APPENDIX 4D – HALF YEAR REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2019

1. Company Details

Name of entity: Revasum, Inc.
ARBN: 629 268 533
Reporting Period: Half-year ended 30 June 2019
Previous Corresponding Period: Half-year ended 30 June 2018

2. Results for Announcement to the Market

	Jun 2019 US$'000	Jun 2018 US$'000	Movement Up/(Down) US$'000	%
Revenue from ordinary activities	15,193	10,602	4,591	43.3%
Gross profit	4,288	3,622	666	18.4%
Operating loss	(2,620)	(951)	(1,669)	(175.5%)
Loss from ordinary activities after tax attributable to members of the parent entity	(2,569)	(976)	(1,593)	(163.2%)

3. Review of Operations and Financial Results

Refer to the accompanying half-year Financial Report for the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and accompanying notes.

Also refer to the Directors' Report in the accompanying half-year Financial Report and accompanying announcement for further details and commentary on the results.

4. Dividends

No dividends have been paid or are proposed to be paid by Revasum, Inc. during the half-year 2019 (2018: $Nil).

5. Net Tangible Assets per share:

	Jun 2019	Jun 2018[1]
Net tangible assets per share (US$ per share)	0.36	0.63

(1) Please note this is pre-IPO and pre-capital restructure.

6. Control Gained or Lost over Entities

During the period, no control was gained or lost over entities.

7. Details of Associates and Joint Venture Entities

The Group has no investments in associates or joint ventures during the reporting period.

8. Accounting Standards

The half-year financial report has been compiled using Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB").

9. Audit Status

The Revasum, Inc. half-year financial report for the half-year ended 30 June 2019 has been subject to review by our external auditors, BDO East Coast Partnership. A copy of the independent review report to the members of Revasum, Inc. is included in the accompanying half-year report.

Ryan Benton ***(Company Secretary)***
21 August 2019

REVASUM, INC.

A DELAWARE CORPORATION
ARBN 629 268 533

HALF YEAR REPORT

30 JUNE 2019

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CORPORATE DIRECTORY

Company

Revasum, Inc.
825 Buckley Road
San Luis Obispo, 93401 USA
Phone: +1 (805) 541 6424
Website: www.revasum.com

Directors

Jerry Cutini	Executive Chairman, President and Chief Executive Officer
Ryan Benton	Executive Director, Senior Vice President and Chief Financial Officer
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Independent Non-Executive Director

Company Secretary

Ryan Benton

Australian Securities Exchange Representative

Naomi Dolmatoff

United States Registered Office

c/o Incorporating Services Ltd
3500 South Dupont Highway
Dover, Delaware 19901 USA

Australian Registered Office

c/o Company Matters Pty Limited
Level 12, 680 George Street
Sydney, NSW 2000 Australia

United States Legal Adviser

Troutman Sanders LLP
5 Park Plaza
Suite 1400
Irvine, CA, 92614 USA

Australian Legal Adviser

Maddocks
Angel Place Level 27
123 Pitt Street
Sydney, NSW 2000 Australia

Share Registries

Link Market Services	American Stock Transfer and Trust Company, LLC
Level 12, 680 George Street	6201, 15th Avenue
Sydney, NSW 2000 Australia	Brooklyn, NY 11219 USA
Telephone: +61 1300 554 474	Telephone: +1 (718) 921 8386

Securities Exchange Listing

Revasum, Inc. (ASX Code: RVS)
Chess Depository Interests (“CDIs”) over shares of the Company’s common stock are quoted on the Australian Securities Exchange. One CDI represents one fully paid share in the Company.

DIRECTORS' REPORT

The directors present their report for Revasum, Inc. ("Revasum" or "Company") together with the interim financial statements on the Consolidated Entity (referred to hereafter as the "Consolidated Entity" or "Group") consisting of the Company and its subsidiaries for the half-year ended 30 June 2019 and the independent auditor's review report thereon.

DIRECTORS

The following persons were directors of the Company during the period and up to the date of this report, unless otherwise stated:

Jerry Cutini	Executive Chairman, President and Chief Executive Officer ("CEO")
Ryan Benton	Executive Director, Senior Vice President ("SVP") and Chief Financial Officer ("CFO")
Kevin Landis	Non-Executive Director
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Independent Non-Executive Director

PRINCIPAL ACTIVITIES

Revasum designs, manufactures and markets a portfolio of semiconductor processing equipment. The Group's product portfolio includes grinding, polishing and chemical mechanical planarization (CMP) equipment (also referred to as ''systems") used to manufacture substrates and devices for the global semiconductor industry.

The systems that Revasum manufactures are a key part of the production chain in manufacturing and processing wafers sized 200mm and below that are used to make microchips, sensors, LEDs, RF devices and power devices which are commonly used in automotive, connected IoT devices, cellphones, wearables, 5G and industrial applications.

No significant change in the nature of these activities occurred during the period.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Revenue of $15.2 million for 1H FY19 which represents a 43% increase from the same period a year ago (1H FY18) and was within the previously announced range of $15.0 to $16.5 million. This amount includes $11.8 million of system sales (an increase of 46% from 1H FY18). System revenue increased principally as a result of an increase number of shipments – 19 units shipped in 1H FY19 compared to 15 units shipped in 1H FY18.

For the half-year ended 30 June 2019, the net operating loss was $2.62 million (2018: $0.95 million).

During the first half of 2019 the Company has also made substantial progress towards the objective of modernizing the Company's product offering and infrastructure. Revasum is still on track to release its first fully automated single-wafer silicon carbide polisher to market in the second half of 2019.

GOING CONCERN

As disclosed in the consolidated interim financial statements, the consolidated entity's loss after income tax for the period ended 30 June 2019 was $2.57 million (30 June 2018 $0.98 million) and the consolidated entity's net cash outflows from operating activities for the period ended 30 June 2019 were $6.59 million (30 June 2018 cash inflows of $0.35 million).

The Directors believe that there are reasonable grounds to conclude that the consolidated entity will continue as a going concern, after consideration of the following factors:

- The securing of a $10M debt financing facility with Bridge Bank on 30 July 2019 comprised of a $2M term loan line of credit and an $8M working capital revolving credit line, for further detail on this please see note 12 to the interim financial statements.
- The expansion of market opportunities as a result of the development and production of new products.

Accordingly, the directors believe the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the half-year.

DIRECTORS’ REPORT

DIVIDENDS

No dividends were paid or proposed during the half-year ended 30 June 2019 and the Company does not intend to pay any dividends for the half-year 2019 (2018 $Nil).

PRESENTATION CURRENCY

The functional and presentation currency of the Group is United States Dollars. The financial report is presented in United States Dollars with all references to dollars, cents or $’s in these financial statements presented in US currency, unless otherwise stated.

ROUNDING OF AMOUNTS

Unless otherwise stated, amounts have been rounded to the nearest thousand United States Dollars.

JURISDICTION OF INCORPORATION

The Company is incorporated in the State of Delaware, United States of America and is a registered foreign entity in Australia. As a foreign company registered in Australia, the Company is subject to different reporting and regulatory regimes than Australian companies.

MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

On 22 July 2019, IOOF Holdings Limited, a substantial shareholder of Revasum, Inc. increased their holding in the Company from 12.206% to 13.419%.

On 30 July 2019, the Company closed a US$10.0 million business financing agreement with Bridge Bank, a division of Western Alliance Bank (NYSE: WAL). The new $10.0 million facility is comprised of:

- US$8.0 million working capital revolving credit line (“**Revolving Credit Line**”)
- US$2.0 million term loan line of credit (“**Term Loan**”)

The amount of liquidity available under the US$8.0 million Revolving Credit Line is based upon the Company’s balances and composition of eligible customer receivables and inventory, as well as other factors. Amounts borrowed under the Revolving Credit Line mature and become due and payable in 24 months, unless extended by the parties.

The US$2.0 million Term Loan provides funds for the funding of capital expenditures and other corporate purposes through April 2020, at which time amounts funded under the Term Loan then become payable in 27 equal monthly installments commencing on 1 May 2020.

On 1 August 2019, 607,500 options with an exercise price of US$1.03 were granted to employees.

On 1 August 2019, 456,240 options, previously issued to a former executive of the Company, were cancelled.

On 1 August 2019, 37,500 shares were issued as a result of the vesting of Restricted Stock Units.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future fiscal years.

PROCEEDINGS ON BEHALF OF THE COMPANY

On 29 July 2019, a bankruptcy court approved a settlement agreement which was signed by the Company on 31 May 2019 in respect of a Transition Services Agreement by and between Revasum, Inc. and Strasbaugh. The full liability of $227,207 due under the settlement agreement is included in trade and other payables as at 30 June 2019.

No other proceedings on behalf of the Company occurred during the half-year.

DIRECTORS' REPORT

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group's core growth strategy involves continuing its strong market-driven product development focus in order to continue to capitalize on strong growth in demand for 200mm substrate and device fabrication capacity. The Group's growth strategy also includes:

1. Increasing sales, marketing and product demonstration capabilities to secure new customers and help expedite the conversion of existing pipeline customers;
2. Establishing relationships with technology and manufacturing partners in order to improve our product offerings and manufacturing capabilities
3. Expanding the product portfolio which in turn increases the addressable market size; and
4. Continuing two customer-led product development projects, which are expected to add incremental sales and further enable Revasum to capitalize on key market trends.

On behalf of the directors

Jerry Cutini
Executive Chairman, President and Chief Executive Officer
21 August 2019
San Luis Obispo, California, USA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019

(in thousands, except share and per share amounts)

	Note	30 Jun 2019	30 Jun 2018
Revenue	3	$ 15,193	$ 10,602
Cost of goods sold		(10,905)	(6,980)
Gross profit		**4,288**	**3,622**
Gross margin		**28.2%**	**34.2%**
Expenses			
Research & development		(1,909)	(2,098)
Selling & marketing		(2,418)	(1,162)
General & administrative		(1,969)	(1,279)
Stock based compensation	9	(612)	(34)
Total expenses		**(6,908)**	**(4,573)**
Operating loss		**(2,620)**	**(951)**
Finance income		148	1
Finance expenses		(97)	(26)
Net loss before income tax expense		**(2,569)**	**(976)**
Income tax expense		-	-
Net loss for the period		**$ (2,569)**	**$ (976)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the members of Revasum, Inc.		**$ (2,569)**	**$ (976)**
Loss per share attributable to the members of Revasum, Inc.:			
Basic and diluted loss per share	4	$ (0.03)	$ (1.34)

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 2019

(in thousands, except share and per share amounts)

	Note	30 Jun 2019	31 Dec 2018
Assets			
Current assets			
Cash and cash equivalents	5	$ 12,123	$ 24,469
Trade and other receivables		9,243	8,189
Inventories - net	6	11,099	8,378
Other current assets		1,583	498
Total current assets		**34,048**	**41,534**
Non-current assets			
Property, plant and equipment – net		1,944	1,034
Right-of-use asset	2	2,914	-
Intangible assets - net	7	5,531	1,536
Other non-current assets		72	102
Total non-current assets		**10,461**	**2,672**
Total assets		**$ 44,509**	**$ 44,206**
Liabilities			
Current liabilities			
Trade and other payables		$ 6,798	$ 5,911
Customer deposits		904	2,742
Deferred revenue		179	60
Employee benefits		372	290
Warranty provision		216	183
Lease liabilities, current	2	601	9
Total current liabilities		**$ 9,070**	**$ 9,195**
Non-current liabilities			
Lease liabilities, non-current	2	2,403	18
Total non-current liabilities		**2,403**	**18**
Total liabilities		**$ 11,473**	**$ 9,213**
Net assets		**$ 33,036**	**$ 34,993**
Contributed equity	8	$ 43,200	$ 43,154
Share-based payment reserve	9	945	379
Accumulated losses		(11,109)	(8,540)
Total equity		**$ 33,036**	**$ 34,993**

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 2019

(in thousands, except share and per share amounts)

	Contributed equity	Share-based payment reserve	Accumulated losses	Total equity
Balance at 1 January 2018	**$ 7,019**	**$ 112**	**$ (4,185)**	**$ 2,946**
Loss after income tax expense for the period	-	-	(976)	(976)
Other comprehensive loss for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	**$ -**	**$ -**	**$ (976)**	**$ (976)**
Transactions with owners in their capacity as owners:				
Shares issued	200	-	-	200
Share-based payments	-	34	-	34
Balance at 30 June 2018	**$ 7,219**	**$ 146**	**$ (5,161)**	**$ 2,204**
Balance at 1 January 2019	**$ 43,154**	**$ 379**	**$ (8,540)**	**$ 34,993**
Loss after income tax expense for the period	-	-	(2,569)	(2,569)
Other comprehensive loss for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	**$ -**	**$ -**	**$ (2,569)**	**$ (2,569)**
Transactions with owners in their capacity as owners:				
Shares issued on vesting of RSUs	46	(46)	-	-
Share-based payments	-	612	-	612
Balance at 30 June 2019	**$ 43,200**	**$ 945**	**$ (11,109)**	**$ 33,036**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

(in thousands, except share and per share amounts)

	Note		30 Jun 2019		30 Jun 2018
Cash flows used in operating activities					
Receipts from customers		$	12,419	$	9,013
Payments to suppliers and employees			(19,062)		(8,635)
Interest received			148		-
Interest paid			(96)		(26)
Net cash (used in)/from operating activities		**$**	**(6,591)**	**$**	**352**
Cash flows used in investing activities					
Payments for property, plant and equipment			(1,099)		(105)
Payments for capitalized development costs			(4,280)		(147)
Net cash used in investing activities		**$**	**(5,379)**	**$**	**(252)**
Cash flows used in financing activities					
Proceeds from the issue of preferred stock			-		200
Repayment of secured promissory note			-		(160)
Lease principal repayments			(376)		(40)
Net cash used in financing activities		**$**	**(376)**	**$**	**-**
Net (decrease)/increase in cash and cash equivalents			**(12,346)**		**100**
Cash and cash equivalents at the beginning of the period			24,469		2,406
Cash and cash equivalents at the end of the period	**5**	**$**	**12,123**	**$**	**2,506**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

This interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting". The interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by Revasum, Inc. during the interim period.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. All other accounting policies adopted are consistent with those of the previous fiscal year and corresponding interim period, unless otherwise stated.

Comparative figures have been adjusted to conform to changes in classification and presentation for the current period.

Historical cost convention

The consolidated financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

In the process of applying the Group's accounting policies, management has made a number of judgements, applied estimates and assumptions of future events.

The judgements, estimates and assumptions applied in the interim financial statement, including the key sources of estimation, were the same as those applied in the Group's last annual financial statements for the fiscal year 31 December 2018, except for estimates associated with the adoption of AASB 16 – Leases (please see note 2 for further details) and except for judgements associated with the timing of Customer A cash receipts for installation of systems (please see paragraph below).

Changes in critical accounting estimates and judgements

During the period the Company and Customer A signed an agreement to extend the payment terms of systems that were shipped prior to 30 June 2019. The payment terms were extended for the two remaining billing milestones of the contract. The first being 15 December 2019 and the second being no later than 30 September 2020. Significant judgements have been made in the estimated cash receipts of these systems based on Revasum's planned installation timeline and Customer A's commercial incentive to have these systems installed and available for operational use within 12 months. On this basis, the Company expect collection within 12 months of the reporting date and have disclosed this within other receivables in the interim financial statements.

GOING CONCERN

As disclosed in the consolidated interim financial statements, the consolidated entity's loss after income tax for the period ended 30 June 2019 was $2.57 million (30 June 2018 $0.98 million) and the consolidated entity's net cash outflows from operating activities for the period ended 30 June 2019 were $6.59 million (30 June 2018 cash inflows of $0.35 million).

The Directors believe that there are reasonable grounds to conclude that the consolidated entity will continue as a going concern, after consideration of the following factors:

- The securing of a $10M debt financing facility with Bridge Bank on 30 July 2019 comprised of a $2M term loan line of credit and an $8M working capital revolving credit line, for further detail on this please see note 12 to the interim financial statements.
- The expansion of market opportunities as a result of the development and production of new products.

Accordingly, the directors believe the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report.

ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest thousand United States dollars, except share and per share amounts.

FUNCTIONAL CURRENCY

The financial statements are presented in US dollars, which is the functional and presentational currency of the Group. There has been no change in the functional and presentational currency of the Group.

NEW, REVISED OR AMENDED ACCOUNTING STANDARDS ADOPTED

The Group has retrospectively adopted, as at the date of incorporation, all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for the comparative period commencing 1 January 2018.

Revised or amending Accounting Standards or Interpretations that are not yet mandatory for the year commencing 1 January 2019 have not been early adopted.

NOTE 2. CHANGES IN ACCOUNTING POLICIES

AASB 16 – Leases

Revasum has adopted AASB 16 from 1 January 2019, resulting in the Group's lease for its headquarters in San Luis Obispo, CA being recognized on the statement of financial position as a right-of-use asset. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under the preceding standard, AASB 117.

Where a lease is identified at inception, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Variable lease payments are only included in measuring the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

Subsequently, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

NOTE 2. CHANGES IN ACCOUNTING POLICIES (*CONTINUED*)

AASB 16 – Leases *(continued)*

Impacts on financial statements

On transition to AASB 16 on 1 January 2019, the Group recognized a right-of-use asset of $3,238,003 and a lease liability of $3,273,163, recognizing the expense of $35,160 in the current year P&L due to the immaterial value. The Group has recognized an additional depreciation charge during the period of $358,960 in relation to depreciation of the right-of-use asset, and additional finance costs of $90,015 due to interest expense on the lease liability. When measuring the lease liabilities, the Group discounted these lease payments using its incremental borrowing rate at the date of initial application of AASB 16. The rate applied was 6.0%.

	HY JUN 2019 Applying AASB 16 $'000	HY JUN 2019 Applying AASB 117 $'000	Movement $'000
Consolidated Statement of Profit or Loss			
Total expenses	6,908	6,818	90
Finance expenses	97	7	90
Depreciation	548	189	359
Consolidated Statement of Financial Position			
Right-of-use asset	2,914	-	2,914
Lease liabilities, current	(601)	(2)	(599)
Lease liabilities, non-current	(2,403)	(28)	(2,375)
Accumulated losses	(11,109)	(11,169)	60
Consolidated Statement of Cash Flows			
Cash flows used in operating activities	6,591	6,969	(378)
Cash flows used in financing activities	376	(2)	378

NOTE 3. REVENUE

Revenue consists of the following (*in thousands*):

	30 Jun 2019	30 Jun 2018
Systems and installation revenue	$ 11,810	$ 8,065
Service, spares and other revenue	3,383	2,537
	$ 15,193	**$ 10,602**

Disaggregation of revenue

The Group derives its revenue from the transfer of goods and services at a point in time. The table above provides a breakdown of revenue by major business line. The categories above depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data. As disclosed in note 13, the Group has one operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following information *(in thousands, except share and per share amounts):*

		30 Jun 2019		30 Jun 2018
Reconciliation of earnings used in calculating earnings per share				
Loss attributable to ordinary equity holders of Revasum, Inc.	$	(2,569)	$	(976)

	No. of shares	No. of shares
Reconciliation of shares used in calculating earnings per share		
Opening balance – (2018 adjusted for the impact of the 15:1 share split)	76,508,678	727,500
Shares issued on vesting of RSUs (9-April-2019)	37,500	-
	76,546,178	**727,500**
Weighted average number of ordinary shares	**76,525,874**	**727,500**
Basic and diluted loss per share	**$ (0.03)**	**$ (1.34)**

Preferred stock and options over ordinary shares that would be dilutive if the Group was generating a profit have been excluded from the weighted average number of issued ordinary shares as the Group is generating a loss.

NOTE 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following (*in thousands*):

		30 Jun 2019		31 Dec 2018
Cash at bank	$	1,203	$	4,455
Call deposits		10,920		20,014
	$	**12,123**	**$**	**24,469**

There are no restrictions or limitations on the use of cash and cash equivalents.

NOTE 6. INVENTORIES - NET

Inventories consisted of the following (*in thousands*):

		30 Jun 2019		31 Dec 2018
Raw materials	$	9,715	$	7,498
Work in progress		2,258		1,682
Finished goods		543		576
Inventories - gross	**$**	**12,516**	**$**	**9,756**
Less: Provision for impairment of inventories		(1,417)		(1,378)
Inventories - net	**$**	**11,099**	**$**	**8,378**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. INTANGIBLE ASSETS - NET

Intangible assets consisted of the following (*in thousands*):

	30 Jun 2019		31 Dec 2018	
Acquired intangible assets – at cost (a)	$	602	$	602
Less: Accumulated amortization (a)		(513)		(494)
Acquired intangible assets – net	**$**	**89**	**$**	**108**
Capitalized development costs – at cost (b)	$	5,442	$	1,428
Less: Accumulated amortization (b)		-		-
Capitalized development costs – net	**$**	**5,442**	**$**	**1,428**
Intangible assets - net	**$**	**5,531**	**$**	**1,536**

(a) Acquired intangible assets (*in thousands*)

	Product Technology		Customer Relationships		Total	
Balance at 1 January 2019	**$**	**68**	**$**	**40**	**$**	**108**
Amortization expense		(12)		(7)		(19)
Balance at 30 June 2019	**$**	**56**	**$**	**33**	**$**	**89**

(b) Capitalized development costs (*in thousands*)

	Capitalized development costs	
Balance at 1 January 2019	**$**	**1,428**
Additions		4,014
Balance at 30 June 2019	**$**	**5,442**

Impairment of intangible assets

The Group assesses impairment of intangible assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate several key estimates and assumptions. At the end of the half year, the Group has considered indicators of impairment of the intangible assets and determined there were none.

NOTE 8. CONTRIBUTED EQUITY

Contributed equity consisted of the following:

	30 Jun 2019			31 Dec 2018		
	Shares	US$'000		Shares	US$'000	
Shares of Common Stock	76,546,178	$	43,200	76,508,678	$	43,154
	76,546,178	**$**	**43,200**	**76,508,678**	**$**	**43,154**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. CONTRIBUTED EQUITY (*CONTINUED*)

(a) Movements in common stock*:*

	Shares	US$'000
Balance as at 1 January 2019	**76,508,678**	**43,154**
Shares issued on vesting of RSUs	37,500	46
Balance as at 30 June 2019	**76,546,178**	**43,200**

NOTE 9. SHARE BASED PAYMENTS

2017 Omnibus Incentive Plan (2017 Plan)

The Company's Amended and Restated 2017 Omnibus Incentive Plan (2017 Plan) provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, incentive awards, other stock-based awards, dividend equivalents and cash awards to directors, employees, consultants and contractors. Only employees of the Company are eligible to receive incentive stock options.

The 2017 Plan is administered by the Remuneration and Nomination Committee. Subject to the provisions of the 2017 Plan and the ASX Listing Rules, the administrator of the 2017 Plan generally has the authority to, among other things, construe and interpret all provisions of the 2017 Plan; approve persons to receive awards; approve the form and terms of awards and terms of vesting, exercisability and payment of awards; determine the number of Shares subject to awards; adopt, amend and rescind rules and regulations pertaining to the administration of the 2017 Plan; and accelerate the time at which any award may be exercised, become transferable or nonforfeitable or be earned and settled including, without limitation, in the event of a participant's death, disability, retirement or involuntary termination of employment or service or in connection with a change in control of the Company.

In the event of certain corporate events or changes in the Company's capitalization, the administrator will make adjustments to the number of Shares reserved for issuance under the 2017 Plan, the exercise prices of and the number of Shares subject to outstanding options and stock appreciation rights, and the purchase prices of and/or number of Shares subject to other outstanding awards, subject to compliance with contractual commitments and applicable rules and regulations, including the ASX Listing Rules.

In the event of an acquisition or other combination, any or all outstanding awards may be assumed, converted or replaced by the successor or acquiring entity or may be substituted for equivalent awards granted by the successor or acquiring entity. Any awards not assumed, replaced, or otherwise contractually committed in relation to the acquisition or combination will terminate, without accelerating vesting on the date of such acquisition or combination.

Subject to certain contractual commitments and compliance with applicable law, including the ASX Listing Rules, the Board has the authority to amend or terminate the 2017 Plan at any time and the ability to amend any outstanding awards under the 2017 Plan, provided that no such amendment or termination may materially adversely impair the rights of the participant with respect to such outstanding awards without the participant's consent. Certain amendments require the approval of the Shareholders.

Unless earlier terminated, the 2017 Plan will terminate in 2027.

Share based payment expense (in thousands):

	30 Jun 2019	30 Jun 2018
Options issued to directors, employee and consultants (a)	$ 144	$ 34
Restricted stock units ('RSUs') issued to employees and consultants (b)	468	-
Total share-based payment expense:	**$ 612**	**$ 34**

NOTE 9. SHARE BASED PAYMENTS *(CONTINUED)*

(a) Options issued as share based payments

The Company grants stock options to its employees, directors, and consultants for a fixed number of shares with an exercise price equal to or greater than the fair value of the common stock at the date of grant and expire no later than 10 years from the date of grant.

(in thousands, except share and per share amounts)

	WAEP $	Share options Number	Share-Based Payment Reserve	
Opening balance as at 1 January 2019	**0.08**	**13,220,550**	**$**	**194**
Expense in the period		-		144
Granted	1.23	1,642,500		-
Exercised		-		-
Forfeited		-		-
Expired		-		-
Closing balance as at 30 June 2019	**0.21**	**14,863,050**	**$**	**338**

Option Pricing Model

For all share options issued during the fiscal year, the fair value of the equity-settled share options granted is estimated as at the date of grant using a Black Scholes Option Pricing Model.

The following tables list the inputs to the models used for the valuation of options granted during the half-year.

	Grant Date					
	2-Jan-19	**4-Feb-19**	**1-Apr-19**	**1-Apr-19**	**1-May-19**	**1-May-19**
Number of options issued	657,500	500,000	75,000	300,000	50,000	60,000
Fair value at measurement date US$	0.488	0.504	0.453	0.453	0.368	0.368
Share price at Grant date US$	1.26	1.30	1.17	1.17	0.95	0.95
Exercise price US$	1.26	1.30	1.17	1.17	0.95	0.95
Expected volatility %	55	55	55	55	55	55
Risk free interest rate %	2.24	2.24	2.24	2.24	2.24	2.24
Expected life of options in years	3	3	3	3	3	3
Vesting conditions	Type 1	Type 1	Type 1	Type 2	Type 1	Type 3

Vesting conditions	
Type 1	25% of the options vest on the anniversary of the date of grant, with the remaining 75% vesting on a monthly basis over the following 36 months.
Type 2	(A) 50,000 of the shares of Common Stock on the one (1) year anniversary of the Date of Grant, (B) 145,845 shares of Common Stock monthly over the next thirty-five (35) months in equal 4,167 monthly amounts on the same day of the month as the Date of Grant (C) 4,155 shares of Common Stock on the four (4) year anniversary the Date of Grant, (D) 50,000 of the shares of Common Stock on the date a customer pursuant to a purchase order issued by such customer to the Company (i.e., in connection with the sale of such product to the customer) formally accepts its first 200mm CMP tool, and (E) 50,000 of the shares of Common Stock on the date a customer pursuant to a purchase order issued by such customer to the Company (i.e., in connection with the sale of such product to the customer) formally accepts its first 300mm CMP tool.
Type 3	25% of the shares of Common Stock subject to the Option on the first four quarterly anniversaries of the Date of Grant (1 July 2019, 1 October 2019, 1 January 2020, and 1 April 2020).

NOTE 9. SHARE BASED PAYMENTS (*CONTINUED*)

The expected dividend yield for all options granted during these periods was nil. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(b) Restricted Stock Units issued as share based payments

(in thousands, except share and per share amounts)

	RSU Number	Share-Based Payment Reserve	
Opening balance as at 1 January 2019	**2,402,160**	**$**	**185**
Expense in the period	-		468
Issued during the year	150,000		-
Converted during the year	(37,500)		(46)
Closing balance as at 30 June 2019	**2,514,660**	**$**	**607**

Restricted Stock Units Pricing Model

The fair value of the equity-settled restricted stock units granted throughout the year is estimated as at the date of grant with reference to the IPO price, discounted accordingly for lack of marketability and non-controlling interest.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The Group has committed to a Purchase Order for capital equipment for the total value of $500,000. It is expected that the capital equipment will be delivered in August 2019.

Other than the above, there have been no significant movements in commitments or contingencies since the previous reporting period, being 31 December 2018.

NOTE 11. RELATED PARTY TRANSACTIONS

Subsidiaries

The consolidated financial statements include the financial statements of Revasum, Inc. and the following subsidiary:

Name	Country of incorporation	Beneficial interest 2019	Beneficial interest 2018
Revasum Australia, Inc. (1)	United States of America	100%	-

(1) Revasum Australia, Inc. was incorporated in the State of Delaware in the United States on 17 August 2018.

Key management personnel

The following persons were identified as key management personnel of Revasum during the half-year ended 30 June 2019:

Jerry Cutini	Executive Chairman, President and CEO
Kevin Landis	Non-Executive Director
Ryan Benton	Executive Director, Senior Vice President and CFO
Paul Mirabelle	Independent Non-Executive Director
Vivek Rao	Independent Non-Executive Director

NOTE 11. RELATED PARTY TRANSACTIONS (*CONTINUED*)

Compensation

The compensation paid to directors and key management personnel for the fiscal year ended 30 June 2019 is as follows:

	Base Salary (Gross) $	401 (K) $	Directors' Fees $	2019 $
Jerry Cutini	138,713	2,750	-	**141,463**
Ryan Benton	155,159	3,750	-	**158,909**
Paul Mirabelle	-	-	30,000	**30,000**
Vivek Rao	-	-	30,000	**30,000**
	293,872	**6,500**	**60,000**	**360,372**

Transactions with related parties

Share transactions

On 17 May 2019, Jerry Cutini, an executive director of the Group, purchased 37,500 shares of common stock in Revasum, Inc. through a Company of which he is a shareholder, Cutini Investments Pty Ltd.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting dates.

Loans to and from related parties

There were no loans to or from related parties at the current and previous reporting dates.

NOTE 12. EVENTS AFTER THE REPORTING PERIOD

On 22 July 2019, IOOF Holdings Limited, a substantial shareholder of Revasum, Inc. increased their holding in the Company from 12.206% to 13.419%.

On 30 July 2019, the Company closed a US$10.0 million business financing agreement with Bridge Bank, a division of Western Alliance Bank (NYSE: WAL). The new $10.0 million facility is comprised of:

- US$8.0 million working capital revolving credit line ("**Revolving Credit Line**")
- US$2.0 million term loan line of credit ("**Term Loan**")

The amount of liquidity available under the US$8.0 million Revolving Credit Line is based upon the Company's balances and composition of eligible customer receivables and inventory, as well as other factors. Amounts borrowed under the Revolving Credit Line mature and become due and payable in 24 months, unless extended by the parties.

The US$2.0 million Term Loan provides funds for the funding of capital expenditures and other corporate purposes through April 2020, at which time amounts funded under the Term Loan then become payable in 27 equal monthly installments commencing on 1 May 2020.

On 1 August 2019, 607,500 options with an exercise price of US$1.03 were granted to employees.

On 1 August 2019, 456,240 options, previously issued to a former executive of the Company, were cancelled.

On 1 August 2019, 37,500 shares were issued as a result of the vesting of Restricted Stock Units.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future fiscal years.

NOTE 13. OPERATING SEGMENTS

For operating purposes, the Group is organized into one main operating segment, focused on the technological design, development, manufacture and sale of semiconductor processing equipment.

All the activities of the Group are interrelated, and each activity is dependent on the others. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Geographically, the Group has the following revenue information based on the location of its customers *(in thousands):*

	30 Jun 2019	30 Jun 2018
Asia	$ 8,405	$ 8,152
North America	3,411	217
Europe	3,377	2,233
	$ 15,193	**$ 10,602**

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 30 JUNE 2019

In accordance with a resolution of the directors of Revasum, Inc., the directors of the Company declare that:

1. The interim financial statements and notes thereto, are in accordance with Australian Accounting Standards;

2. The interim financial statements and notes thereto, give a true and fair view of the Group's financial position as at 30 June 2019 and of the performance for the half-year ended on that date; and

3. In the directors' opinion there are reasonable grounds to believe that Revasum, Inc. will be able to pay its debts as and when they become due and payable.

On behalf of the directors

Jerry Cutini
Executive Chairman, President and Chief Executive Officer
21 August 2019
San Luis Obispo, California, USA

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Revasum, Inc.

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Revasum, Inc. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial report does not present, in all material respects, the financial position of the Group as at 30 June 2019, and its financial performance and its cash flows for the half-year ended on that date in accordance with Accounting Standard AASB 134 Interim Financial Reporting.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not presented fairly, in all material respects, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 21 August 2019