record of every 7.626 ordinary shares that is held by the holder of record on the record date. Based on 4,911,524 shares outstanding on the date hereof, we will issue 644,034 rights in the rights offering. We expect the total subscription price for the subscription rights offered in the rights offering to be approximately \$1.87 million, assuming full participation in the rights offering.

### Basic Subscription Right

Each right, which we refer to as the basic subscription right, entitles the holder to purchase, for the subscription price of \$2.90, one ordinary share. Rights will be rounded down to the nearest whole number and accordingly, no fractional rights will be issued in the rights offering. With respect to ordinary shares registered on our shareholder register maintained by our U.S. transfer agent, including those held in the name of DTC, such rounding will be made with respect to each record and beneficial shareholder.

Rights may only be exercised for whole numbers of ordinary shares; no fractional ordinary shares will be issued in the rights offering.

### Over-Subscription Right

Holders who fully exercise their basic subscription rights will be entitled to subscribe for additional rights that remain unsubscribed as a result of any unexercised basic subscription rights, which we refer to as the over-subscription right. If an insufficient number of shares are available to satisfy fully the over-subscription requests, then the available shares will be distributed proportionately among subscription rights holders who exercised their over-subscription right, based on the number of over-subscription rights to which they subscribed. Any excess subscription price payments will be returned, without interest or deduction, promptly after the expiration of the rights offering.



Record Date	Close of business on June 29, 2012.
Commencement Date of Subscription Period	After 5:00 p.m., New York City time (midnight, Israel time) on June 29, 2012.
Expiration Date of Subscription Period	5:00 p.m., New York City time (midnight, Israel time) on July 26, 2012, unless we decide to terminate the rights offering earlier. We or the subscription agent must actually receive all required documents and payments before that time and date.
Subscription Price	\$2.90 per right, payable in immediately available funds.
Over-subscription Commitment	DBSI, our controlling shareholder, has undertaken to exercise its basic subscription right in full and its over-subscription right in full. As of the date of this prospectus, DBSI beneficially owns approximately 45.5% of our outstanding shares.
Use of Proceeds	The proceeds from the rights offering, less fees and expenses incurred in connection with the rights offering, will be used to repay the Bridge Loan and for general working capital purposes, including supporting our foreign subsidiaries and expanding our existing foreign operations.

Transferability	The rights may not be sold or transferred except by operation of law.
No Recommendation	Our board of directors makes no recommendation to you about whether you should exercise any rights. You are urged to consult your own financial advisors in order to make an independent investment decision about whether to exercise your rights. Please see the section of this prospectus entitled “Risk Factors” for a discussion of some of the risks involved in investing in our securities.
No Revocation	If you exercise any of your basic or over-subscription rights, you will not be permitted to revoke or change the exercise or request a refund of monies paid.
U.S. Federal Income Tax Considerations	A U.S. holder of ordinary shares likely will not recognize any income, gain or loss for U.S. federal income tax purposes in connection with the receipt or exercise of subscription rights. You should consult your own tax advisor as to the particular consequences. For a detailed discussion, see “Material U.S. Federal Income Tax Considerations.”
Israeli Income Tax Considerations	An Israeli holder of ordinary shares likely will not recognize any income, gain or loss for Israeli income tax purposes in connection with the receipt or exercise of subscription rights; however, no tax ruling from the Israeli Income Tax Authority has been or will be sought for the rights offering. You should consult your own tax advisor as to the particular consequences to you of the rights offering. For a detailed discussion, see “Certain Israeli Tax Considerations.”

Termination, Cancellation and Amendment

We may terminate or cancel the offering in our sole discretion at any time on or before July 26, 2012 for any reason (including, without limitation, a change in the market price of our ordinary shares). If the offering is terminated, all rights will expire without value and we will promptly arrange for the refund, without interest or deduction, of all funds received from holders of subscription rights. Any termination or cancellation of the rights offering will be followed as promptly as practicable by an announcement. We may not amend or modify the terms of the rights offering, nor can we extend the expiration date of the rights offering.

Procedure for Exercising Rights

If you are the record holder of our ordinary shares, to exercise your rights you must complete the subscription rights certificate and deliver it to the subscription agent, American Stock Transfer & Trust Company, LLC together with full payment for all the subscription rights (pursuant to both the basic subscription right and the over-subscription right) you elect to exercise. The subscription agent must receive the proper forms and payments on or before the expiration date. You may deliver the documents and payments by mail or commercial courier. If regular mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested. If you are a record holder that resides in Israel, rather than exercising via the subscription agent, you may, at your option, exercise your subscription rights by delivering your executed subscription rights certificate to our offices in Rosh Haayin, Israel, accompanied by evidence of a wire transfer to Pointer Telocation Ltd. Payment to us should be denominated in U.S. dollars .

If you are a beneficial owner of our ordinary shares and hold them through a broker, dealer, bank or other nominee, you should instruct your broker, dealer, bank or other nominee in accordance with the procedures described in the section of this prospectus entitled “The Rights Offering – Methods for Exercising Rights--Shareholders Whose Ordinary Shares are Held by a Nominee”.

U.S. Subscription Agent	American Stock Transfer & Trust Company, LLC
Questions	If you have any questions or need further information about the rights offering, please contact Zvi Fried, our Chief Financial Officer at 972-3-572-3111, during normal business hours in Israel.
Shares Outstanding on the Date of this Prospectus	4,911,524 shares outstanding as of the date of this prospectus (which excludes 317,016 ordinary shares issuable upon the exercise of outstanding options).
Shares Outstanding after Completion of the Rights Offering	5,555,558 of our ordinary shares will be outstanding immediately after the completion of the rights offering, assuming full participation in the rights offering (which excludes 317,016 ordinary shares issuable upon the exercise of outstanding options).
Issuance of Our Ordinary Shares	<p>The issuance of ordinary shares purchased in the rights offering will be made as soon as practicable after the expiration date.</p> <p>American Stock Transfer &amp; Trust Company, LLC will mail certificates representing ordinary shares purchased in the rights offering to record holders registered on our shareholder register maintained by it promptly after such date. Beneficial owners of our ordinary shares whose shares are held by a nominee will have any ordinary shares acquired in the rights offering credited to the account of such nominee on such date.</p>

Risk Factors	Shareholders considering making an investment in our securities should consider the risk factors described in the section of this prospectus entitled “Risk Factors.”
Fees and Expenses	We will bear the fees and expenses relating to the rights offering.
Trading Market	Our ordinary shares are listed on the NASDAQ Capital Market under the ticker symbol “PNTR.” The ordinary shares issued in the rights offering will also be listed for trading on the NASDAQ Capital Market. The rights will not be listed on any trading market.

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## FORWARD-LOOKING STATEMENTS

This prospectus, including the information incorporated by reference into this prospectus, contains, and any prospectus supplement may contain, forward-looking statements within the meaning of the federal securities laws. The use of the words “projects,” “expects,” “may,” “plans” or “intends,” or words of similar import, identifies a statement as “forward-looking.” The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on the assumption that we will not lose a significant customer or customers or experience increased fluctuations of demand or rescheduling of purchase orders, that our markets will be maintained in a manner consistent with our historical experience, that our products will remain accepted within their respective markets and will not be replaced by new technology, that competitive conditions within our markets will not change materially or adversely, that we will retain key technical and management personnel, that our forecasts will accurately anticipate market demand, and that there will be no material adverse change in our operations or business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. In addition, our business and operations are subject to substantial risks which increase the uncertainty inherent in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. Factors that could cause actual results to differ from our expectations or projections include the risks and uncertainties relating to our business described in this prospectus at “Risk Factors.” We caution you to carefully consider these risks and not to place undue reliance on our forward-looking statements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and we assume no responsibility for updating any forward-looking statements.

## RISK FACTORS

An investment in our securities is speculative and involves a high degree of risk. Therefore, you should not invest in our securities unless you are able to bear a loss of your entire investment. You should carefully consider the risk factors described in our periodic reports filed with the SEC, including those specified in Item 3 to our Annual Report on Form 20-F for the year ended December 31, 2011, filed with the SEC on March 29, 2012 in the section captioned “Risk Factors”, which is incorporated by reference in this prospectus, as well as the risk factors set forth below. You should carefully consider these risks together with the other information in this prospectus before deciding to invest in our securities.

### Risks Relating to the Rights Offering

Your interest in our company may be diluted as a result of the rights offering.

Holders of ordinary shares who do not fully exercise their respective rights should expect that they will, at the completion of the rights offering, own a smaller proportional interest in our company than would otherwise be the case had they fully exercised their subscription rights.

Certain of our directors beneficially own a substantial percentage of our ordinary shares, which may increase if the offering is completed.

DBSI, our controlling shareholder, beneficially owns 2,237,191 ordinary shares, or approximately 45.5%, of our outstanding ordinary shares as of the date hereof. As office holders of DBSI, two of our directors, Mr. Yossi Ben Shalom and Barak Dotan may be considered the beneficial owners of the shares owned by DBSI. DBSI has undertaken to exercise its basic subscription right in full and its over-subscription right in full. As a result, if the offering is completed, the beneficial ownership of DBSI will likely increase. This concentration of ownership of our ordinary shares could delay or prevent mergers, tender offers, or other purchases of our ordinary shares that might otherwise give our shareholders the opportunity to realize a premium over the then-prevailing market price for our ordinary shares. This concentration of ownership may also adversely affect our share price.

The rights offering may cause the price of our ordinary shares to decrease.

The subscription price, together with the number of ordinary shares we propose to issue and ultimately will issue if the rights offering is completed, may result in an immediate decrease in the market value of our ordinary shares. This decrease may continue after the completion of the rights offering. If that occurs, you may have committed to buy ordinary shares in the rights offering at a price greater than the prevailing market price. Further, if a substantial number of rights are exercised and the holders of the ordinary shares received upon exercise of those rights choose to sell some or all of those ordinary shares, the resulting sales could depress the market price of our ordinary shares. Following the exercise of your rights you may not be able to sell your ordinary shares at a price equal to or greater than the subscription price.

You could be committed to buying ordinary shares above the prevailing market price.

Once you exercise your basic and any over-subscription rights, you may not revoke such exercise (unless we amend the terms of the rights offering) even if you later learn information that you consider to be unfavorable to the exercise of your rights. The market price of our ordinary shares may decline prior to the expiration of the rights offering or a subscribing rights holder may not be able to sell ordinary shares purchased in the rights offering at a price equal to or greater than the subscription price.

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If we terminate the rights offering for any reason, we will have no obligation other than to return subscription monies promptly.

We may decide, in our discretion and for any reason, to cancel or terminate the rights offering at any time prior to the expiration date. If the rights offering is terminated, we will have no obligation with respect to rights that have been exercised except to return promptly, without interest or deduction, the subscription monies deposited with the subscription agent or us. If we terminate the rights offering, all rights will expire worthless.

Our ordinary share price may be volatile as a result of the rights offering.

The trading price of our ordinary shares may fluctuate substantially. The price of the ordinary shares that will prevail in the market after the rights offering may be higher or lower than the subscription price depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the factors described under “– Risks Relating to Our Ordinary Shares - Volatility of the market price of our ordinary shares could adversely affect our shareholders and us.”

The subscription price determined for the rights offering is not an indication of the value of our ordinary shares.

The subscription price for the ordinary shares in the rights offering was set by our board of directors and does not necessarily bear any relationship to the book value of our assets, results of operations, cash flows, losses, financial condition or any other established criteria for value. You should not consider the subscription price as an indication of the value of our ordinary shares. After the date of this prospectus, our ordinary shares may trade at prices above or below the subscription price.

We will have broad discretion in the use of the net proceeds from the rights offering and may not use the proceeds effectively.

We plan to use the proceeds of the rights offering primarily to repay the Bridge Loan and for general working capital purposes, including supporting our foreign subsidiaries and expanding our existing foreign operations. However, we will not be restricted to such uses and will have broad discretion in determining how the proceeds of the rights offering will be used. Our discretion is not substantially limited by the uses set forth in this prospectus in the section entitled “Use of Proceeds.” While our board of directors believes the flexibility in application of the net proceeds is prudent, the broad discretion it affords entails increased risks to the investors in the rights offering. Investors in the rights offering have no current basis to evaluate the possible merits or risks of any application of the net proceeds of the rights offering. Our shareholders may not agree with the manner in which we choose to allocate and spend the net proceeds.

If you do not act on a timely basis and follow subscription instructions, your exercise of rights may be rejected.

Holders of record of our ordinary shares who desire to purchase our ordinary shares in the rights offering must act on a timely basis to ensure that all required forms and payments are actually received by the subscription agent or us prior to 5:00 p.m., New York City time (midnight, Israel time), on the expiration date (July 26, 2012). If you are a beneficial owner of ordinary shares and you wish to exercise your rights, you must act promptly to ensure that your broker, dealer, bank or other nominee acts for you and that all required forms and payments (to the extent payment is then required by your nominee) are actually received by your broker, dealer, bank or other nominee in sufficient time to exercise the rights granted in the rights offering that you beneficially own prior to 5:00 p.m., New York City time (midnight, Israel time) on the expiration date. We will not be responsible if your broker, dealer, bank, or other nominee fails to meet this deadline.

If you fail to follow the subscription procedures that apply to your exercise in the rights offering, we may, depending on the circumstances, reject your subscription or accept it only partially. Neither we, nor the subscription agent, undertake to contact you concerning an incomplete or incorrect subscription form or payment, nor are we under any obligation to correct such forms or payment. We have the sole discretion to determine whether a subscription exercise properly follows the subscription procedures.

You may not receive any, or all of, the amount of rights for which you over-subscribed.

Holders who fully exercise their basic subscription rights will be entitled to subscribe for additional rights that remain unsubscribed as a result of any unexercised basic subscription rights. Over-subscription rights will be allocated pro rata among rights holders who over-subscribed, based on the number of over-subscription rights to which they subscribed. You may not receive any, or all of, the amount of rights for which you over-subscribed. If the prorated amount of rights allocated to you in connection with your over-subscription right is less than your over-subscription request, then the excess funds held by the subscription agent or us on your behalf will be returned to you promptly without interest or deduction and we will have no further obligations to you.

The receipt of rights may be treated as a taxable distribution to you.

We believe that the distribution of subscription rights in the rights offering likely will be non-taxable under U.S. federal income tax laws. However, this position is not binding on the Internal Revenue Service or the courts, and if the rights offering were deemed to be part of a “disproportionate distribution” under U.S. income tax laws, a U.S. holder’s receipt of subscription rights in the rights offering could be taxable. Each U.S. holder of ordinary shares is urged to consult his, her or its own tax advisor with respect to the particular tax consequences of the rights offering to him, her or it. Please see the discussion under “Material U.S. Federal Income Tax Considerations” below.

The distribution of subscription rights in the rights offering likely will be non-taxable under Israeli income tax laws. Please see the discussion under “Certain Israeli Tax Considerations” below. However, no tax ruling from the Israeli Income Tax Authority will be sought for the rights offering. Each Israeli resident holder of ordinary shares is urged to consult his, her or its own tax advisor with respect to the particular tax consequences of the rights offering to him, her or it.

#### USE OF PROCEEDS

We estimate that the net proceeds from the rights offering will be approximately \$1.79 million, assuming full participation in the rights offering and after deducting expenses related to the rights offering payable by us estimated at approximately \$80,000.

We intend to use the net proceeds received from the exercise of the rights primarily to repay the Bridge Loan and for general working capital purposes, including supporting our foreign subsidiaries and expanding our existing foreign operations.

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## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization as of March 31, 2012 (i) on an actual basis and (ii) on an as adjusted basis to give effect to (a) the issuance of 50,000 ordinary shares to DBSI, our controlling shareholder, in a private placement that was completed immediately prior to the filing hereof at a price of \$2.95 per share for aggregate proceeds of \$147,500, (b) the issuance of 644,034 ordinary shares in the rights offering, assuming the exercise of all of the subscription rights at a subscription price of \$2.90 per ordinary share with aggregate proceeds of approximately \$1.87 million, (c) the receipt of the Bridge Loan in the amount of \$1 million and the repayment of the Bridge Loan in the amount of \$1.012 million, including interest, and (d) the receipt by us of aggregate net proceeds of approximately \$1.935 million from the private placement and the rights offering after deducting our payment of estimated offering expenses.

You should read the table together with our audited financial statements for the year ended December 31, 2011 and notes thereto, included in our Annual Report on Form 20-F for the year ended December 31, 2011 and our earnings report for the first quarter of 2012.

	As of March 31, 2012	
	Actual	As Adjusted
	(U.S. dollars in thousands)	
	Unaudited	
Cash and cash equivalents	\$ 764	\$ 2,699
Total current assets	25,029	26,964
Shareholders' Equity		
Share Capital		
Ordinary shares of NIS 3 par value;		
Authorized: 8,000,000 shares; Issued and outstanding actual: 4,861,524 shares; Issued and outstanding, as adjusted 5,555,558	3,354	3,892
Additional paid-in capital	118,697	120,094
Accumulated other comprehensive income	1,420	1,420
Accumulated Deficit	(96,580)	(96,580)
Total Pointer Telocation Ltd's shareholders' equity	\$ 26,891	\$ 28,826

## MARKETS AND SHARE PRICE HISTORY

Between June 1994 and April 1997, and commencing again on October 31, 1997, until August 2002, our ordinary shares were quoted on NASDAQ Capital Market. Between April 17, 1997 and October 30, 1997, and commencing again as of August 2002, our shares were traded on the OTC Bulletin Board. On November 16, 2005, our ordinary shares resumed trading on the NASDAQ Capital Market under the symbol NXUS and on February 21, 2006 our ordinary shares began trading under a new symbol, PNTR. The table below sets forth the high and low prices of our ordinary shares in U.S. dollars, as reported by the NASDAQ Capital Market during the indicated periods.

Period	High	Low
Last six calendar months		
May 2012	2.89	2.25
April 2012	3.05	2.60
March 2012	3.10	2.65
February 2012	3.12	2.85
January 2012	4.00	3.17
December 2011	4.35	3.2
Financial quarters during the past two years		
First Quarter 2012	4.18	2.72
Fourth Quarter 2011	4.74	3.20
Third Quarter 2011	5.00	3.71
Second Quarter 2011	6.42	4.43
First Quarter 2011	6.25	4.80
Fourth Quarter 2010	7.09	6.04
Third Quarter 2010	7.46	6.24
Second Quarter 2010	7.70	5.72
Five most recent financial years		
2011	6.42	3.20
2010	7.70	5.72
2009	7.00	2.73
2008	7.20	2.70
2007	14.53	6.00

On December 19, 2006, we commenced listing our ordinary shares on the Tel Aviv Stock Exchange, or TASE, in Israel under the symbol "PNTR". However, our ordinary shares were delisted from the TASE effective as of April 17, 2012, with the last trading date on the TASE being April 15, 2012. The delisting in Israel does not affect our continued listing on the NASDAQ Capital Market in the United States.

The following table sets forth, for the periods indicated, the high and low reported sales prices, in NIS, of our ordinary shares on the TASE:

Period	High	Low
Last six calendar months		
April 2012 (through April 16)	11	10
March 2012	12	10
February 2012	11	10
January 2012	15	12
December 2011	14	13
November 2011	16	14
October 2011	17	15
Financial quarters during the past two years		
First Quarter 2012	15	10
Fourth Quarter 2011	17	13
Third Quarter 2011	18	13
Second Quarter 2011	22	15
First Quarter 2011	23	18
Fourth Quarter 2010	26	22
Third Quarter 2010	29	25
Second Quarter 2010	30	22
Five most recent full financial years		
2011	23	13
2010	30	22
2009	27	11
2008	27	11
2007	58	23

## DILUTION

Purchasers of our ordinary shares in the rights offering will experience an immediate dilution of the net tangible book value per ordinary share. Our net tangible book value as of March 31, 2012 was approximately \$26,891,000, or \$5.53 per ordinary share (based upon 4,861,524 of our ordinary shares outstanding as of such date). Net tangible book value per share is equal to our total net tangible book value, which is our total tangible assets less our total liabilities, divided by the number of our ordinary shares outstanding. Dilution per share equals the difference between the amount per share paid by purchasers of ordinary shares in the rights offering and the net tangible book value per ordinary share immediately after the rights offering.

Based on an offering of 644,034 ordinary shares at an offering price of \$2.90 per share and after deducting estimated offering expenses payable by us of approximately \$80,000, and the application of the estimated \$1.79 million of net proceeds from the rights offering and \$147,500 proceeds from the sale of 50,000 ordinary shares in a private placement to DBSI, our controlling shareholder, that was completed immediately prior to the filing hereof, our pro forma net tangible book value as of March 31, 2012 would have been approximately \$28.8 million or \$5.19 per share. This represents an immediate dilution in pro forma net tangible book value to existing shareholders of \$0.34 per ordinary share and an immediate increase to purchasers in the rights offering of \$2.29 per ordinary share.

The following table illustrates this per share increase to reflect the completion of the private placement of 50,000 of our ordinary shares to DBSI, at a price of \$2.95 per share, and assuming a fully subscribed rights offering of 644,034 ordinary shares at the subscription price of \$2.90 per share:

Subscription price		\$	2.90
Net tangible book value per ordinary share prior to the rights offering			\$5.53
Dilution in net tangible book value per ordinary share attributable to the rights offering			\$0.34
Pro forma net tangible book value per share after the rights offering		\$	5.19
Increase in net tangible book value per share to purchasers		\$	2.29

## THE RIGHTS OFFERING

### Terms of the Offer

We are distributing at no charge to the holders of our ordinary shares as of the close of business on June 29, 2012, subscription rights to purchase up to an aggregate of 644,034 of our ordinary shares. We expect the total subscription price for the rights offered in the rights offering to be approximately \$1.87 million, assuming full exercise of all the subscription rights. See below for additional information regarding subscription by DTC participants.

Each shareholder is being issued one right for every 7.626 ordinary shares owned on the record date. Each right carries with it a basic subscription right and an over-subscription right. Rights will be rounded down to the nearest whole number and accordingly, no fractional rights will be issued in the rights offering. See below “Fractional Securities.”

Each right entitles the holder to purchase, at the subscription price of \$2.90, one ordinary share. We refer to this as the basic subscription right.

Holders who fully exercise their basic subscription rights will be entitled to subscribe for additional rights that remain unsubscribed as a result of any unexercised basic subscription rights. We refer to this as the over-subscription right. You must exercise your rights with respect to the basic subscription right and the over-subscription right at the same time. Over-subscription rights will be allocated pro rata among rights holders who over-subscribed, based on the number of over-subscription rights to which they subscribed. Your rights may only be exercised for whole numbers of ordinary shares; no fractional ordinary shares will be issued in the rights offering. See below “Fractional Securities.”

You may be subject to certain regulatory requirements if, as a result of the exercise of your subscription rights, you reach certain holding thresholds of beneficial ownership of our ordinary shares. For example, if your exercise of subscription rights results in you beneficially owning more than 5% of our ordinary shares, you may be required to file a Schedule 13D or Schedule 13G with the U.S. Securities and Exchange Commission.

The rights are exercisable beginning after 5:00 p.m., New York City time on June 29, 2012 and ending on July 26, 2012 at 5:00 p.m., New York City time, unless we decide to terminate the rights offering earlier. If you are a beneficial owner of our ordinary shares and hold them through a broker, dealer, bank or other nominee (including a member of DTC), rather than in your own name, and you wish to exercise your subscription rights, you should contact your nominee to exercise your subscription rights sufficiently in advance of the expiration of the subscription period in order to ensure timely delivery of a subscription rights certificate reflecting your exercise. Your nominee will instruct you as to the proper time and form of payment of the subscription price. Any rights not exercised at or before the applicable time will expire without any payment to the holders for those unexercised rights. See “The Rights Offering – Methods for Exercising Rights--Shareholders Whose Ordinary Shares are Held by a Nominee.”

The rights will be evidenced by subscription rights certificates which will be mailed to shareholders. The subscription rights will not be tradable on any stock exchange or market.



For purposes of determining the number of rights a holder may acquire in the rights offering, holders whose ordinary shares are held of record by Cede & Co. will be deemed to be the holders of the rights that are issued to Cede & Co.

There is no minimum subscription amount.

#### Allocation and Exercise of Over-Subscription Rights

In order to properly exercise an over-subscription right, a rights holder must: (i) exercise its basic subscription right in full, (ii) indicate on its subscription rights certificate that it submits with respect to the exercise of the rights issued to it how many additional ordinary shares it is willing to acquire pursuant to its over-subscription right and (iii) concurrently deliver the subscription payment related to its over-subscription right at the time it makes payment for its basic subscription right in accordance with the procedures described in this prospectus.

If there are sufficient remaining rights, all over-subscription requests will be honored in full. If requests for rights pursuant to the over-subscription right exceed the remaining rights available, the available remaining rights will be allocated pro rata among rights holders who over-subscribe based on the number of over-subscription rights to which they subscribe. The percentage of remaining rights each over-subscribing rights holder may acquire will be rounded down to result in delivery of whole ordinary shares. The allocation process will assure that the total number of remaining rights available for over-subscriptions is distributed on a pro rata basis. The formula to be used in allocating the available over-subscription rights is as follows:

$$\begin{array}{l} \text{[Number of} \\ \text{Over-Subscription Rights} \\ \text{Subscribed for by an} \\ \text{Exercising Rights Holder]} \\ \text{[Total Number of} \\ \text{Over-Subscription Rights} \\ \text{Subscribed for by All} \\ \text{Exercising Rights Holders]} \end{array} \quad \times \quad \begin{array}{l} \text{Total Rights Available for} \\ \text{Rights Holders} \\ \text{Exercising Their} \\ \text{Over-Subscription Right} \end{array}$$

Rights payments for basic subscriptions and over-subscriptions will be segregated upon receipt by the subscription agent or us, as applicable, pending a final determination of the number of ordinary shares to be issued pursuant to the over subscription right. If the prorated amount of rights allocated to you in connection with your over-subscription right is less than your over-subscription request, then the excess funds held by the subscription agent or us on your behalf will be returned to you promptly without interest or deduction.

Brokers, dealers, banks and other nominee holders of rights, including DTC members, will be required to certify to the subscription agent before any over-subscription right may be exercised with respect to any particular beneficial owner as to (i) the number of rights exercised pursuant to such beneficial owner's basic subscription right and (ii) the number of rights subscribed for pursuant to the over-subscription right of such beneficial owner.

We will not offer or sell in connection with the rights offering any ordinary shares that are not subscribed for pursuant to the basic subscription right or the over-subscription right.

### Fractional Securities

We will issue only whole numbers of securities in the rights offering. Accordingly, if you are entitled to receive a fraction of a subscriptions right in the rights offering, we will round down to the nearest whole number. With respect to ordinary shares registered on our shareholder register maintained by our U.S. transfer agent, including those held in the name of DTC, such rounding will be made with respect to each record and beneficial shareholder.

Rights may only be exercised for whole numbers of ordinary shares; no fractional ordinary shares will be issued in the rights offering.

### Over-subscription Commitment

DBSI, our controlling shareholder, has undertaken to exercise its basic subscription right in full and its over-subscription right in full. As of the date of this prospectus, DBSI beneficially owns approximately 45.5% of our outstanding shares.

### Expiration of the Rights Offering

You may exercise your subscription rights at any time before 5:00 p.m., New York City time on July 26, 2012, unless we decide to terminate the rights offering earlier. We may not extend the expiration date of the rights offering.

If you are a beneficial owner of our ordinary shares and hold them through a broker, dealer, bank or other nominee (including a member of DTC), rather than in your own name, and you wish to exercise your subscription rights, you should contact your nominee to exercise your subscription rights sufficiently in advance of the expiration of the subscription period in order to ensure timely delivery of a subscription rights certificate reflecting your exercise. Your nominee will instruct you as to exercising your basic and over-subscription rights and as to the proper time and form of payment of the subscription price. See "Methods of Exercise of Rights for Record Holders" for the deadlines and other details regarding exercising subscription rights.

Any rights not exercised at or before the applicable time will have no value and expire without any payment to the holders for those unexercised rights. We will not be obligated to honor your exercise of subscription rights if the subscription agent or Pointer receives the documents relating to your exercise after the rights offering expires, regardless of when you transmitted the documents.

### Revocation, Termination and Amendment of the Rights Offering

**No Revocation.** Once you send in your subscription rights certificate and payment, you cannot revoke the exercise of either your basic or over-subscription rights, even if the market price of our ordinary shares is below the \$2.90 per share subscription price. You should not exercise your subscription rights unless you are certain that you wish to purchase additional ordinary shares at the proposed subscription price.

**Termination; Cancellation.** We may cancel or terminate the rights offering in our sole discretion at any time prior to 5:00 p.m. New York City time (midnight, Israel time) on July 26, 2012, for any reason (including, without limitation, a change in the market price of our ordinary shares). Any cancellation or termination of the rights offering will be followed as promptly as practicable by an announcement.

No Amendments. We may not amend or modify the terms of the rights offering, nor can we extend the expiration date of the rights offering.

#### Reasons for the Rights Offering; Determination of the Offering Price

We are making the rights offering to raise funds to repay the Bridge Loan and for general working capital purposes, including supporting our foreign subsidiaries and expanding our existing foreign operations. Although we believe that the rights offering will strengthen our financial condition, our board of directors is not making any recommendation as to whether you should exercise your subscription rights.

In approving the rights offering, our board of directors determined that the subscription price should be designed to provide an incentive to our current shareholders to exercise their rights in the rights offering. Other factors considered in setting the subscription price included the amount of proceeds desired, our need for equity capital, the market price of our ordinary shares at the time the price was established, our business prospects, alternatives available to us for raising equity capital, and the liquidity of our ordinary shares.

The subscription price does not necessarily bear any relationship to any other established criteria for value. You should not consider the subscription price as an indication of value of our company or our ordinary shares. You should not assume or expect that, after the rights offering, our ordinary shares will trade at or above the subscription price in any given time period. The market price of our ordinary shares may decline during or after the rights offering, and you may not be able to sell the shares of our ordinary shares purchased during the rights offering at a price equal to or greater than the subscription price. You should obtain a current quote for our ordinary shares before exercising your subscription rights and make your own assessment of our business and financial condition, our prospects for the future, and the terms of this rights offering. On June 18, 2012, the last reported sale price of our ordinary shares on the NASDAQ Capital Market was \$2.90 per share.

#### Methods of Exercise of Rights for Record Holders

American Stock Transfer & Trust Company, LLC will act as the U.S. subscription agent in connection with the rights offering with respect to holders of our ordinary shares that are registered on our shareholder register maintained by American Stock Transfer & Trust Company, LLC the transfer agent of our ordinary shares, including shares registered in the name of Cede & Co for the benefit of brokers, dealers, banks and other nominees. The subscription agent will receive for its administrative, processing, invoicing and other services a fee estimated to be approximately \$12,500 plus reimbursement for all reasonable out-of-pocket expenses related to the rights offering.

Rights are evidenced by subscription rights certificates that will be mailed to record date shareholders registered on our shareholder register maintained by American Stock Transfer & Trust Company, LLC. The rights certificate will be accompanied by a copy of this prospectus, and on the back of the rights certificate will be a rights exercise form.

If you are a record owner of our ordinary shares, you may exercise your rights by delivering a signed exercise form on the back of your rights certificate to American Stock Transfer & Trust Company, LLC, together with payment in full of the subscription price for all shares subscribed for through the exercise of the subscription right and the over-subscription right, by 5:00 p.m., New York City time (midnight Israel time), on July 26, 2012. Completed subscription rights certificates of record holders and payment for the exercise of your rights must be sent to the subscription agent by one of the methods described below.

If delivering by hand, express mail, courier, or other expedited service:

American Stock Transfer & Trust Company, LLC  
Operations Center  
Attn: Reorganization Department  
6201 15th Avenue  
Brooklyn, New York 11219

If delivering by mail:

American Stock Transfer & Trust Company, LLC  
Operations Center  
Attn: Reorganization Department  
P.O. Box 2042  
New York, New York 10272-2042

If you are a US record holder, delivery to an address other than the address listed above will not constitute valid delivery and, accordingly, may be rejected by us.

All payments to the subscription agent must be in U.S. dollars by bank check drawn upon a United States or foreign bank or branch and payable to "American Stock Transfer & Trust Company, LLC, as Subscription Agent." Payment also may be made by wire transfer to the account maintained by American Stock Transfer & Trust Company, LLC for this rights offering at JP Morgan Chase, ABA # 021000021, A/C # 530-354624; Beneficiary: American Stock Transfer; Reference: "AST as Depository Agent for Pointer Telocation Ltd."; JP Morgan Chase swift code: CHASUS33, with reference to the rights holder's name.

If you are a holder of our ordinary shares that is registered on our shareholder register maintained by American Stock Transfer & Trust Company, LLC and you reside in Israel, rather than exercising via the subscription agent, you may, at your option, exercise your subscription rights by delivering your executed subscription rights certificate to our offices at 14 Hamelacha Street, Afek Industrial Park, Rosh Haayin 48091, Israel, Attention: Zvi Fried, CFO, accompanied by evidence of a wire transfer. Payment to us must be denominated in U.S. dollars. Any wire transfer to us should be sent to the following account of Pointer Telocation Ltd.: Bank Hapoalim, 50 Rothschild, Tel Aviv, Branch 600; Account No. 543203; IBAN: IL59-0126-0000-0000-0543-203; Swift Code: POALILIT, Reference: "Rights Offering" with reference to the rights holder's name. Completed subscription rights certificates and related payments must be received by us prior to 5:00 p.m., New York City time (midnight, Israel time), on July 26, 2012. We may agree to accept other forms of payment requested by you.

The subscription agent or we, as applicable, will segregate all funds received prior to the final payment date pending proration and distribution of the ordinary shares.



The method of delivery of subscription rights certificates and payment of the subscription price to the subscription agent or us will be at the election and risk of the participating rights holders, but if sent by mail it is recommended that such certificates and payments be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the subscription agent or us and clearance of payment prior to 5:00 p.m., New York City time (midnight, Israel time), on July 26, 2012.

Whichever of the methods described above is used, issuance of the ordinary shares is subject to collection of checks and actual payment.

If a participating rights holder who subscribes for shares as part of the subscription right or over-subscription right does not make payment of any amounts due by the expiration date, the subscription agent or Pointer, as applicable, reserves the right to take any or all of the following actions: (i) reallocate the ordinary shares to other participating rights holders in accordance with the over-subscription right; (ii) apply any payment actually received by it from the participating rights holder toward the purchase of the greatest whole number of ordinary shares which could be acquired by such participating rights holder upon exercise of the basic subscription and any over-subscription right; and/or (iii) exercise any and all other rights or remedies to which it may be entitled, including the right to set off against payments actually received by it with respect to such subscribed for ordinary shares.

#### Exercise of Rights by Beneficial Owners Who Are Not Record Holders

If you are a beneficial owner of our ordinary shares and hold them through a broker, dealer, bank or other nominee (including a member of DTC), rather than in your own name, you should expect your broker, dealer or other nominee to notify you of this rights offering and the procedures for exercising or transferring your rights. If you wish to exercise your subscription rights, you should contact your nominee to exercise your subscription rights sufficiently in advance of the expiration of the subscription period in order to ensure timely delivery of a subscription rights certificate reflecting your exercise. Your nominee will instruct you as to the proper time and form of payment of the subscription price. In that case, the nominee will complete the subscription rights certificate on behalf of the record date shareholder and arrange for proper payment.

#### Nominee Holders

If you are a broker, a trustee or a depository for securities that holds our ordinary shares for the account of others as a nominee holder, you should notify the respective beneficial owners of such shares as soon as possible of the issuance of the rights to find out such beneficial owners' intentions. You should obtain instructions from the beneficial owner with respect to the rights, as set forth in the instructions we have provided to you for your distribution to beneficial owners. If the beneficial owner so instructs, you should complete the appropriate subscription certificates. A nominee holder that holds shares for the account(s) of more than one beneficial owner may exercise the number of rights to which all such beneficial owners in the aggregate otherwise would have been entitled if they had been direct record holders of our ordinary shares on the record date, so long as the nominee submits the appropriate subscription certificates and certifications and proper payment to us.

## General

All questions as to the timeliness, validity, form, eligibility (including times of receipt and matters pertaining to beneficial ownership) and the acceptance of subscription forms and the subscription price will be determined by us, which determinations will be final and binding. No alternative, conditional or contingent subscriptions will be accepted.

We reserve the right to reject any exercise if such exercise is not in accordance with the terms of the rights offering or not in proper form or if the acceptance thereof or the issuance of our ordinary shares thereto could be deemed unlawful. We reserve the right to waive any deficiency or irregularity with respect to any subscription rights certificate. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as we determine in our sole discretion. We will not be under any duty to give notification of any defect or irregularity in connection with the submission of subscription rights certificates or incur any liability for failure to give such notification.

## Rights Not Transferable

The subscription rights may not be sold or transferred except by operation of law and will not be tradable on any trading market.

## Delivery of Share Certificates

The issuance of ordinary shares purchased in the rights offering will be made as soon as practicable after the expiration date.

If you are a record holder and the subscription agent has received your duly completed exercise form and your payment has cleared, certificates representing the ordinary shares that you acquired in the rights offering will be mailed to you promptly after such date.

Beneficial owners of our ordinary shares whose shares are held by a nominee, such as a broker, dealer or bank, rather than in their own name, will have any ordinary shares acquired in the rights offering credited to the account of such nominee on such date. Shareholders whose ordinary shares are held of record by Cede & Co. on their behalf or on behalf of their broker, dealer, bank or other nominee that is a DTC member will have any ordinary shares that they acquire in the rights offering issued in the name of Cede & Co.

## Our Share Price Following the Rights Offering

NASDAQ will not reduce the opening price of our ordinary shares at the opening of trading on the NASDAQ Ex-day, which is the first day that our ordinary shares will trade on NASDAQ without entitlement to receive the rights. The NASDAQ Ex-day for the rights offering will be the first trading day on NASDAQ following the record date and therefore will be July 2, 2012.

## ERISA and Tax Considerations for U.S. Retirement Plans

Under the Employee Retirement Income Security Act of 1974, as amended, or ERISA, fiduciary responsibility requirements may impact the exercise of rights by fiduciaries acting on behalf of U.S. retirement and other employee benefit plans. Any fiduciary of such a plan should carefully consider, taking into account the facts and circumstances of the plan, whether exercising subscription rights is consistent with its fiduciary responsibilities under ERISA, including, among other considerations, whether exercising such rights is consistent with prudence and diversification requirements of the plan and permitted under the plan instruments and investment policy, and whether the exercise is solely in the interest of the participants and beneficiaries of the plan.

Moreover, ERISA and the Internal Revenue Code of 1986, as amended, or the Code, contain prohibited transaction rules that may preclude the exercise of rights by employee benefit plans and other plans that are subject to Section 4975 of the Code, including, individual retirement accounts, or IRAs. Specifically, these rules prohibit transactions between a plan and persons who have certain specified relationships to the plan, that is “parties in interest” to plans subject to ERISA and “disqualified persons” to plans subject to Section 4975 of the Code. The U.S. Department of Labor, or the DOL, has issued exemptions for certain prohibited transactions, and subscription rights exercised pursuant to and in accordance with one or more prohibited transaction class exemptions, or PTCEs, may be exempt, including, PTCE 84-14 (an exemption for certain transactions determined by independent qualified professional asset manager, PTCE 90-1 (an exemption for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (an exemption for certain transactions involving bank collective investment funds), PTCE 95-60 (an exemption for certain transactions involving insurance company general accounts), and PTCE 96-23 (an exemption for certain transactions effected by in-house asset managers). If the exercise of subscription rights on behalf of a plan were to be a non-exempt prohibited transaction, the purchase of ordinary shares might have to be rescinded. Moreover, under certain circumstances, a prohibited transaction with an IRA could disqualify the IRA for tax purposes.

The retirement plans of U.S. governmental entities or churches may be subject to fiduciary requirements and prohibited transaction rules similar to the above, under other applicable laws. In addition, plans should also be aware that if they borrow in order to finance the exercise of subscription rights, the plans may become subject to the tax on unrelated business income under Section 511 of the Code. If any portion of an IRA is used as security for a loan, the portion so used is treated as distributed to the IRA owner for tax purposes.

Due to the complexity of the foregoing rules and the penalties for noncompliance, persons exercising subscription rights on behalf of plans should consult with their counsel and other advisers regarding the consequences of their exercise of rights under ERISA and Code.

### If You Have Questions

If you have any questions or need further information about the rights offering, or for additional copies of this prospectus or subscription rights certificates, please contact Zvi Fried, our Chief Financial Officer, at 972-3-572-3111 during normal business hours in Israel.



## MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the material U.S. federal income tax consequences of the receipt, ownership, exercise, and expiration of subscription rights distributed to U.S. Holders (as defined below) pursuant to the rights offering. This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, the final, temporary and proposed U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof and the U.S./Israel Income Tax Treaty, all as of the date hereof and all of which are subject to change (possibly with retroactive effect) or different interpretations. For purposes of this summary, a “U.S. Holder” will be deemed to refer only to any of the following holders of our ordinary shares:

- o an individual who is either a U.S. citizen or a resident of the United States for U.S. federal income tax purposes;
- o a corporation or other entity taxable as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States or any political subdivision thereof;
- o an estate the income of which is subject to U.S. federal income tax regardless of the source of its income; and
- o a trust, if (a) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This summary does not consider all aspects of U.S. federal income taxation that may be relevant to particular U.S. Holders by reason of their particular circumstances, including potential application of the U.S. federal alternative minimum tax, any aspect of state, local or non-U.S. federal tax laws or U.S. federal tax laws other than U.S. federal income tax laws. In addition, this summary is directed only to U.S. Holders who hold our ordinary shares as “capital assets” within the meaning of Section 1221 of the Code and does not address the considerations that may be applicable to particular classes of U.S. Holders, including financial institutions, regulated investment companies, real estate investment trusts, pension funds, insurance companies, broker-dealers, tax-exempt organizations, grantor trusts, partnerships or other pass-through entities and partners or other equity owners in such partnerships or pass-through entities, U.S. Holders whose functional currency is not the U.S. dollar, U.S. Holders who have elected mark-to-market accounting, U.S. Holders who acquired our ordinary shares through the exercise of options or otherwise as compensation, U.S. Holders who hold our ordinary shares as part of a “straddle,” “hedge” or “conversion transaction,” U.S. Holders selling our ordinary shares short, U.S. Holders deemed to have sold our ordinary shares in a “constructive sale,” and U.S. Holders, directly, indirectly or through attribution, of 10% or more (by vote or value) of our outstanding ordinary shares.

Each U.S. Holder should consult with his, her or its own tax advisor as to the particular tax consequences to him, her or it of the receipt, ownership, exercise, sale and expiration of subscription rights, including the effects of applicable tax treaties, state, local, foreign or other tax laws and possible changes in the tax laws.

### Issuance of Subscription Rights

A U.S. Holder's receipt of subscription rights pursuant to the rights offering likely will not be taxable under U.S. federal income tax laws. The distribution of the subscription rights would be taxable under U.S. federal income tax laws if it were part of a "disproportionate distribution," that is, if it were to have the effect of the receipt of cash or other property by some holders of our ordinary shares and an increase in the proportionate interest of other holders of our ordinary shares in our assets or earnings and profits. The following discussion of the material U.S. federal income tax consequences of the rights offering assumes that U.S. Holders will not be subject to U.S. federal income tax upon the receipt of subscription rights pursuant to the rights offering.

### Tax Basis and Holding Period of Subscription Rights

A U.S. Holder's tax basis in subscription rights received pursuant to the rights offering generally must be determined by allocating such U.S. Holder's tax basis in his, her or its ordinary shares between such ordinary shares and the subscription rights based on their respective fair market values on the date of the rights distribution. If the fair market value of the subscription rights is less than 15% of the fair market value (on the date of distribution) of the ordinary shares with respect to which the rights are distributed, however, the U.S. Holder's tax basis in the subscription rights received pursuant to the rights offering will be zero, unless such U.S. Holder irrevocably elects (in his, her or its U.S. federal income tax return for the tax year in which the subscription rights are received) to allocate a portion of the tax basis of his, her or its ordinary shares to such subscription rights as described in the preceding sentence. Tax basis may not be allocated to subscription rights which expire without having been exercised at the end of the subscription period. The holding period of subscription rights received pursuant to the rights offering will include the holding period of the ordinary shares with respect to which the subscription rights were distributed.

### Expiration of Subscription Rights

If a U.S. Holder does not exercise his, her or its subscription rights prior to the end of the subscription period and such U.S. Holder continues to hold the ordinary shares with respect to which the subscription rights were distributed, such U.S. Holder will recognize no gain or loss and his, her or its tax basis in the ordinary shares with respect to which the subscription rights were distributed will be equal to such U. S. Holder's tax basis in such ordinary shares before receipt of the subscription rights. If a U.S. Holder's subscription rights expire without exercise after the U.S. Holder has disposed of the ordinary shares with respect to which the subscription rights were distributed, such U.S. Holder likely would recognize a capital loss which generally would be treated as U.S.-source capital loss for purposes of computing any allowable U.S. foreign tax credit. Such capital loss would be short-term or long-term capital loss, depending on the U.S. Holder's holding period with respect to the subscription rights, determined as described in "– Tax Basis and Holding Period of Subscription Rights" above. Deductions for capital losses are subject to limitations under the Code.

### Exercise of Subscription Rights; Tax Basis and Holding Period of Ordinary Shares

A U.S. Holder will not recognize any gain or loss upon the exercise of subscription rights. A U.S. Holder's initial tax basis in each share received upon the exercise of a subscription right will be equal to the sum of the subscription price paid plus the U.S. Holder's tax basis, if any, in such subscription right, determined as described in "–Tax Basis and Holding Period of Subscription Rights" above.

A U.S. Holder's holding period for the ordinary shares acquired upon the exercise of a subscription right will begin on the date of exercise.