Aurora Labs Limited (A3D)

ABN 44 601 164 505

Appendix 4D – Half Year Report for six months ended 31 December 2018

1. Details of reporting periods:

Current reporting period	:	Six (6) months to 31 December 2018
Previous corresponding period	:	Six (6) months to 31 December 2017

2. Results for announcement to the market:

	Six Months 31 December 2018 $	Six Months 31 December 2017 $	% Change
Revenues	**548,218**	**109,626**	**UP 400%**
Loss after tax	**(4,565,555)**	**(3,403,088)**	**UP 34%**
Loss after tax attributable to members.	**(4,565,555)**	**(3,403,088)**	**UP 34%**

Commentary on the above figures is included in the attached Interim Financial Report for the half year ended 31 December 2018.

3. Statement of comprehensive income
Refer to attached Interim Financial Report for the half year ended 31 December 2018.

4. Statement of financial position
Refer to attached Interim Financial Report for the half year ended 31 December 2018.

5. Statement of cash flows
Refer to attached Interim Financial Report for the half year ended 31 December 2018.

6. Statement of changes in equity
Refer to attached Interim Financial Report for the half year ended 31 December 2018.

7. Dividend payments
Not applicable.

8. Dividend reinvestment plans
Not applicable.

9. Net tangible assets per security

	31 December 2018 Cents
Net tangible assets per ordinary security	**4.68**

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 2018 has been audit reviewed and is not subject to dispute or qualification.

Aurora Labs™

Aurora Labs Limited

ABN 44 601 164 505

Interim Financial Report
For the Half-Year 31 December 2018

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CORPORATE INFORMATION

ABN 44 601 164 505

Directors
David Budge
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 2018.

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 2018 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 $4,565,555 compared with a loss of $3,403,088 during the previous six-month period to 31 December 2017. The Group had $2,558,075 cash assets as at 31 December 2018.

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:

- Significant progress made with Aurora's Rapid Manufacturing Technology (RMT) recently achieving speed increase to 113 kg per day or 55 times faster than Market Speed[1] and proving scalability of RMT using Multilevel Concurrent Printing (MCP™) process.
- Revealing of ground breaking Multi- level Concurrent Printing (MCP™), used in RMT, at international tradeshow, Formnext.
- Finalisation of 50/50 Joint Venture (JV) AdditiveNow[2] to provide additive manufacturing services to the oil & gas and major infrastructure sectors.
- Further expansion to Aurora's Industry Partner Program by signing preliminary non-binding agreements with VEEM Ltd and subsidiary members of Fortescue Metals Group (ASX:FMG).

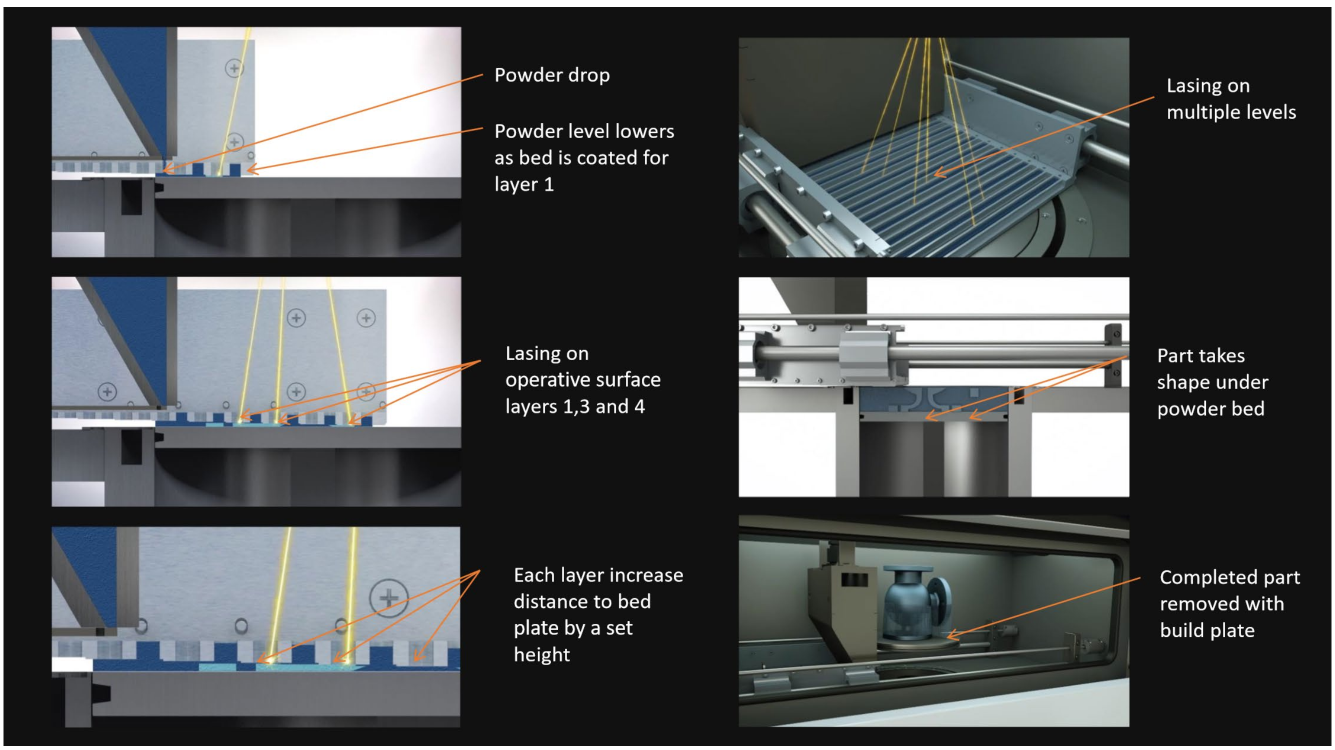
Rapid Manufacturing Technology Enhancements

Subsequent to the end of the period on 13 February 2019, Aurora completed the current phase of testing with its unique 3D printing Rapid Manufacturing Technology (RMT), demonstrating the scalable nature of the technology and achieving remarkable print speeds of 113kg/day. This represents a speed of approximately 55 times Market Speed and demonstrates the potential of the technology to transform the metal manufacturing industry worldwide.

How is MCP™ different to Traditional 3D Printing?

In traditional 3D printing, a digital part (3D model) is run through software which slices the digital part up into a series of very thin layers. The printer puts down a layer of powder on the print bed and then the first "slice" of the part is fed digitally to the printer and an energy beam (laser, e-beam or other) scans the surface of the powder bed, melting and fusing the powder in the exact shape and dimensions of the slice. This process is repeated and the next layer fuses to the previous one, forming a homogenous part. This process is repeated until all the slices have been printed. Once printed, what is left is a complete replication of the digital part that has now been printed out of metal.

By comparison, in Aurora's unique MCP™ process, multiple layers of powder are laid down at the same time. During the powder laying process there is an area behind each individual powder gate where printing can take place (operative surface), meaning that printing can occur on these multiple operative surfaces simultaneously (Multilevel Concurrent Printing). By using a number of gates, MCP™ printing can be significantly faster than traditional 3D printing processes.



Aurora has designed its MCP™ technology from the very beginning to be scaled. Aurora's Alpha machine, which has carried out the majority of tests to date, has a single sub-unit. The machine has been modified to include the connection of two sub-units working together which has the effect of approximately doubling the speed capacity of the single unit configuration. This scaling process is expected to allow Aurora to scale to virtually any size and capacity with the large format unit expected to be printing up to a 1000kg/day with multiple sub-units contained within it.

Both of these technologies combined (MCP™ and its ability to scale) demonstrate a pathway to very high-speed large format printing providing major companies with a solution to their parts and metal manufacturing needs. This differentiates Aurora from the traditional 3D printing market as there are significant limitations on speed using existing technology. This latest development in the RMT technology further de-risks the commercialisation process as a large portion of the primary technology has been developed and is in engineering phase now.

In November 2018, Aurora unveiled key aspects behind Aurora's RMT at a talk to major industry groups at Formnext, a leading exhibition dedicated to additive manufacturing, held in Frankfurt, Germany. David Budge, CEO and Co-founder of Aurora Labs, used animation to demonstrate Multi-level Concurrent Printing (MCP™), a significant technology developed by Aurora allowing Aurora's RMT to print much faster than other current metal 3D printing technologies. MCP™ allows parallel, multi-layer printing, whereby Aurora's RMP machine prints multiple layers simultaneously in a single pass. By printing on multiple levels at once, Aurora's machine overcomes key speed limitations in the 3D printing process.

As a result of the MCP™ release, Aurora is now in detailed discussions with a number of new large potential industry partners that have expressed an interest in either working with Aurora or purchasing machines. A few of the potential partners including:

- 1 land based power generation turbine manufacturer
- 2 of the world's largest automotive manufacturers
- 2 x aerospace and aviation one based in Europe and one in USA
- 1 x tier 1 chemical processing company
- 2 x heavy machinery one in agriculture and one in mining equipment parts
- 2 x tier 1 oil and gas companies

Aurora is targeting the global metal manufacturing market, expected to reach USD $4 trillion per annum by 2020[3]. High speed, high-quality 3D printing can reduce both cost and lead time for replacement parts. Successful scaling of the RMT should allow printed parts to be manufactured at a price that is expected to be cost competitive with traditional metal manufacturing. Examples of target markets for Aurora's RMT printers are as follows:

- Oil & Gas Major projects of USD $147 billion by 2019[4]
- Automotive market - "The profit of the 17 most important (manufacturers) rose in 2017 to a total of around $106 billion euros ($121 billion)"[5]
- Power Generation Turbines – sales of power generation gas turbines is projected to be USD $112.11 billion from 2017-2026[6]
- Aviation – requiring some 37,400 new passenger and dedicated freighter aircraft at a value of USD $5.8 trillion over the next 20 years[7]
- Heavy Equipment – agricultural machinery (sized at about USD $126 billion in 2013)[8], construction equipment (valued at USD 76.8 billion in 2017)[9] and mining equipment (valued at USD $75 billion in 2018)[10]

1 Aurora Labs defines "Market Speed" as the speed at which a comparable 3D metal printer can print Titanium (CP-Ti). Market research has shown this to be approximately 81.7 g per hour or 1.96 kg per day as at January 2019.
2 AdditiveNowTM is an incorporated joint venture between A3D Holdings Pty Ltd (a member of the Aurora Labs group of companies) and WorleyParsons Services Pty Ltd (a member of the WorleyParsons group of companies).
3 Research and Markets, Global Metal Manufacturing Market Briefing 2018 – ResearchAndMarkets.com, February 21, 2018, https://www.businesswire.com/news/home/20180221005897/en/Global-Metal Manufacturing-Market-Briefing-2018
4 Source: Goldman Sachs, Top Projects 2018, April 9 2018
5 https://www.forbes.com/sites/neilwinton/2019/01/03/healthy-global-auto-sales-growth-looks-doomed-in-2019/#3181c40d55a6
6 https://www.turbomachinerymag.com/electrical-generation-gas-turbines-will-see-sales-increase-but-overcapacity-looms/
7 https://www.airbus.com/aircraft/market/global-market-forecast.html
8 http://en.wikipedia.org/wiki/Agricultural_machinery_industry
9 https://www.grandviewresearch.com/industry-analysis/construction-equipment-market-analysis
10 https://thewest.com.au/business/75-billion-ready-to-stoke-new-mine-boom-ng-b881036150z

AdditiveNow™

During the period, Aurora finalised the agreement to form the 50/50 incorporated joint venture, named AdditiveNow™.

This is a significant achievement for Aurora and a step forward for the wider additive manufacturing industry. AdditiveNow™ aims to provide a complete additive manufacturing service, primarily for oil & gas, mining and major infrastructure clients by bringing together Aurora's products and technology with an existing substantial network to most major mining and oil & gas companies in the world. The joint venture combines Aurora's RMT with engineering expertise from Advisian Digital to design, produce and deploy complex components.

The joint venture will focus on delivering a targeted service offering including consultation, additive manufacturing engineering services and agile manufacturing – short run productions of 3D printed parts. AdditiveNow™ aims to replace aspects of the traditional supply chain with 3D metal printing technology, potentially resulting in reducing inventory holding costs, freight and manufacturing lead times.

The recently formed JV Company is expecting to begin work with its first clients in the near future. To read more about AdditiveNow™, visit the website at https://additivenow.com/.

Industry Partner Program

Aurora's Industry Partner Program is an opportunity for major manufacturing and engineering companies to access Aurora's RMT and explore applications of additive manufacturing. The Company is building these programs with VEEM Ltd, DNV-GL, and Fortescue Metals Group who have recently joined the program.

Powder Production Unit Development

Aurora sees a significant opportunity with powders and testing has commenced via its Powder Production Prototype Unit. The prototype is intended to demonstrate the technology for producing very high quality powders at a much lower cost than current methods with higher production capacities. This work is ongoing and our initial developments look extremely promising. We are currently in discussions with a number of the world's largest powder manufacturers around both supply of powders and potential use of our technology.

Progress with Aurora's S-Titanium Pro (STP)

Aurora continues sales of the S-Titanium Pro while developing the RMT. Sales revenue during the half year totalled $548,218 ($109,626 :31 December 2017) with a number of printers installed and commissioned in the period.

Significant events after the balance date

Since the end of the period Aurora has announced the completion of a capital raising of $5 million (before costs) by way of a placement to institutions and sophisticated investors. On 14 February 2019 13,157,895 shares were issued at an issue price of $0.38 per share, raising $5 million (before costs).

Auditor Independence

A copy of the auditor's independence declaration is on page 8 and forms part of this report.

Signed in accordance with a resolution of the directors.

Mr David Budge
Managing Director
Dated this 25 February 2019

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 2018, 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 2019

N G Neill
Partner

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CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPRENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated 31 Dec 18 $	Parent 31 Dec 17 $
Continuing operations			
Revenue	3	548,218	109,626
Cost of goods sold		(204,662)	(46,260)
Other income		65,877	38,467
Advertising		(182,844)	(105,042)
Research and development expenses		(978,841)	(550,883)
Rent		(209,518)	(178,557)
Corporate expenses		(500,734)	(378,256)
Depreciation		(86,411)	(78,173)
Employee benefits		(2,018,050)	(1,829,338)
Employee share based payments (non-cash)		(286,810)	-
Other expenses		(596,050)	(392,874)
Loss before income tax benefit		(4,449,825)	(3,411,290)
Income tax (expense) / benefit	4	(115,730)	8,202
Loss for the period		(4,565,555)	(3,403,088)
Other comprehensive income		-	-
Total comprehensive loss for the period		(4,565,555)	(3,403,088)
Basic (loss) per share (cents per share)		(6.78)	(5.85)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Consolidated 31 Dec 18 $	Parent 30 Jun 18 $
Assets			
Current Assets			
Cash and cash equivalents		2,558,075	3,790,081
Trade and other receivables	6	535,694	1,807,024
Inventories		601,233	656,437
Total Current Assets		3,695,002	6,253,542
Non-Current Assets			
Property, plant and equipment		484,271	475,162
Intangible assets		576,736	510,137
Total Current Assets		1,061,007	985,299
Total Assets		4,756,009	7,238,841
Liabilities			
Current Liabilities			
Trade and other payables		384,930	555,184
Other liabilities	12	52,534	52,534
Accrued annual leave		211,088	184,481
Total Liabilities		648,552	792,199
Net Assets		4,107,457	6,446,642
Equity			
Issued capital	7(a)	17,171,556	15,232,021
Reserves	7(c)	1,800,041	1,513,206
Accumulated losses		(14,864,140)	(10,298,585)
Net Equity		4,107,457	6,446,642

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Half-Year to December 2017	Issued Capital	Option and Rights Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 July 2017	10,345,506	1,197,484	(4,767,328)	6,775,662
Equity issued during the period (net of share issue costs)	164,788	218,093	-	382,881
Comprehensive loss for the period	-	-	(3,403,088)	(3,403,088)
Total comprehensive loss for the period	-	-	(3,403,088)	(3,403,088)
Balance at 31 December 2017	10,510,294	1,415,577	(8,170,416)	3,755,455

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

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Consolidated	Parent
	31 Dec 18 $	31 Dec 17 $
Cash flows from operating activities		
Payments to suppliers and employees	(4,877,344)	(2,478,862)
Proceeds from sale of printers	395,984	73,120
Refund to customers	-	(62,112)
Other receipts	38,637	-
Interest received	23,493	47,251
Income tax benefit received	1,384,270	-
Net cash (used in) operating activities	(3,034,960)	(2,420,603)
Cash flows from investing activities		
Payments for intangible assets	(62,222)	(91,560)
Payments for property, plant and equipment	(98,054)	(186,204)
Net cash (used in) investing activities	(160,276)	(277,764)
Cash flows from financing activities		
Proceeds from issue of shares (net of capital raising costs)	1,963,230	131,000
Net cash provided by financing activities	1,963,230	131,000
Net (decrease) in cash held	(1,232,006)	(2,567,367)
Cash and cash equivalents at the beginning of the period	3,790,081	5,249,614
Cash and cash equivalents at the end of the half-year	2,558,075	2,682,247

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis except for the value of Director and Employee performance rights which were valued by the Trinomal method 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 2018, except for the impact of the new standards and interpretations effective 1 July 2018 disclosed below. In the half-year ended 31 December 2018 two new wholly owned companies were incorporated, A3D Operations Pty Ltd and A3D Holdings Pty Ltd. Both these companies have been consolidated in the half-year financial report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 2018, except for the impact of the new standards and interpretations effective 1 July 2018 disclosed below.

Standards and Interpretations applicable to 31 December 2018

In the half-year ended 31 December 2018, 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 2018.

As a result of this review, the Group has applied AASB 15 from 1 July 2018.

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations, Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to only those contracts that are not completed at the date of application. Where the effect is material, an adjustment has been recognised in the statement of changes in equity for the six months ended 31 December 2018.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

The Group is in the business of providing sale of 3D metal printers and associated goods and the provision of installation services. The sale of goods and services are sold on their own or in separately identified contracts with customers and together as a bundled package of goods and/or services.

Rendering of services

Under AASB 15 the revenue allocated to the installation will be recognised at the time the customer utilises the service. The impact to revenue and profit or loss for the current or comparative period is not material.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value.

Financial instruments are carried at amortised cost if the business model concept can be satisfied

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2018

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 January 2019.

AASB 16 replaces AASB 117 Leases and related interpretations.

AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a lease liability for the present value obligation and a ‘right of use’ asset. The right of use asset is calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in the expense recognition with interest and depreciation replacing operating lease expense. Operating lease commitments payable as at 31 December 2018 are $159,125. These leases will be capitalised on the statement of financial position by recognising a lease liability for the present value obligation and a ‘right of use’ asset. There are exemptions for short- term leases and leases of low-value items.

This Standard will primarily affect the accounting for the Group’s operating lease commitments predominately relating to property leases. The Group is considering available options to account for this transition which may result in an increase in reported earnings before interest, tax and depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition. The Standard may also have an impact on deferred tax balances. This will however be dependent on the lease arrangements in place when the new Standard is effective. The Group has commenced the process of evaluating the impact of the new Standard.

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

NOTE 2: DIVIDENDS

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: 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
Sales at a point in time	**31 Dec 18** **$**
Directly to customers	319,266
Through distributors	228,952
	548,218

NOTE 4: SEGMENT REPORTING

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

NOTE 5: INCOME TAX

	Consolidated	Parent
	31 Dec 18 **$**	**31 Dec 17** **$**
(a) Income tax (expense) benefit	(115,730)	8,202
(b) Numerical reconciliation between tax-expense and pre-tax net loss		
(Loss) from ordinary activities	(4,449,825)	(3,411,290)
Income tax using the Company's domestic tax rate of 27.5% (27.5% 2017)	(1,223,702)	(938,105)
(Over)/Under provision for Research & Development claim	(115,730)	8,202
Current period (loss) for which no deferred tax liability was recognised	1,223,702	938,105
Income tax (expense) benefit attributable to entity	(115,730)	8,202

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 6: TRADE AND OTHER RECEIVABLES

	Consolidated 31 Dec 18 $	Parent 30 Jun 18 $
Advances to suppliers	15,203	15,203
Accounts receivable	157,448	-
Other receivables	31,246	57,777
Interest receivable	2,498	2,702
Income tax benefit and grants receivable	60,000	1,560,000
Prepayments	138,372	44,671
Bank Guarantee	92,959	92,959
Net GST receivable	37,968	33,712
	535,694	1,807,024

NOTE 7: ISSUED CAPITAL

	Consolidated 31 Dec 18 $	Parent 30 Jun 18 $
(a) Ordinary shares		
Balance at beginning of period	15,232,021	10,345,506
Shares issued	1,979,960	5,389,803
Less share issue costs	(40,425)	(503,288)
Balance at the end of the period	17,171,556	15,232,021
Movements in ordinary shares on issue	**No.**	**No**
Balance at beginning of period	65,599,271	57,900,000
Shares issued	9,877,925	7,699,271
Balance at the end of the period	75,477,196	65,599,271

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 2018

	Consolidated	Parent
	31 Dec 18 No	30 Jun 18 No
(b) Performance shares		
Balance at beginning of period	-	6,300,000
Class A Performance Shares issued lapsed	-	(6,300,000)
Subtotal Class A Performance Shares	-	-
Balance at beginning of period	7,087,500	7,087,500
Class B Performance Shares issued	(7,087,500)	-
Subtotal Class B Performance Shares	-	7,087,500
Balance at beginning of period	7,612,500	7,612,500
Class C Performance Shares issued	-	-
Subtotal Class C Performance Shares	7,612,500	7,612,500
Balance at end of the period	7,612,500	14,700,000

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:

- Class C Performance Shares in the relevant class will convert into one Share upon achievement of Aurora (or an entity Controlled by Aurora) having cumulative revenue of A$7,250,000 before 30 June 2019.

	Consolidated	Parent
	31 Dec 18	30 Jun 18
(c) Reserves	$	$
Balance at beginning of period	1,513,206	1,197,484
Option Reserve	32,925	315,722
Performance Rights Reserve	253,910	-
Balance at the end of the period	1,800,041	1,513,206

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 2018

NOTE 8: COMPANY OPTIONS

	Consolidated 31 Dec 18 No.	Parent 30 Jun 18 No.
Movements in Options on issue		
Balance at beginning of period	15,806,925	12,561,000
Options issued	250,000	4,553,000
Options exercised	(9,852,925)	(1,307,075)
Options expired	(5,000)	-
Balance at the end of the period	6,199,000	15,806,925

NOTE 9: COMPANY PERFORMANCE RIGHTS

	Consolidated 31 Dec 18 No.	Parent 30 Jun 18 No.
Movements in Performance Rights on issue		
Balance at beginning of period	-	-
Performance Rights issued	867,159	-
Performance Rights exercised	-	-
Balance at the end of the period	867,159	-

NOTE 10: 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**	250,000	30 Aug 18	31 Dec 20	0.50	32,900	30 Aug 18
	250,000					
Performance Rights						
Employee Incentive plan Series **2**	617,159	30 Aug 18	31 Jan 23	0.90	143,798	-
Employee Incentive plan Series **3**	250,000	30 Nov 18	31 Jan 23	0.90	120,750	-
	867,159					

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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 $0.90 per Share (Vesting Condition).

(b) Maintain a minimum of 12 months continuous service with the Company.

(c) 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 the barrier up and Trinomial option model taking into account the terms and conditions upon which the performance rights were granted.

Equity series	**1**	**2**	**3**
Dividend yield (%)	-	-	-
Expected volatility (%)	100%	50%	50%
Risk-free interest rate (%)	2.22%	2.22%	2.26%
Expected life of option (years)	2.34	4.42	4.17
Exercise price (cents)	0.50	Nil	Nil
Grant date share price	0.375	0.375	0.585
VWAP barrier	-	$0.90	$0.90

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 2018

The following share options were exercised during the period

	Number Exercised	Exercise date	Exercise Price $	Share price at exercise date $
Options	2,158,500	08 Oct 18	0.20	0.87
Options	880,000	31 Oct 18	0.20	0.68
Options	283,333	26 Nov 18	0.20	0.54
Options	3,028,333	12 Dec 18	0.20	0.52
Employee Incentive plan	45,000	12 Dec 18	0.20	0.52
Options	1,952,500	24 Dec 18	0.20	0.48
Employee Incentive plan	993,334	24 Dec 18	0.20	0.48
Options	511,925	28 Dec 18	0.20	0.50
	9,852,925			

NOTE 11: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the period the Group has announced the completion of a capital raising of $5 million (before costs) by way of a placement to institutions and sophisticated investors. On 14 February 2019 13,157,895 shares were issued at an issue price of $0.38 per share, raising $5 million (before costs).

There has not been any 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 12: COMMITMENTS

As at the balance date, the Group has a total of 7 (30 June 2018: 7) Small Format Printers that were pre-sold at discount rates to various non-related parties as part of a pre-sale campaign called 'kickstarter" to raise funds for the R&D of the Small Format Printer. In total a liability of $52,534 (30 June 2018: $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 13: JOINT VENTURE AGREEMENTS

The Company has entered into an agreement with WorlyParsons Services Pty Ltd to form a 50/50 incorporated joint venture, named AdditiveNow. No transactions have occurred in the current reporting period.

NOTE 14: NEW INCORPORATED ENTITIES

In the half-year ended 31 December 2018, two new wholly owned companies were incorporated, A3D Operations Pty Ltd and A3D Holdings Pty Ltd. Both these entities are domiciled and incorporated in Australia. During the period Aurora Labs Limited and its subsidiaries also formed a tax consolidated group.

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 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Aurora Labs Limited ("the Group") which comprises the condensed consolidated statement of financial position as at 31 December 2018, 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 interim 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 Group's financial position as at 31 December 2018 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*.

Directors' responsibility for the interim financial report

The directors of the Group are responsible for the preparation of the interim 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 interim 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 interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 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 Group, 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 an interim 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
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
25 February 2019