



ASX APPENDIX 4D HALF-YEAR FINANCIAL REPORT TO 30 JUNE 2020

1. DETAILS OF REPORTING PERIOD

Name of Entity	Elsight Limited ("the Company")
ABN	98 616 435 753
Reporting Period	30 June 2020
Previous Corresponding Period	30 June 2019

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2020 US\$	30 June 2019 US\$	Increase/ (Decrease) %	Amount change US\$
Revenues from ordinary activities	352,288	863,655	(59%)	(511,367)
Profit/(Loss) after tax from ordinary activities attributable to members	(1,811,052)	(1,601,109)	13%	(209,943)
Profit/(Loss) after tax attributable to members	(1,811,052)	(1,601,109)	13%	(209,943)

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

Commentary on results:

For further information, refer to the review of activities contained in the directors' report, which forms part of the attached Interim Financial Report.

3. NET TANGIBLE ASSETS PER SHARE

	30 June 2020 US\$	30 June 2019 US\$
Net tangible asset backing per ordinary security	1.64 cents	3.22 cents

4. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

5. DIVIDEND DETAILS

No dividend has been paid or recommended to be paid for the half-year ended 30 June 2020.

6. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

7. DETAILS OF ASSOCIATE AND JOINT VENTURE ENTITIES

N/A

8. FOREIGN ENTITIES

Not Applicable

9. AUDIT

This report has been based on accounts that have been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.


Nir Gabay
Managing Director

28 August 2020



ELSIGHT LIMITED

ABN 98 616 435 753

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2020**

CORPORATE DIRECTORY

Directors

Major General (ret) Ami Shafran – Non-Executive Chairman
Mr Nir Gabay – Managing Director
Mr David Furstenberg – Non-Executive Director
Mr Howard Digby – Non-Executive Director
Mr Peter Marks – Non-Executive Director

Company Secretary

Mr Mark Licciardo

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ASX Code – ELS

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DIRECTORS' REPORT

The Directors of Elsight Limited (the **Company**) and controlled entities (the **Group** or **Consolidated Entity**) submit the following report for the half year ended 30 June 2020 (**Financial Period**).

DIRECTORS

The names and the particulars of the Directors of the Company during the half year and to the date of this report are:

Name	Position	Appointed	Resigned
Major General (ret) Ami Shafran	Non-Executive Chairman	2 June 2017	-
Mr Nir Gabay	Managing Director	2 June 2017	-
Mr David Furstenberg	Non-Executive Director	2 June 2017	-
Mr Howard Digby	Non-Executive Director	13 December 2016	-
Mr Peter Marks	Non-Executive Director	9 January 2020	-
Mr Raj Logaraj	Non-Executive Director	1 August 2018	7 January 2020

COMPANY SECRETARY

Mr Mark Licciardo (appointed 15 March 2019)

REVIEW AND RESULTS OF OPERATIONS

The net loss of the Group after income tax for the half year ended 30 June 2020 amounted to US\$1,811,052 (30 June 2019: loss of US\$1,601,109). The half year ended 30 June 2020 loss included selling, general and administrative expenses of US\$1,644,467 and non-cash share based payments of US\$148,566.

The net assets of the Group have increased by US\$602,722 from net assets of US\$1,415,262 at 31 December 2019 to net assets of US\$2,017,984 at 30 June 2020.

As at 30 June 2020, the Group's cash and cash equivalents increased from a balance of US\$933,517 at 31 December 2019 to a balance of US\$1,786,809.

As at 30 June 2020 the Group has working capital of US\$1,631,491 (working capital of US\$936,808 at 31 December 2019).

The improvement in the Group's net asset position, cash and cash equivalents and working capital at 30 June 2020 is due to the receipt of net share placement proceeds of US\$1,975,723 in the first quarter and US\$350,306 received on the exercise of options in the second quarter.

REVIEW OF ACTIVITIES

During the half year, the Group focused on ongoing proof-of-concept trials for Halo v1.1. At 30 June 2020 the Group had 15 ongoing proof-of-concept (POC) trials progressing positively in all key areas, despite travel restrictions and limitations due to the Coronavirus lockdown. Subsequent to half year end, the Group announced an initial order of US\$1.6M from Kinetx Prime LLC, with the prospect of material repeat orders up to the size of the initial order over the next 36 months. The order represents the first time that Halo will be mass distributed in the business-to-consumers market in North America.

New opportunities have presented themselves to the Group in the wake of the global pandemic. The Group is prioritising these opportunities in light of its ability to supply and deliver product in the short term versus the Group's need to focus on longer term repeat orders. New opportunities have arisen especially with regard to healthcare infrastructure. Alrena's Smart MedCase is enjoying ongoing demand in France, although the challenge of manufacturing and securing sufficient supply of parts to meet demand remains. The Group has also received a number of product inquiries from around the world relating to "always on" low latency communications enabling businesses to function as a result of the situation, which has promoted a refocussing and refining of the core value of Elsight technology and its applicability well beyond the pandemic.

Using the business shutdown caused by the initial outbreak of the pandemic, the Group made significant efforts to secure a large set of key certifications (FCC SDoC, full FCC, CE, US carriers certifications, and privatization certifications, which are especially important to the medical community such as: HIPPA, GDPR, and CCPA). Some have already been concluded and others are in process. Importantly, this will enable the Group to secure extensive sales of Halo in the United States, Europe and other markets in the Far East.

ELSIGHT LIMITED

ABN 98 616 435 753

INTERIM FINANCIAL REPORT 30 JUNE 2020



Following an A\$2.88M (approximately US\$1.99M) placement in January and an aggressive round of cost cutting measures in April and May, including a 50% cut to all salaries including founders, board fees and suppliers, the Group is well-positioned to address the significant economic challenges of 2020 while modifying some of its strategic moves to take advantage of newly created, significant opportunities in the remote health and working environments.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

At 30 June 2020 the Group had borrowings of US\$49,095 due to mature on 27 July 2020. These borrowings have been classified as a current liability at 30 June 2020, however subsequent to half year end the borrowings were renegotiated, resulting in the amount to be repaid in equal instalments over 36 months.

On 4 August 2020 the Group issued 100,000 Employee Share Plan Options to Susana Gabay. The options are exercisable at A\$0.28, on or before 23 April 2025 after the satisfaction of the following vesting condition, 50% on 23 April 2021 and an additional 6.25% at the end of each quarter of continuous services thereafter.

On 30 July 2020 the Group announced its first order for the mass distribution of Halo in the business-to-consumers market in North America. The initial order, from Kinetx Prime, LLC is for US\$1.6M with the prospect of material repeat orders up to the size of the initial order over the course of the next 36 months.

On 17 August 2020 the Group announced the integration of the Group's Halo product into a backpack version of Alrena's "Smartmedicase" branded as the "Smartmedibag," and an initial order of Halo units from Alrena with an approximate value of US\$300,000 to be delivered between September and December 2020, with payment in three tranches along the same timeline.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than what has already been stated within this Report, there have been no other matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of the Consolidated Entity on page 18 forms part of the Directors' Report for the half year ended 30 June 2020.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "Nir Gabay".

Mr Nir Gabay
Managing Director
28 August 2020



CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Note	Half year ended 30 June 2020 US\$	Half year ended 30 June 2019 US\$
Revenue		352,288	863,655
Cost of sales		(334,595)	(416,322)
Gross profit		17,693	447,333
Other income		2,821	25,368
Selling, administration and general expenses		(1,644,467)	(1,844,963)
Share based payments	6	(148,566)	(204,544)
Loss before financing expenses		(1,772,519)	(1,576,806)
Finance expenses		(38,533)	(24,303)
Loss before income tax expense		(1,811,052)	(1,601,109)
Income tax expense		-	-
Loss for the half year		(1,811,052)	(1,601,109)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation, net of tax		(60,821)	70,285
Total comprehensive loss for the period net of tax		(1,871,873)	(1,530,824)
Basic and diluted loss per share (cents)	8	(1.73)	(1.67)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	30 June 2020 US\$	31 Dec 2019 US\$
CURRENT ASSETS			
Cash and cash equivalents		1,786,809	933,517
Trade and other receivables		408,017	571,618
Inventory	3	356,838	251,148
Other current assets		79,159	107,388
TOTAL CURRENT ASSETS		2,630,823	1,863,671
NON-CURRENT ASSETS			
Plant and equipment		233,377	292,177
Intangible assets		189,730	141,909
Right of use assets		77,014	161,703
TOTAL NON-CURRENT ASSETS		500,121	595,789
TOTAL ASSETS		3,130,944	2,459,460
CURRENT LIABILITIES			
Trade and other payables		861,584	694,882
Borrowings		57,280	64,461
Lease liabilities		80,468	167,520
TOTAL CURRENT LIABILITIES		999,332	926,863
NON-CURRENT LIABILITIES			
Provision for employees' severance benefits		108,947	109,263
Borrowings		4,681	8,072
TOTAL NON-CURRENT LIABILITIES		113,628	117,335
TOTAL LIABILITIES		1,112,960	1,044,198
NET ASSETS		2,017,984	1,415,262
EQUITY			
Issued capital	4	14,065,524	11,739,495
Reserves	5	1,253,924	1,630,987
Accumulated losses		(13,301,464)	(11,955,220)
TOTAL EQUITY		2,017,984	1,415,262

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Issued Capital US\$	Accumulated Losses US\$	Share Based Payment Reserve US\$	Foreign Exchange Reserve US\$	Predecessor Accounting Reserve US\$	Total US\$
Balance as at 31 December 2018	11,667,737	(8,781,542)	2,677,670	(767,009)	(296,796)	4,500,060
Change in accounting policy	-	(6,003)	-	-	-	(6,003)
Restated total equity at 1 January 2019	11,667,737	(8,787,545)	2,677,670	(767,009)	(296,796)	4,494,057
<i>Total Comprehensive Income</i>						
Loss for the period	-	(1,601,109)	-	-	-	(1,601,109)
Foreign currency translation differences	-	-	-	70,285	-	70,285
Total comprehensive loss for the period	-	(1,601,109)	-	70,285	-	(1,530,824)
<i>Transactions with owners in their capacity as owners:</i>						
Share based payments	-	-	204,544	-	-	204,544
Balance as at 30 June 2019	11,667,737	(10,388,654)	2,882,214	(696,724)	(296,796)	3,167,777

	Issued Capital US\$	Accumulated Losses US\$	Share Based Payment Reserve US\$	Foreign Exchange Reserve US\$	Predecessor Accounting Reserve US\$	Total US\$
Balance as at 1 January 2020	11,739,495	(11,955,220)	2,609,474	(681,691)	(296,796)	1,415,262
<i>Total Comprehensive Income</i>						
Loss for the period	-	(1,811,052)	-	-	-	(1,811,052)
Foreign currency translation differences	-	-	-	(60,821)	-	(60,821)
Total comprehensive loss for the period	-	(1,811,052)	-	(60,821)	-	(1,871,873)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares	2,337,451	-	-	-	-	2,337,451
Capital raising costs	(11,422)	-	-	-	-	(11,422)
Exercise/cancellation of options	-	464,808	(464,808)	-	-	-
Share based payments	-	-	148,566	-	-	148,566
Balance as at 30 June 2020	14,065,524	(13,301,464)	2,293,232	(742,512)	(296,796)	2,017,984

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Half year ended 30 June 2020 US\$	Half year ended 30 June 2019 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	595,417	966,707
Interest received	2,821	26,257
Interest paid	(3,771)	(17,157)
Payments to suppliers and employees	(1,834,520)	(2,284,406)
Net cash used for operating activities	(1,240,053)	(1,308,599)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,599)	(7,246)
Payment for intangible assets	(47,636)	(33,183)
Net cash used for investing activities	(50,235)	(40,429)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from the issue of shares	2,325,657	-
Repayment of borrowings	(10,236)	(9,414)
Principal elements of lease payments	(85,503)	(86,732)
Net cash provided by/(used for) financing activities	2,229,918	(96,146)
Net increase/(decrease) in cash and cash equivalents held	939,630	(1,445,174)
Cash and cash equivalents at the beginning of period	933,517	3,632,926
Impact of movement in foreign exchange rates	(86,338)	24,890
Cash and cash equivalents at the end of period	1,786,809	2,212,642

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 1: REPORTING ENTITY

The interim financial report (**Report**) of Elsight Limited (the **Company**) and its controlled entities (the **Group**) (**Consolidated Entity**) for the half year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 28 August 2020.

Elsight Limited is a listed public company, trading on the Australia Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The Group's registered office and principal place of business is Level 7, 330 Collins Street, Melbourne VIC 3000 Australia.

NOTE 2: BASIS OF PREPARATION

a) Statement of compliance

This interim financial report has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that this interim financial report be read in conjunction with any public announcements made by Elsight Limited up to the date of this report in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

b) Basis of measurement and reporting conventions including capital reorganisation

This interim financial report has been prepared on an accruals basis and is based on historical cost. The interim financial report is presented in United States dollars and all values are rounded to the nearest dollar unless otherwise stated.

The accounting policies adopted are consistent with the accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2019.

c) Going Concern Basis

The financial statements are prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. For the half-year ended 30 June 2020, the Group recorded a loss of \$1,811,052, net cash outflows from operating activities of \$1,240,053 and had net working capital of \$1,631,491.

The Directors have prepared a detailed cash flow forecast, which indicates that the entity will be required to raise additional funds in order to provide additional working capital and to continue to fund the proposed level of business activities. The ability of the Group to continue as a going concern is dependent on securing such additional funding by capital raise or other means.

This condition indicates a material uncertainty that may cast a significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believes that there are sufficient funds to meet the entity's working capital requirements as at the date of this report. The financial statements have been prepared on a going concern basis as the Directors expect the Group to be successful in securing additional funds through debt or equity issues, as and when required.

It is the Directors' intention to raise additional equity funding within the next six months to enable the smooth and continuing progression of the Group's current and planned commercial activities.

The continuing viability of the Group and its ability to continue as a going concern and meet its debt and commitments as they fall due are dependent on this funding, together with maintaining already implemented cost contained and deferment strategies as well as being successful in continuing to roll out its various commercial initiatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 2: BASIS OF PREPARATION (CONTINUED)

c) *Going Concern Basis (continued)*

Current Period Impact

The COVID-19 outbreak was declared a pandemic by the 'World health Organization' in March 2020. The outbreak and the response of Governments in dealing with the pandemic is impacting the general activity levels within the community, the economy and to an extent the operations of Elsieht's business. For the period to (and at) 30 June 2020 there has been no significant impact on operations, cash flow and financial condition. The Group's operations continue to run well. The Group's supply chains remain open and there are adequate supplies to operate and maintain critical equipment, with alternative suppliers identified for many of these.

Future Impact and Going Concern

It is not possible to precisely estimate the impact of the outbreak's near-term and longer effects on the Group or of Governments' varying efforts to combat the outbreak and support businesses globally. The Directors have taken the following matters into consideration in forming a view that the Group is a going concern, amongst other matters:

- the Group has cash on hand of US\$1,786,809 at 30 June 2020;
- the Directors have the ability to manage the quantum and timing of operating expenditures and related cash flows should the need arise;
- The initial order from Kinetx Prime, LLC for US\$1.6M received in July 2020 with the prospect of material repeat orders up to the size of the initial order over the course of the next 36 months; and
- The Group's significant efforts to secure a large set of key certifications (FCC SDoC, full FCC, CE, US carriers certifications, and privatization certifications, which are especially important to the medical community such as: HIPPA, GDPR, and CCPA). Some have already been concluded and others are in process. Importantly, this will enable the Group to secure extensive sales of Halo in the United States, Europe and other markets in the Far East.

d) *Adoption of new and amended accounting standards*

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2020. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the half year.

e) *Critical accounting judgements and estimates*

The preparation of financial statements requires the use of certain critical accounting judgements and estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements except for the following:

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic. At 30 June 2020 the Group has reassessed all significant judgements and estimates included in the 30 June 2020 financial result and position, including but not limited to, provisions against debtors, net realisable value of inventory, liability to future claims, impairment of non-current assets, and other provisions and estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 2: BASIS OF PREPARATION (CONTINUED)

e) Critical accounting judgements and estimates (continued)

Key estimate: Share-based payments

The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market based vesting conditions.

The probability of achieving non-market based vesting conditions of performance options is assessed at each reporting period.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

	30 June 2020	31 Dec 2019
	US\$	US\$
Inventory at cost	356,838	251,148
	<u>356,838</u>	<u>251,148</u>

Write-downs of inventory to net realisable value amounted to US\$29,841 (2019: US\$10,589). These were recognised as an expense during the half year ended 30 June 2020.

	30 June 2020	31 Dec 2019
	US\$	US\$
NOTE 4: ISSUED CAPITAL		
(a) Share Capital		
107,016,599 (31 December 2019: 96,242,599) fully paid ordinary shares	14,065,524	11,739,495
	No.	\$
(b) Movement in Ordinary Capital		
Opening balance at 1 January 2020	96,242,599	11,739,495
Issue of placement shares on 14 January 2020	9,000,000	1,987,145
Issue of shares on conversion of options on 6 May 2020	46,000	9,013
Issue of shares on conversion of options on 8 May 2020	200,000	38,541
Issue of shares on conversion of options on 13 May 2020	500,000	97,602
Issue of shares on conversion of options on 2 June 2020	1,028,000	205,150
Costs of capital raising	-	(11,422)
Closing balance at 30 June 2020	107,016,599	14,065,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

	30 June 2020	31 Dec 2019
	US\$	US\$
NOTE 5: RESERVES		
(c) Share Based Payment Reserve		
42,367,360 (31 December 2019: 47,219,360) options on issue	2,293,232	2,609,474
	No.	\$
(d) Movement in Share Based Payment Reserve		
Opening balance at 1 January 2020	47,219,360	2,609,474
Net pro-rata expense of options issued in prior periods	-	89,831
Issue of ESOP options on 29 June 2020 (Note 6)	1,900,000	63,237
Grant of ESOP director related party options on 10 May 2020 (Note 6)	100,000	3,863
Options exercised and converted to fully paid ordinary shares (Note 4)	(1,774,000)	(124,070)
Expiry of options on 2 June 2020	(4,872,000)	(340,738)
Options cancelled on termination of employment	(206,000)	(8,365)
Closing balance at 30 June 2020	42,367,360	2,293,232
	US\$	US\$
(e) Foreign exchange reserve	(742,512)	(681,691)
The foreign currency translation reserve records exchange differences arising on translation from functional currency to presentation currency.		
	US\$	US\$
(f) Predecessor Accounting Reserve	(296,796)	(296,796)
The reserve arises from the capital reorganisation and records the net liabilities of Elsieht Limited as at the acquisition date of 2 June 2017.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 6: SHARE BASED PAYMENTS

Summary of Share Based Payments Issued During the Half Year

During the half year ended 30 June 2020 the Group recorded the following share based payments:

- The issue of 1,450,000 Employee Share Plan Options exercisable at A\$0.28, on or before 23 April 2025 to employees of the Group, exercisable after the satisfaction of the following vesting condition, 50% on 23 April 2021 and an additional 6.25% at the end of each quarter of continuous services thereafter, resulting in an expense of US\$44,807 recorded at 30 June 2020.
- The issue of 200,000 Employee Share Plan Options exercisable at A\$0.28, on or before 23 April 2025 to service providers of the Group, exercisable after the satisfaction of the following vesting condition, 50% on 31 October 2020 and an additional 50% on 23 April 2021, subject to the optionholders continuing to provide services to the Group, resulting in an expense of US\$11,918 recorded at 30 June 2020.
- The issue of 150,000 Employee Share Plan Options exercisable at A\$0.34, on or before 15 May 2025 to service providers of the Group, exercisable after the satisfaction of the following vesting condition, 50% on 31 October 2020 and an additional 50% on 15 May 2021, subject to the optionholders continuing to provide services to the Group, resulting in an expense of US\$5,128 recorded at 30 June 2020.
- The issue of 100,000 Employee Share Plan Options exercisable at A\$0.32, on or before 12 June 2025 to service providers of the Group, exercisable after the satisfaction of the following vesting condition, 50% on 31 October 2020 and an additional 50% on 13 June 2021, subject to the optionholder continuing to provide services to the Group, resulting in an expense of US\$1,384 recorded at 30 June 2020.
- The grant of 100,000 Employee Share Plan Options, exercisable at A\$0.28, on or before 23 April 2025 to Susana Gabay, a related party of Nir Gabay, exercisable after the satisfaction of the following vesting condition, 50% on 23 April 2021 and an additional 6.25% at the end of each quarter of continuous services thereafter, resulting in an expense of US\$3,863 recorded at 30 June 2020. The options were issued 4 August 2020 following receipt of shareholder approval at the Company's Annual General Meeting.

Fair Value

The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued. The Black Scholes inputs and valuations were as follows:

Options	ESOP Options	ESOP Options	ESOP Options	ESOP Options	ESOP Options
Number of options	1,450,000	200,000	150,000	100,000	100,000
Grant date	10-May-20	10-May-20	19-May-20	18-June-20	10-May-20
Issue date	29-Jun-20	29-June-20	29-June-20	29-June-20	4-Aug-20
Exercise price	A\$0.28	A\$0.28	A\$0.34	A\$0.32	A\$0.28
Expected volatility	100%	100%	100%	100%	100%
Implied option life	4.82 years	4.82 years	4.88 years	4.96 years	4.82 years
Expected dividend yield	nil	nil	nil	nil	nil
Risk free rate	1.96%	1.96%	1.96%	1.96%	1.96%
Valuation per option A\$	\$0.32	\$0.32	\$0.25	\$0.24	\$0.40
Exchange rate	\$0.69	\$0.69	\$0.69	\$0.69	\$0.69
Valuation per option US\$	\$0.22	\$0.22	\$0.17	\$0.17	\$0.28
Total valuation US\$	\$319,000	\$44,000	\$25,500	\$17,000	\$28,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020

NOTE 6: SHARE BASED PAYMENTS (CONTINUED)

Share Based Payments Expense

Share based payment expense at 30 June 2020 is comprised as follows:

	30 June 2020	30 June 2019
	US\$	US\$
Expense of options issued in comparative and prior periods	81,466	204,544
Issue of 1,900,000 ESOP options	63,237	-
Grant of 100,000 ESOP options	3,863	-
Total share based payments expense	148,566	204,544

NOTE 7: DIVIDENDS

The Group did not pay or propose any dividends in the half year to 30 June 2020.

NOTE 8: LOSS PER SHARE

The following reflects income and share data used in the calculation of basic and diluted loss per share.

	30 June 2020	30 June 2019
	US\$	US\$
Total loss for the period	(1,811,052)	(1,601,109)
	No.	No.
Weighted average number of ordinary shares in calculating basic and diluted loss per share	104,960,356	95,888,599

NOTE 9: COMMITMENTS

There have been no changes to the Group's commitments since 31 December 2019.

NOTE 10: SEGMENT INFORMATION

The Group has identified its operating segment based on internal reports that are reviewed by the Board and management. The Group has one operating segment.

NOTE 11: CONTINGENT ASSET AND LIABILITIES

The directors are not aware of any contingent liabilities or assets as at 30 June 2020 or subsequent to period end.

NOTE 12: RELATED PARTY TRANSACTIONS

Directors and their related parties continued to receive salaries and consulting fees during the period consistent with 30 June 2020 apart from the months of April and May 2020 when directors' fees were reduced by half.

Susana Gabay, a related party of Nir Gabay, was granted 100,000 Employee Share Plan options on 10 May 2020. The options are exercisable at A\$0.28, on or before 23 April 2025 after the satisfaction of the following vesting condition, 50% on 23 April 2021 and an additional 6.25% at the end of each quarter of continuous services thereafter, resulting in an expense of US\$3,863 recorded at 30 June 2020. The options were issued 4 August 2020 following receipt of shareholder approval at the Company's Annual General Meeting. The options have a total value of US\$28,000.

Nir Gabay received an advance of ILS 100,000 (US\$28,852) during the period, of which ILS 38,947 (US\$11,237) was offset against Nir's CEO salary and director fees. ILS 61,053 (US\$17,615) remains outstanding at 30 June 2020.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2020**

NOTE 13: EVENTS OCCURRING AFTER THE REPORTING PERIOD

At 30 June 2020 the Group had borrowings of US\$49,095 due to mature on 27 July 2020. These borrowings have been classified as a current liability at 30 June 2020, however subsequent to half year end the borrowings were renegotiated, resulting in the amount to be repaid in equal instalments over 36 months.

On 4 August 2020 the Group issued 100,000 Employee Share Plan Options to Susana Gabay. The options are exercisable at A\$0.28, on or before 23 April 2025 after the satisfaction of the following vesting condition, 50% on 23 April 2021 and an additional 6.25% at the end of each quarter of continuous services thereafter.

On 30 July 2020 the Group announced its first order for the mass distribution of Halo in the business-to-consumers market in North America. The initial order, from Kinetx Prime, LLC is for US\$1.6M with the prospect of material repeat orders up to the size of the initial order over the course of the next 36 months.

On 17 August 2020 the Group announced the integration of the Group's Halo product into a backpack version of Alrena's "Smartmedicase" branded as the "Smartmedibag," and an initial order of Halo units from Alrena with an approximate value of US\$300,000 to be delivered between September and December 2020, with payment in three tranches along the same timeline.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than what has already been stated within this Report, there have been no other matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group in subsequent financial periods.

ELSIGHT LIMITED
ABN 98 616 435 753
INTERIM FINANCIAL REPORT 30 JUNE 2020

DIRECTORS' DECLARATION

The Directors of Elsight Limited declare that:

1. The financial statements and notes, as set out on pages 6 to 16 are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the period ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.


Mr Nir Gabay
Managing Director
28 August 2020

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF ELSIGHT LIMITED

As lead auditor for the review of Elsight Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Elsight Limited and the entity it controlled during the period.



Ashleigh Woodley
Director

BDO Audit (WA) Pty Ltd
Perth, 28 August 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Elsie Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Elsie Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd



Ashleigh Woodley

Director

Perth, 28 August 2020