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ASX Announcement **31 July 2018**

ACTIVITY REPORT & APPENDIX 4C

Highlights

- **Cash collections for Q2 2018 were USD $407K, an increase of 159% on Q1 2018**
- **Unaudited revenue for Q2 2018 was USD $374K, a 33% increase on Q1 2018 and a 51% increase on Q2 2017. Highlights of the quarter have been previously detailed in our Company Update released on 13 July 2018**

Elsight Limited (ASX: ELS), is pleased to release its quarterly report (Appendix 4C) today. Unaudited revenue for Q2 2018 was USD $374K, which is a 33% increase on Q1 2018 and a 51% increase on Q2 2017. In addition, as a result of increased focus on financial management, the cash receipts for Q2 2018 were USD $407K, an increase of 159% on Q1 2018.

Highlights of the quarter were announced to the market on 13 July 2018 via a Company Update and included a major order from Maxtech Networks, a specialist wireless communications technology in the defence and security market. The Company also announced the commencement of purchases from its Smart Medicase partner, Alrena for use in pilot projects.

Funds were deployed during the quarter to continue building sales & marketing capability, develop and close deals in progress, and grow R&D capacity to create a stronger and more stable positioning, supporting the Company's growth.

As a leading indicator of revenue potential, sales activity stepped up in the quarter with increased investment on travel to customer sites and resources used to deliver Proof of Concept Trials (POCs). POCs are either delivered in the advanced decision stage of the sales cycle or used to help a customer define tender specifications for ideal functionality. Management tends to conduct POCs almost exclusively for customers expected to generate recurring orders into the future. In line with this spending, the Company also reports an increase in the number of active prospects in advanced discussions.

Elsight also continued its product development work as mentioned in the Prospectus. The last quarter saw increased investment in human resources in this area as a number of projects approach completion.

Management looks forward to continued growth from Q3 and onwards, based on progress in the Israeli Defence, UK HLS and SE Asian sectors and the increase in the dollar amount of prospective orders in the pipeline. We expect to update the market on our progress before the next reporting period.

-**ENDS**-

For more information, please contact:

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About Elsight

Elsight (www.el-sight.com) is a solution provider of ground-breaking hybrid video and data transport services (on-the-move or fixed) for large Safe-City projects, sensitive facilities management, and surveillance and protective activities. The platform supports video capturing, recording, and highly secured transmission against video interception and hacking. ***Elsight***'s platform was designed to address the most demanding requirements of Special Forces across enemy lines and sophisticated intelligence organizations. These systems underwent the most rigorous testing in combat situations as well as extensive testing by the most demanding laboratories. As a result, they present an unmatched level of reliability, lowest latency, and highest adaptive bandwidth over cellular networks that enables HD and 4K tv transmission quality, with "never-fail" redundancy and much more. For the first time they offer strict military requirements for civil usage. ***Elsight***'s customers range from defence and homeland security, industrial security, broadcasting, first responders and healthcare.

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+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ELSIGHT LIMITED

ABN	**Quarter ended ("current quarter")**
98 616 435 753	30 June 2018

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (6 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	407	564
1.2	Payments for		
	(a) research and development	-	(16)
	(b) product manufacturing and operating costs	(281)	(373)
	(c) advertising and marketing	(13)	(33)
	(d) leased assets	(37)	(71)
	(e) staff costs	(465)	(898)
	(f) administration and corporate costs	(442)	(746)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11	12
1.5	Interest and other costs of finance paid	(1)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – transaction costs	-	-
1.9	**Net cash from / (used in) operating activities**	**(821)**	**(1,565)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(29)	(158)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

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Consolidated statement of cash flows		Current quarter $US'000	Year to date (6 months) $US'000
	(d) intellectual property	-	-
	(e) other non-current assets (intangibles)	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	37	44
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – cash on reverse acquisition	-	-
2.6	**Net cash from / (used in) investing activities**	**8**	**(114)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	7,059
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	31	(443)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(65)	(81)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(34)**	**6,535**

4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,662	1,094
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(821)	(1,565)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	8	(114)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(34)	6,535

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (6 months) $US'000**
4.5	Effect of movement in exchange rates on cash held	(221)	(356)
4.6	**Cash and cash equivalents at end of quarter**	**5,594**	**5,594**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $US'000**	**Previous quarter $US'000**
5.1	Bank balances	1,893	6,662
5.2	Call deposits	3,701	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,594**	**6,662**

6.	**Payments to directors of the entity and their associates**	**Current quarter $US'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	50
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 1.2 includes payments to directors for their salaries and fees of US$49,558

7.	**Payments to related entities of the entity and their associates**	**Current quarter $US'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
8.1	Loan facilities	97	97
8.2	Credit standby arrangements	55	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Facilities included above comprise a bank overdraft facility, short term bank loans and long term bank loans.

Loan facility 1 – secured long term bank loan of US$27,000 at quarter end, bearing interest at 2.10%.

Loan facility 2 - secured long term bank loan of $US70,000 at quarter end, bearing interest at 2.2%.

Credit standby arrangements - secured bank overdraft facility.

9.	**Estimated cash outflows for next quarter**	**$US'000**
9.1	Research and development	-
9.2	Product manufacturing and operating costs	468
9.3	Advertising and marketing	36
9.4	Leased assets	36
9.5	Staff costs	585
9.6	Administration and corporate costs	282
9.7	Other	-
9.8	**Total estimated cash outflows**	**1,407**

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 July 2018
(~~Director/~~Company secretary)

Print name: Stephen Buckley

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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