Aurora Labs Limited (A3D)

ABN 44 601 164 505

Appendix 4D – Half Year Report for six months ended 31 December 2019

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1. Details of reporting periods:

Current reporting period : Six (6) months to 31 December 2019

Previous corresponding period : Six (6) months to 31 December 2018

2. Results for announcement to the market:

	Six Months 31 December 2019 $	Six Months 31 December 2018 $	% Change
Revenues	**327,840**	**548,218**	**DOWN 40.2%**
Loss after tax	**(5,331,218)**	**(4,565,555)**	**UP 16.8%**
Loss after tax attributable to members.	**(5,331,218)**	**(4,565,555)**	**UP 16.8%**

Commentary on the above figures is included in the attached Interim Financial Report for the half year ended 31 December 2019.

3. Statement of comprehensive income

Refer to attached Interim Financial Report for the half year ended 31 December 2019.

4. Statement of financial position

Refer to attached Interim Financial Report for the half year ended 31 December 2019.

5. Statement of cash flows

Refer to attached Interim Financial Report for the half year ended 31 December 2019.

6. Statement of changes in equity

Refer to attached Interim Financial Report for the half year ended 31 December 2019.

7. Dividend payments

Not applicable.

8. Dividend reinvestment plans

Not applicable.

9. Net tangible assets per security

	31 December 2019 Cents
Net tangible assets per ordinary security	**3.39**

10. Gain or loss of control over entities

Not applicable.

11. Associates and joint ventures

Not applicable.

12. Other significant information

Not applicable.

13. Foreign entities

Not applicable.

14. Status of audit

The Interim Financial Report for the half year ended 31 December 2019 has been audit reviewed and is not subject to dispute or qualification.

Aurora Labs Limited

ABN 44 601 164 505

Interim Financial Report
For the Half-Year 31 December 2019

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CORPORATE INFORMATION

ABN 44 601 164 505

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Nathan Henry
Paul Kristensen
Mel Ashton
Mathew Whyte

Company Secretary
Mathew Whyte

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Securities Exchange Listing
Australian Securities Exchange
ASX Code: A3D

DIRECTORS' REPORT

The Directors present their report together with the financial statements for Aurora Labs Limited (the "Company" or ("Aurora") and its subsidiaries (the "Group") for the half year ended 31 December 2019.

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are as follows.

David Budge	Managing Director
Nathan Henry	Executive Director
Paul Kristensen	Non-Executive Chairman
Mel Ashton	Non-Executive Director
Mathew Whyte	Non-Executive Director

Unless otherwise disclosed, all directors held their office from 1 July 2019 until the date of this report.

Principal Activities

The principal activities of the Group during the period include the design and development and sale of proprietary 3D metal printers, metal powders, digital parts and their associated intellectual property.

Review of Operating Results and Financial Conditions for the period

The comprehensive loss of the Group for the financial period, after providing for income tax amounted to $5,331,218 compared with a loss of $4,565,555 during the previous six-month period to 31 December 2018. The Group had $2,506,866 in cash assets as at 31 December 2019.

Review of Operations

Aurora Labs (ASX: A3D) is an Australian-based industrial technology and innovation company specialising in the development and commercialisation of 3D metal printers, metal powder manufacturing plant, digital parts and their associated intellectual property. During the period Aurora made significant progress on the development of its proprietary 3D printer and powder technologies in pursuit of Aurora's aim to transform how metal parts and products are manufactured.

Highlights during and since the end of the period are as follows:

- Agreement signed for first commercial supply of RMP-1 Beta Printer to AdditiveNow
- Execution of Research Project contract with Gränges AB
- Engagement to produce sample parts for global manufacturers
- Successful placements to raise $4 million from institutional and sophisticated investors in October 2019 and $1.82 million from a strategic investor in February 2020

First commercial supply of RMP-1 Beta

Aurora entered an agreement in October 2019[1] to supply its RMP-1 (Beta) metal printer to AdditiveNow Pty Ltd ("AdditiveNow™"). The commercial supply of the Beta is a major milestone for the Company as it will deliver the first cashflow from its Rapid Manufacturing printers. Income to Aurora from AdditiveNow will be modest during the initial phase of the business as it expands and grows to meet demand.

The RMP1- Beta machine will service demand for printing from AdditiveNow's growing list of tier one resource clients in Australia.

Execution of Research Project contract with Gränges AB

Following the Memorandum of Understanding executed with Gränges AB in July 2019[2], the Company announced in December that it had entered into a service contract with Gränges to deliver a research project exploring the material properties the parties can develop using their combined expertise in aluminium alloys and additive manufacturing. The project is focused on alloys for the automotive sector, for which Gränges is a major global supplier, and is expected to run for up to nine months. The Company looks forward to exploring the many opportunities that may arise from studying and successfully printing with Gränges' unique alloys.

Industry Partner Program

In addition to progress with AdditiveNow and Gränges AB, Aurora continues to work alongside its Industry Partners on various projects;

DNV-GL: As announced on 30 January Aurora has executed a Certification Services Framework Agreement with DNV GL. The framework Agreement sets out a general scope of certification and audit services that A3D can now request from DNV GL, and the terms and conditions of delivery of these services.

VEEM: The size of parts required by VEEM means practical use of the RMP technology for production will need a larger printer. Special materials required for the project have been sourced. Preliminary testing of material will begin in 2020.

UWA/RPH: Agreement has now been executed. The S-Titanium Pro Printer has been optimised, personnel trained, and the project is underway. Project completion is anticipated in 3-6 months.

FMG: The previous term sheet has expired but discussions are continuing as to whether changes may be required to meet the client's future needs

Engagement to produce sample parts for global manufacturers

During the period, Aurora Labs entered into discussions with a number of leading global manufacturers across a range of sectors to produce sample parts for evaluation. Subject to successful evaluation and testing, these manufacturers have indicated an interest in purchasing Aurora's RMP-1 metal 3D printer. Sample parts production will be undertaken on commercial terms.

Research projects and sample part production agreements are key deliverables in our sales and marketing strategy. These agreements create the opportunity for us to continue to evolve and develop our printer's capability, and to demonstrate its commercial and technical viability to potential customers.

Strong customer interest at FormNext global additive manufacturing exhibition and conference

FormNext is the world's leading additive manufacturing (3d printing) conference and exhibition. The Company's presence at this event in November has generated significant market awareness about Aurora's product and how it compares to global competitors.

US Facility

During the quarter the Company advanced its plans to open a corporate sales and support office in Dallas, Texas. Aurora has now signed the lease for the property and is expecting to occupy in May 2020 after fit-out is complete.

The Company now has a number of S-Titanium Pro printers installed in North America. The US is also a huge metal manufacturing market and has been the source of significant interest in the RMP-1 machine.

Our US office will provide product service, support, and manage sales to the North American market. We have established a wholly owned subsidiary, Aurora Labs 3D US LLC, and initial staff have been hired with the appointment of a Senior Vice President of US Operations.

Dallas is centrally located with great access to the manufacturing and oil and gas centres of the US in addition to being near the offices of several organisations we are already in contact with. Aurora intends to use the Dallas facility as its US showroom. We believe the real world demonstration of the speed at which parts can be manufactured will be one of the most effective ways to show the cost benefit achieved by our 3D metal printing ecosystem.

Finance and Cash Position

Successful Placement to raise $4 million

On 30 October 2019[3] the Company completed a successful capital raising of $4 million (before costs of the issue) by way of placement to new institutional and sophisticated investors. A total of 15,384,616 Shares were issued at $0.26 per Share. Funds from the placement are primarily being applied to accelerate commercialisation of Rapid Manufacturing Technology (RMP-1) and large format machines), powder development and working capital purposes.

As at 31 December 2019, the Company's cash at bank and on deposit was approximately $2.56 million.

[1] Refer to ASX Announcement 1st October 2019 "Aurora Supplies first RMP-1 Beta"

[2] Refer to ASX Announcement 3rd July 2019 "Aurora Executes Memorandum of Understanding with Granges AB"

[3] Refer to ASX Announcement 30 October 2019 "Aurora Completes $4 million Placement"

Significant events after the balance date

Since the end of the period the Group has announced the completion of a capital raising of $1.82 million (before costs) by way of a placement (Placement). On 13 February 2020, 13,000,000 shares were issued pursuant to the Placement at an issue price of $0.14 per share.

Other than noted above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Auditor Independence

A copy of the auditor's independence declaration is on page 7 and forms part of this report.

Signed in accordance with a resolution of the directors.

David Budge

Mr David Budge
Managing Director
Dated this 25 February 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Aurora Labs Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
25 February 2020

B G McVeigh
Partner

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated 31 Dec 19 $	Consolidated 31 Dec 18 $
Continuing operations			
Revenue	5	327,840	548,218
Cost of goods sold		(138,428)	(204,662)
Gross profit		**189,412**	**343,556**
Other income		(53,822)	65,877
Advertising		(241,693)	(182,844)
Research and development expenses		(539,842)	(978,841)
Rent		(31,967)	(209,518)
Corporate expenses		(848,533)	(500,734)
Depreciation		(181,521)	(86,411)
Employee benefits		(2,470,756)	(2,018,050)
Employee share based payments (non-cash)		(251,780)	(286,810)
Finance expenses		(81,465)	-
Other expenses		(819,412)	(596,050)
Loss before income tax benefit		**(5,331,379)**	**(4,449,825)**
Income tax (expense) / benefit	7	161	(115,730)
Loss for the period		**(5,331,218)**	**(4,565,555)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(5,331,218)**	**(4,565,555)**
Basic (loss) per share (cents per share)		(5.84)	(6.78)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	Consolidated 31 Dec 19 $	Consolidated 30 Jun 19 $
Assets			
Current Assets			
Cash and cash equivalents		2,506,866	3,604,293
Trade and other receivables	8	435,374	2,370,804
Inventories		535,151	648,642
Total Current Assets		**3,477,391**	**6,623,739**
Non-Current Assets			
Investments accounted for using the equity method		142,858	195,310
Property, plant and equipment		747,327	472,633
Right-of-use leased assets	3	377,351	-
Intangible assets		876,648	733,265
Total Current Assets		**2,144,184**	**1,401,208**
Total Assets		**5,621,575**	**8,024,947**
Current Liabilities			
Trade and other payables		620,239	686,101
Lease liabilities	4	263,836	-
Borrowings		-	1,350,000
Other liabilities	15	44,905	52,534
Accrued annual leave		167,630	200,316
Total Current Liabilities		**1,096,610**	**2,288,951**
Non-Current Liabilities			
Lease liabilities	4	118,347	-
Total Non-Current Liabilities		118,347	-
Total liabilities		**1,214,957**	**2,288,951**
Net Assets		**4,406,618**	**5,735,996**
Equity			
Issued capital	9(a)	25,461,303	21,793,469
Reserves	9(c)	2,218,191	1,884,185
Accumulated losses		(23,272,876)	(17,941,658)
Net Equity		**4,406,618**	**5,735,996**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Half-Year to December 2018	Issued Capital	Option and Rights Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 July 2018	**15,232,021**	**1,513,206**	**(10,298,585)**	**6,446,642**
Equity issued during the period (net of share issue costs)	1,939,535	286,835	-	2,226,370
Comprehensive loss for the period	-	-	(4,565,555)	(4,565,555)
Total comprehensive loss for the period	**-**	**-**	**(4,565,555)**	**(4,565,555)**
Balance at 31 December 2018	**17,171,556**	**1,800,041**	**(14,864,140)**	**4,107,457**

Half-Year to December 2019	Issued Capital	Option and Rights Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 July 2019	**21,793,469**	**1,884,185**	**(17,941,658)**	**5,735,996**
Equity issued during the period (net of share issue costs)	3,667,834	334,006	-	4,001,840
Comprehensive loss for the period	-	-	(5,331,218)	(5,331,218)
Total comprehensive loss for the period	**-**	**-**	**(5,331,218)**	**(5,331,218)**
Balance at 31 December 2019	**25,461,303**	**2,218,191**	**(23,272,876)**	**4,406,618**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Consolidated 31 Dec 19 $	Consolidated 31 Dec 18 $
Cash flows from activities		
Payments to suppliers and employees	(5,242,969)	(4,877,344)
Proceeds from sale of printers	442,383	395,984
Refund to customers	(55,797)	-
Other receipts	40,000	38,637
Interest Paid	(21,913)	-
Interest received	11,500	23,493
Income tax benefit received	1,971,827	1,384,270
Net cash (used in) operating activities	**(2,854,969)**	**(3,034,960)**
Cash flows from investing activities		
Payments for intangible assets	(165,875)	(62,222)
Payments for property, plant and equipment	(289,451)	(98,054)
Net cash (used in) investing activities	**(455,326)**	**(160,276)**
Cash flows from financing activities		
Proceeds from issue of shares (net of capital raising costs)	3,751,983	1,963,230
Repayment of lease liabilities	(126,167)	-
Repayment of borrowings	(1,350,000)	-
Interest on borrowings	(62,948)	-
Net cash provided by financing activities	**2,212,868**	**1,963,230**
Net (decrease) in cash held	**(1,097,427)**	**(1,232,006)**
Cash and cash equivalents at the beginning of the period	3,604,293	3,790,081
Cash and cash equivalents at the end of the half-year	**2,506,866**	**2,558,075**

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year 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.

The financial statements comprise the consolidated condensed interim financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis except for the value of Employee performance rights which were valued using a barrier up and in option pricing model and the options which were valued using the Black-Scholes method. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Accounting policies and methods of computation

Accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2019, except for the accounting policy on leases described below which has changed as a result of the adoption of AASB 16 *Leases.* The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

In the half-year ended 31 December 2019 a new wholly owned company was incorporated, Aurora Labs (USA) LLC. This company has been consolidated in the half-year financial report.

Significant accounting judgements and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019, except for the impact of the new standards and interpretations effective 1 July 2019 disclosed below.

Standards and Interpretations applicable to 31 December 2019

In the half-year ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 July 2019.

As a result of this review, the Group has adopted AASB 16 from 1 July 2019.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases.

The Group has applied AASB 16 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2019 and has elected not to restate comparative information. Accordingly, the information presented for 30 June 2019 has not been restated.

The impact on the financial performance and position of the Group from the adoption of this Accounting Standards is detailed in note 15.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and Interpretations in issue not yet adopted applicable to 31 December 2019

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

Going Concern

The financial report has been prepared on a going concern basis which is based on the realisation of the future potential of the Group's assets and discharge of its liabilities in the normal course of business.

As disclosed in the financial statements, the Group has incurred a net loss after tax for the half year ended 31 December 2019 of $5,331,218 (31 December 2018: $4,565,555) and had net cash outflows from operating activities of $2,854,969 (31 December 2018: $3,034,960). As at 31 December 2019, the Company has a net current asset position of $2,380,781 (30 June 2019: $4,334,788).

The net current asset position as at 31 December 2019 includes the following:
- cash at bank of $2,506,866 (30 June 2019: $3,604,293);
- Income tax benefit receivable Nil (30 June 2019: $1,971,666);
- inventories of $535,151 (30 June 2019: $648,642)

Since the end of the period the Group has announced the completion of a capital raising of $1.82 million (before costs) by way of a Placement.

The Directors consider that the Group is a going concern however current cash flow forecasts indicate that the Group will need to generate sufficient revenue from its operations or other sources, including equity capital, to continue as a going concern. As the Group is in the formative stages of its business model there exists circumstances that give rise to a material uncertainty in relation to going concern.

Should the Group be unsuccessful in generating sufficient revenue from operations or additional sources of funding, there is a material uncertainty that may cast significant doubt as to whether the company will able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business.

Notwithstanding the above, the Directors believe there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- The current business development prospects show an increase in activity and should lead to increasing ongoing revenue and net cash flows which as has been documented in the Group's cash flow forecast for the period ending 28 February 2021;
- The Directors remain committed to the long-term business strategy that is expected to lead to improved results as the business progresses; and
- The Directors and the business have a successful track record of capital raising and have the option of seeking further funding to support working capital and the R& D activities of the Group by way of equity capital.

The Directors are of the opinion that these factors will allow the Group to focus on growth areas and on improving profitability. The Directors continue to monitor the situation closely and are focused on taking all measures necessary to optimise the Group's performance.

The Directors believe that the above indicators demonstrate that the Group will be able to pay its debts as and when they become due and payable and to continue as a going concern and be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the company not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2: DIVIDENDS

There was no dividend declared in respect of the current or prior reporting periods.

NOTE 3: RIGHT-OF-USE LEASED ASSETS
Carrying Value

	Consolidated 31 Dec 19 $
Cost	510,533
Accumulated depreciation	(133,182)
Carrying value as at 31 Dec 19	**377,351**
Reconciliation	
Recognised on 1 Jul 19 on adoption of AASB 16	510,533
Depreciation expense	(133,182)
Carrying value as at 31 Dec 19	**377,351**

AASB 16 has been adopted during the period, refer note 15 for details.

NOTE 4: LEASE LIABILITIES
Fair Value

	Consolidated 31 Dec 19 $
Current liabilities	263,836
Non-current liabilities	118,347
	382,183
Reconciliation	
Recognised on 1 Jul 19 on adoption of AASB 16	508,350
Principal repayments	(126,167)
Closing balance	**382,183**

AASB 16 has been adopted during the period, refer note 15 for details.
Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	<1 year $	1-2 years $	Total $
31 December 2019			
Lease payments	**288,100**	**122,913**	**411,013**
Interest	(24,264)	(4,566)	(28,830)
Net present values	**263,836**	**118,347**	**382,183**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from the sale of goods and the provision of services at a point in time to customers directly or through distributors.

	Consolidated 31 Dec 19 $	Consolidated 31 Dec 18 $
Sales at a point in time		
Directly to customers	327,840	319,266
Through distributors	-	228,952
	327,840	**548,218**

NOTE 6: SEGMENT REPORTING

The Company operated in one segment, being metal 3D printers.

NOTE 7: INCOME TAX

	Consolidated 31 Dec 19 $	Consolidated 31 Dec 18 $
(a) Income tax (expense) benefit	**161**	**(115,730)**
(b) Numerical reconciliation between tax-expense and pre-tax net loss		
(Loss) from ordinary activities	(5,331,379)	(4,449,825)
Income tax using the Company's domestic tax rate of 27.5% (27.5% 2018)	(1,446,218)	(1,223,702)
(Over)/Under provision for Research & Development claim	161	(115,730)
Current period (loss) for which no deferred tax liability was recognised	1,446,218	1,223,702
Income tax (expense) benefit attributable to entity	**161**	**(115,730)**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 8: TRADE AND OTHER RECEIVABLES	Consolidated 31 Dec 19 $	Consolidated 30 Jun 19 $
Advances to suppliers	15,203	15,203
Accounts receivable	136,238	121,215
Other receivables	22,016	62,016
Interest receivable	2,314	1,058
Income tax benefit and grants receivable	-	1,971,666
Prepayments	124,801	75,950
Security Deposit	8,324	-
Bank Guarantee	92,959	92,959
Net GST receivable	33,519	30,737
	435,374	**2,370,804**

NOTE 9: ISSUED CAPITAL

	Consolidated 31 Dec 19 $	Consolidated 30 Jun 19 $
(a) Ordinary shares		
Balance at beginning of period	**21,793,469**	**15,232,021**
Shares issued	4,000,000	6,979,960
Less share issue costs	(332,166)	(418,512)
Balance at the end of the period	**25,461,303**	**21,793,469**
Movements in ordinary shares on issue	**No.**	**No.**
Balance at beginning of period	**88,635,091**	**65,599,271**
Shares issued	15,384,616	23,035,820
Balance at the end of the period	**104,019,707**	**88,635,091**

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On the show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

(b) Performance shares	Consolidated 31 Dec 19 No.	Consolidated 30 Jun 19 No.
Balance at beginning of period	**-**	**7,087,500**
Class B Performance Shares issued lapsed	-	(7,087,500)
Subtotal Class B Performance Shares	-	**-**
Balance at beginning of period	**7,612,500**	**7,612,500**
Class C Performance Shares issued lapsed	(7,612,500)	-
Subtotal Class C Performance Shares	**-**	**7,612,500**
Balance at end of the period	**-**	**7,612,500**

Performance Shares were all issued for nil consideration.
Performance Shares hold no rights over ordinary shares and do not receive any dividends, however convert to Ordinary Shares based on the Company Milestones being achieved. No Milestones have been achieved.

(c) Reserves	Consolidated 31 Dec 19 $	Consolidated 30 Jun 19 $
Balance at beginning of period	**1,884,185**	**1,513,206**
Option Reserve	82,226	106,431
Performance Rights Reserve	251,780	264,548
Balance at the end of the period	**2,218,191**	**1,884,185**

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 10: COMPANY OPTIONS

	Consolidated 31 Dec 19 No.	Consolidated 30 Jun 19 No.
Movements in Options on issue		
Balance at beginning of period	**6,566,107**	**15,806,925**
Options issued	1,000,000	617,107
Options exercised	-	(9,852,925)
Options expired	(480,000)	(5,000)
Balance at the end of the period	**7,086,107**	**6,566,107**

NOTE 11: COMPANY PERFORMANCE RIGHTS

	Consolidated 31 Dec 19 No.	Consolidated 30 Jun 19 No.
Movements in Performance Rights on issue		
Balance at beginning of period	**755,826**	**-**
Performance Rights issued	1,160,634	867,159
Performance Rights cancelled	(54,773)	(111,333)
Balance at the end of the period	**1,861,687**	**755,826**

NOTE 12: SHARE-BASED PAYMENT PLANS

The following share-based payment arrangements were entered into during the period

Options	**Number**	**Grant date**	**Expiry date**	**Exercise price**	**Fair value at grant date**	**Vesting date**
				$	**$**	
Corporate advisory fees Series 1	1,000,000	13 Dec 19	13 Dec 22	0.39	82,226	13 Dec 19
	1,000,000					
Performance Rights						
Employee Incentive plan Series 2	1,160,634	11 Jul 19	11 Jul 24	0.47	379,527	-
	1,160,634					

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Performance Rights were issued free of charge. Each Performance Right entitles the holder to subscribe for one (1) fully paid ordinary share in the Company based on achieving vesting conditions at a nil exercise price. The terms and conditions including the service and performance criteria that must be met are as follows:

(a) Subject to the below paragraph (b) each Performance Right will only vest and become exercisable when the 10 day volume weighed average market price (as defined in the ASX Listing Rules) of the Company's quoted Shares first exceeds $0.47 per Share (Vesting Condition).

(b) in respect of 50% of the Awards, that you have been employed or engaged (as applicable) by the Company or any other of its related bodies corporate for continuous period of at least 12 months; and

(c) in respect of 50% of the Awards, that you continue to be employed or engaged (as applicable) by the Company or any other of its related bodies corporate for at least 12 months from the date that the Awards are granted or the satisfaction of the other Vesting Condition under (b) above, whichever is the later in time.

(d) These conditions must be satisfied in order for the Awards to vest, unless the Board waives such conditions (or either of them), at its absolute discretion.

(e) Each Performance Right will automatically be cancelled and will be redeemed by the Company for nil consideration if employment with the Company is terminated for any reason before the Vesting Condition is met.

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

The fair value of the equity-settled performance rights granted is estimated as at the date of grant using a barrier up and in option pricing model taking into account the terms and conditions upon which the performance rights were granted.

Equity series	**1**	**2**
Dividend yield (%)	-	-
Expected volatility (%)	71%	45%
Risk-free interest rate (%)	0.85%	1.01%
Expected life of option (years)	3	5
Exercise price (cents)	0.39	Nil
Grant date share price	0.29	0.365
VWAP barrier (cents)	-	0.47

The expected life of the options and performance shares is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options and performance rights granted were incorporated into the measurement of fair value.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 13: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the period the Group has announced the completion of a capital raising of $1.82 million (before costs) by way of a placement (Placement). On 13 February 2020, 13,000,000 shares were issued pursuant to the Placement at an issue price of $0.14 per share.

Other than noted above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTE 14: SIGNIFICANT ACCOUNTING POLICIES

Right-of-use leased assets

Leased assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. On initial adoption of AASB 16 Leases, the Group has adjusted the right-of-use leased assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right-of-use lease asset and shows indicators of impairment and an impairment loss is recognised against any right-of-use lease assets that is impaired.

Leases, which transfer to the Group substantially off the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in short-term and long-term payables. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the Condensed Statement of Profit or Loss and Other Comprehensive Income.

Leased assets are depreciated on a straight-line basis over the estimated useful life of the asset.

NOTE 15: NEW STANDARDS ADOPTED

AASB 16 Leases

Impact on operating leases

AASB 16 Leases supersedes AASB 117 Leases. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes classification, measurement and recognition leases. The changes result in almost all leases where the Company is the lessee being recognised on the Condensed Statement of Financial Position and removes the former distinction between 'operating and 'finance leases'. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term, and low value leases.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. There is no initial Impact on retained earnings under this approach. The Group has not restated comparatives for the 2019 reporting period.

As at 30 June 2019, the Group had non-cancellable operating lease commitments of $565,404. Refer note 17 of the Annual Report for the year ended 30 June 2019.

The Group leases premises as at 30 June 2019 these leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Group recognised a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 15: NEW STANDARDS ADOPTED (continued)

The lease liability is initially recognised at the present value of the lease payments that are not paid at commencement date, discounted using an interest rate implicit in the lease, If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

A extension option is included in the property leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there us a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The incremental borrowing rate applied to lease liabilities on 1 July 2019 was 10%.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised ln the Statement of Financial Position as at 30 June 2019.

In the Condensed Statement of Cash Flows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in the recognition of right-of-use assets of $510,533 and lease liabilities of $508,350 in respect of all operating leases, other than short-term leases and leases of low-value assets.

The net impact on accumulated losses on 1 July 2019 was $nil.

	Consolidated 1 Jul 19 $
Operating lease commitments disclosed as at 30 June 2019	**565,404**
Discounted using the lessee's incremental borrowing rate at the date of initial application	(57,054)
Lease liability as at 1 July 2019	**508,350**

Right-of-use asset

The recognised right-of-use asset relates to a property lease.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 15: NEW STANDARDS ADOPTED (continued)

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTE 16: COMMITMENTS

As at the balance date, the Group has a total of 6 (30 June 2019: 6) Small Format Printers that were either: pre-sold at discount rates to various non-related parties as part of a pre-sale campaign called ‘kickstarter”;or full price pre-sales. In total a liability of $44,905 (30 June 2019: $52,534) is recognised on the statement of financial position which corresponds to funds received from these pre-sales.

The Group has an obligation to either a) deliver a commercial version of the pre-sold Small Format Printer for each pre-sold machine or b) if the Group is unable to deliver commercial Small Format Printers to cover the pre-sold machines then the funds received will have to be returned to the customers.

During the period the Group did not extinguished any liability to the “kickstarter” participants.

NOTE 17: NEW INCORPORATED ENTITIES

In the half-year ended 31 December 2019 a new wholly owned company was incorporated, Aurora Labs (USA) LLC. This company is domiciled and incorporated in USA and has been consolidated in the half-year financial report.

NOTE 18: FINANCIAL INSTRUMENT

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amounts of current receivables and payables are considered to be a reasonable approximation of their fair values.

DIRECTORS' DECLARATION

The directors declare that:

(a) 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; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

(c) the interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

David Budge

Mr David Budge
Managing Director
Dated this 25 February 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Aurora Labs Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Aurora Labs Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Aurora Labs Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year 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 gives a true and fair view and 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 in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
25 February 2020