



EVS - Your Quality Our Vision

## ***ELBIT VISION SYSTEMS LTD.***

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## **ELBIT VISION SYSTEMS ANNOUNCES SECOND QUARTER 2016 RESULTS**

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***Revenues at \$2.6 million, up 33% year-over-year***  
***Net income at \$587 thousand, up 19% year-over-year***

### ***Second Quarter 2016 highlights***

- Revenue at \$2.6 million, up 33% year-over-year;
- Gross and operating margins at 54.3% and 24.6%, respectively;
- Net income of \$587 thousand, representing 23% of revenues;
- Shareholders' equity reached \$4.8 million (versus \$1.3 million at quarter-end Q2 2015)
- Quarter-end cash and equivalents were \$3.95 million (versus \$1.4 million at quarter-end Q2 2015)

**Caesarea, Israel, May 9, 2016 — Elbit Vision Systems Ltd. (OTCBB: EVSNF)**, a pioneer in the science of camera-based automatic vision inspection for textile fabrics and technical webs, announced today its consolidated financial results for the quarter ending June 30, 2016.

**Sam Cohen, CEO of EVS commented**, "We are certainly pleased with our second quarter results, which show continued revenue growth. Demand for our legacy products remains very strong, while iBar sales continue trending upward. iBar has established itself within the industry to be a breakthrough product offering incredible performance and immediate payback. Our market has thoroughly tested this new technology, accepted its performance and value and is now budgeting capital for more substantial orders."

### **Second Quarter 2016 Results**

**Revenues** for the quarter were \$2.6 million. This represents an increase of 33% compared to \$1.9 million in the second quarter of 2015 and 9.7% sequential growth compared to \$2.3 million in the prior quarter.

**Gross profit** for the quarter was \$1.4 million (54.3% of revenues). This is compared to \$1.1 million (58.5% of revenues) for the second quarter of 2015 and \$1.3 million (57.8% of revenues) in the previous quarter. The variance in the gross margin between quarters is due to the product and geographic mix of sales made in a specific quarter.

**Operating income** for the quarter was \$630 thousand (24.7% of revenue). This is compared to \$502 thousand (26.1% of revenues) in the second quarter of 2015, and \$496 thousand (21.3% of revenues) in the previous quarter.

**Net income** was \$587 thousand (23.0% of revenue). This represents an increase of 19% compared to \$493thousand (25.7% of revenues) in the second quarter of 2015, and an increase of 27.6% compared to \$460 thousand (19.8% of revenues) in the previous quarter.

#### **Conference call details**

The Company will also host a conference call today, August 10, starting at 8:30 am ET. Sam Cohen, Chief Executive Officer and Yaron Menashe, Chief Financial Officer, will host the call and will be available to answer questions after presenting the results.

To participate, please call one of the following telephone numbers at least 10 minutes before the start of the call:

|                |                 |                         |
|----------------|-----------------|-------------------------|
| US:            | 1 866 652 8972  | at 8:30 am Eastern Time |
| Israel:        | 03 918 0691     | at 3:30 pm Israel Time  |
| International: | +972 3 918 0691 |                         |

For those unable to participate, the teleconference will be available for replay on Elbit Vision Systems' website at <http://www.evs.co.il/> beginning 24 hours after the call.

**About Elbit Vision Systems Ltd. (EVS):** [www.evs.co.il](http://www.evs.co.il)

EVS offers a broad portfolio of automatic State-of-the-Art Visual Inspection Systems for both in-line and off-line applications, and process monitoring systems used to improve product quality, safety, and increase production efficiency. EVS' systems are used by over 800 customers, many of which are leading global companies.

**This press release and other releases are available on [www.evs.co.il](http://www.evs.co.il)**

#### ***Safe Harbor Statement***

*This press release contains forward-looking statements. Such statements are subject to certain risks and uncertainties, such as market acceptance of new products and our ability to execute production on orders, which could cause actual results to differ materially from those in the statements included in this press release. Although EVS believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. EVS disclaims any intention or obligation to update or revise any forward-looking statements, which speak only as of the date hereof, whether as a result of new information, future events or otherwise. EVS undertakes no obligation to update forward-looking statements to reflect subsequently occurring events or circumstances.*

**FINANCIAL TABLES FOLLOW**

**ELBIT VISION SYSTEMS LTD.**  
CONDENSED CONSOLIDATED BALANCE SHEET  
AT JUNE 30, 2016  
IN U.S. DOLLARS

|   | <b>Jun-30</b>  |              | <b>Dec-31</b> |
|---|--|--------------|---------------|
|   | <b>2016</b>  | <b>2015</b>  | <b>2015</b>   |
|   | <b>U.S. dollars in thousands<br/>(except per share data)</b> |              |               |
| <b>Assets</b>   |  |              |               |
| <b>CURRENT ASSETS:</b>  |  |              |               |
| Cash and cash equivalents   | 3,950  | 1,413        | 3,305         |
| Restricted deposits (short term)  | 112  | 32           | 69            |
| Trade accounts receivable   | 1,515  | 1,352        | 1,383         |
| Other receivables   | 56   | 178          | 78            |
| Inventories   | 1,378  | 1,106        | 1,419         |
| <b>Total current assets</b>   | <b>7,011</b>   | <b>4,081</b> | <b>6,254</b>  |
| <b>LONG-TERM RECEIVABLES:</b>   |  |              |               |
| Severance pay fund  | 140  | 200          | 193           |
| Other long-term receivables   | 68   | 89           | 67            |
| <b>Total long-term receivables</b>  | <b>208</b>   | <b>289</b>   | <b>260</b>    |
| <b>PROPERTY, PLANT AND EQUIPMENT</b> – net of accumulated depreciation and amortization |  |              |               |
|   | <b>36</b>  | <b>26</b>    | <b>36</b>     |
| <b>OTHER ASSETS</b>   |  |              |               |
| Goodwill  | 242  | 242          | 242           |
| <b>Total assets</b>   | <b>7,497</b>   | <b>4,638</b> | <b>6,792</b>  |

|  | <b>Jun-30</b> |              | <b>Dec-31</b> |
|--|---------------|--------------|---------------|
|  | <b>2016</b>   | <b>2015</b>  | <b>2015</b>   |
| <b>U.S. dollars in thousands<br/>(except per share data)</b> |               |              |               |
| <b>Liabilities and shareholders' equity</b>                  |               |              |               |
| <b>CURRENT LIABILITIES:</b>                                  |               |              |               |
| Credit from banks  | 146           | 183          | 149           |
| Current Maturities of Loan from Other                        | -             | 86           | -             |
| Trade account payable  | 669           | 721          | 1,171         |
| Deferred revenues  | 470           | 762          | 324           |
| Other payables   | 669           | 519          | 441           |
| <b>Total current liabilities</b>                             | <b>1,954</b>  | <b>2,271</b> | <b>2,085</b>  |
| <b>LONG-TERM LIABILITIES:</b>                                |               |              |               |
| Long Terms Loans (Net of current maturities)                 | 318           | 398          | 373           |
| Other Long Terms liabilities                                 | 293           | 482          | 429           |
| Accrued severance pay  | 154           | 213          | 206           |
| <b>Total long-term liabilities</b>                           | <b>765</b>    | <b>1,093</b> | <b>1,008</b>  |
| <b>Total liabilities</b>                                     | <b>2,719</b>  | <b>3,364</b> | <b>3,093</b>  |
| <b>SHAREHOLDERS' EQUITY</b>                                  | <b>4,778</b>  | <b>1,274</b> | <b>3,699</b>  |
| <b>Total liabilities and shareholders' Equity</b>            | <b>7,497</b>  | <b>4,638</b> | <b>6,792</b>  |

**ELBIT VISION SYSTEMS LTD.**  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE SIX AND THREE-MONTHS PERIOD ENDED JUNE 30, 2016  
IN U.S. DOLLARS

|  | 6 months ended                                       |        | 3 months ended |        | year ended  |
|--|--|--------|----------------|--------|-------------|
|  | Jun-30   |        | Jun-30         |        | December    |
|  | 2016   | 2015   | 2016           | 2015   | 31,<br>2015 |
|  | U.S. dollars in thousands<br>(except per share data) |        |                |        |             |
| <b>Revenues</b>  | <b>4,884</b>   | 3,870  | <b>2,555</b>   | 1,921  | 9,128       |
| <b>Cost of Revenues</b>  | <b>2,150</b>   | 1,626  | <b>1,168</b>   | 798    | 3,882       |
|  | <b>2,734</b>   | 2,244  | <b>1,387</b>   | 1,123  | 5,246       |
| <b>Gross Profit</b>  |  |        |                |        |             |
| Research and development   | <b>523</b>   | 289    | <b>250</b>     | 158    | 765         |
| Marketing and selling  | <b>667</b>   | 611    | <b>293</b>     | 267    | 1,411       |
| General and administrative   | <b>418</b>   | 385    | <b>214</b>     | 196    | 808         |
| <b>Operating Income</b>  | <b>1,126</b>   | 959    | <b>630</b>     | 502    | 2,262       |
| Financial Expenses - net   | <b>(79)</b>  | (103)  | <b>(43)</b>    | (9)    | (144)       |
|  | -  | -      | -              | -      | -           |
| <b>Profit before taxes on income</b>   | <b>1,047</b>   | 856    | <b>587</b>     | 493    | 2,118       |
| Taxes on Income  | -  | -      | -              | -      | -           |
| <b>Net profit for the period</b>   | <b>1,047</b>   | 856    | <b>587</b>     | 493    | 2,118       |
| <b>Profit per share basic</b>  | <b>0.011</b>   | 0.010  | <b>0.006</b>   | 0.006  | 0.025       |
| <b>Profit per share diluted</b>  | <b>0.011</b>   | 0.010  | <b>0.006</b>   | 0.006  | 0.025       |
| Weighted average number<br>of shares used in Computation<br>of profit per share: |  |        |                |        |             |
| <b>Basic (in thousands)</b>  | <b>93,353</b>  | 85,375 | <b>93,377</b>  | 85,375 | 85,461      |
| <b>Diluted (in thousands)</b>  | <b>93,555</b>  | 85,481 | <b>93,578</b>  | 85,420 | 85,681      |