AURORA
FUNDS MANAGEMENT

A.B.N. 69 092 626 885
AFSL No. 222110

Level 4, 1 Alfred Street
SYDNEY, NSW 2000

PO Box R1695, Royal Exchange NSW 1225

Telephone: (612) 9080 2377
Facsimile: (612) 9080 2378

25 February 2014

ASX Limited
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000
Attention: Company Announcements

2014 HALF-YEAR FINANCIAL REPORT

The Directors of Aurora Funds Limited (Group) (ASX: AFV) are pleased to present the 2014 half-year financial report.

HIGHLIGHTS:

- **Revenue generated of $2.24 million;**
- **EBIT of $213,955, 329% greater than previous half-year;**
- **Net profit after tax of $120,916, 149% greater than previous half-year;**
- **Improved 1st half earnings as a result of:**
  - **Strong inflows in the Absolute Return strategies**
  - **Performance of managed funds relative to benchmarks**

The result is in keeping with our long term expectations and represents a significant improvement over the previous half-year.

While the recent ASX announcements of the loss of the van Eyk funds and the reduction in the size of one of our mandates (both institutional investors) represents a substantial reduction in funds under management/administration, the revenue generated as a percentage of funds managed from these institutional clients is materially lower relative to the retail clients where we have achieved significant growth over the last twelve months.

Consequently, the Group is confident of producing a net profit for the 2014 calendar year.

Yours faithfully
Aurora Funds Limited

Aurora Funds Limited

ABN 39 143 194 165

Consolidated interim financial report
For the half year ended 31 December 2013

Aurora Funds Limited

ABN 39 143 194 165

Consolidated interim financial report
For the half year ended 31 December 2013

Contents — Page

Directors' report

The directors of Aurora Funds Limited present the financial report on the consolidated entity ("the Group") consisting of Aurora Funds Limited ('the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

Directors

The names of the directors of the Group during or since the end of the half-year are:

Alastair Davidson
John Corr
Simon Lindsay
Oliver Morgan (appointed 4 February 2014)
Steuart Roe

Principal activities

The Group acts as a fund manager and issuer of retail and wholesale funds in the Australian market.

Review of operations

During the period the Group continued to develop its distribution channels for its ASX listed and unlisted managed investment schemes, and sought additional wholesale investment management mandates.

Financial results for the period

The Group incurred an operating profit after tax of $120,916 (31 December 2012: operating loss $247,015) for the period ended 31 December 2013. The Group has not declared any dividends for the period ended 31 December 2013. The Directors do not recommend the payment of a dividend.

Information on underlying performance

The main factors impacting the performance of the Group was the level of funds under management which is subject to market movements, fund performance and net inflows/outflows of each of the managed investment schemes and client mandates. Total funds under management at 31 December 2013 is $621m (31 December 2012: $551m).

Strategy and future outlook

Future revenue growth will depend upon the Group's average level of funds under management, and the investment performance of our funds and client mandates.

The Group will continue to pursue its financial objectives which are to increase the profitability of the Group over time by increasing the value and performance of funds under management

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the half year were as follows:

Contributed equity increased by $2,050,110 (from $10,907,304 to $12,957,414) as a result of:

1. The Group issued an additional 750,000 shares at a consideration of $1,500,000 to John Corr, or his associates, in accordance with the Share Purchase Agreement as described in the initial Public Offering dated 5 May 2010.
2. The Group raised $573,975 through a share placement of 1,275,000 ordinary shares at $0.45 per share.

Directors' report (continued)

Matters subsequent to the end of the financial year

Since 31 December 2013, the following subsequent events had arisen for the Group:

- Van Eyk Blueprint Alternatives Plus fund, where Aurora Funds Management Limited acts as responsible entity: on 19 February 2014, an extraordinary general meeting of unitholders was held and the following resolutions were passed:
  (a) Remove Aurora Funds Management Limited as responsible entity; and
  (b) Appoint Millinium Captial Managers Limited as responsible entity.
- On 17 February 2014 there was a reduction of a mandate with one institutional investor, from $315 million (31 January 2014) to $95 million (17 February 2014). The effect of the reduction of the mandate is an estimated impairment of management rights of $1,063,000. The impairment has not been recognised as at 31 December 2013 as the mandate was reduced subsequent to balance date.

Except for the matters discussed above, no matter or circumstances have arisen since 31 December 2013 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

Auditor's Independence Declaration

The auditors' independence declaration as required under section 307C of the Corporations Act 2001 is included on page 4 of the half-year report.

Signed in accordance with a resolution of the directors.

Steuart Roe
Managing Director
25 February 2014

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
Fax: +61 9322 0000
www.deloitte.com.au

The Directors
Aurora Funds Management Limited
Level 4, 1 Alfred Street
SYDNEY NSW 2000

Dear Directors

Independence Declaration - Aurora Funds Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Aurora Funds Limited.

As lead audit partner for the review of the financial statements of Aurora Funds Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan

Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 25 February 2014

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

Condensed consolidated statement of profit or loss and other comprehensive income

	Notes	Half-year ended 31 December 2013 $	31 December 2012 $
Continuing operations			
Management fee income		1,687,082	1,383,412
Interest income		60,581	57,056
Other income		494,335	46,727
Total income		2,241,998	1,487,195
Occupancy expenses		90,258	58,845
Personnel expenses		1,345,853	886,683
Share based payment		-	250,000
Fund expenses		373,622	362,029
Other expenses		218,310	129,824
Finance costs		41,218	46,829
Total operating expenses		2,069,261	1,734,210
Profit/(loss) before tax		172,737	(247,015)
Income tax expense		51,821	-
Profit/(loss) for the period from continuing operations		120,916	(247,015)
Profit/(loss) attributable to shareholders of Aurora Funds Limited		120,916	(247,015)
Other comprehensive income, net of income tax		-	-
Total comprehensive income attributable to the shareholders of Aurora Funds Limited		120,916	(247,015)
Earnings per share			
Basic earnings per share (cents)		1.10	(2.76)
Diluted earnings per share (cents)		1.10	(2.76)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

	Notes	As at 31 December 2013 $	30 June 2013 $
Current assets			
Cash and cash equivalents	8	3,510,240	2,472,838
Trade and other receivables	8	1,417,016	1,431,451
Other current assets		136,597	131,284
Total current assets		5,063,853	4,035,573
Non-current assets			
Plant and equipment		43,382	49,818
Deferred tax assets		264,820	316,641
Intangible assets	4	3,822,006	3,822,006
Total non-current assets		4,130,208	4,188,465
Total assets		9,194,061	8,224,038
Current liabilities			
Trade and other payables	8	1,750,205	1,539,869
Borrowings	8	21,425	23,446
Total current liabilities		1,771,630	1,563,315
Non-current liabilities			
Trade and other payables	8	90,682	-
Deferred tax liability		36,484	36,484
Sub-ordinated debt	6	1,000,000	1,000,000
Total non-current liabilities		1,127,166	1,036,484
Total liabilities		2,898,796	2,599,799
Net assets		6,295,265	5,624,239
Equity			
Share capital		12,957,414	10,907,304
Share based payment reserve	5	-	1,500,000
Accumulated losses		(6,662,149)	(6,783,065)
Total equity		6,295,265	5,624,239

The above condensed consolidated statement financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

	Share Capital	Accumulated Profits/(losses)	Share based payment Reserve	Total
	$	$	$	$
Balance at 1 July 2012	10,907,304	(6,274,662)	1,000,000	5,632,642
Comprehensive Income for the half-year	-	(247,015)		(247,015)
Shares issued	-	-	-	-
Share base payment reserve	-	-	250,000	250,000
Capital raising costs	-	-	-	-
Balance at 31 December 2012	**10,907,304**	**(6,521,677)**	**1,250,000**	**5,635,627**
Balance at 1 July 2013	10,907,304	(6,783,065)	1,500,000	5,624,239
Comprehensive Income for the half-year	-	120,916	-	120,916
Shares issued	573,975	-	-	573,975
Share based payment	1,500,000	-	(1,500,000)	-
Capital raising costs	(23,865)	-	-	(23,865)
Balance at 31 December 2013	**12,957,414**	**(6,662,149)**	**-**	**6,295,265**

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

Condensed consolidated statement of cash flows

	Notes	Half-year ended 31 December 2013 $	31 December 2012 $
Cash flows from operating activities			
Receipts from customers		2,273,257	1,267,303
Payments to suppliers and employees		(1,783,416)	(1,456,677)
Interest received		40,691	17,039
Interest and other cost of finance paid		(43,240)	(48,486)
Net cash provided by/(used in) operating activities		487,292	(220,821)
Cash flows from investing activities			
Payment for plant and equipment		-	(5,552)
Net cash provided by/(used in) investing activities		-	(5,552)
Cash flows from financing activities			
Proceeds from issues of equity instruments of the Company	5	573,975	-
Payment for share issue costs		(23,865)	-
Net cash provided by/(used in) financing activities		550,110	-
Net increase/(decrease) in cash and cash equivalents		1,037,402	(226,373)
Cash and cash equivalents at the beginning of the period		2,472,838	2,585,969
Cash and cash equivalents at the end of the period		3,510,240	2,359,596

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

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial statements were authorised for issue by the directors on 25 February 2014. The directors have the power to amend and reissue the financial statements.

New or revised Standards and Interpretations that are first effective in the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards;
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011);

Impact of the application of AASB 10

AASB 10 Consolidated Financial Statements replaces all guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 112 Consolidation - Special Purpose Entities.

As a result of AASB 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In accordance with the transitional provisions of AASB 10, the Group reassessed the control conclusion for its investees at 1 July 2013 and there has been no impact on the control conclusion.

Impact of the application of AASB 119

AASB 119 Employee Benefits has changed the accounting for the Group's annual leave obligations. As the Group does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are now classified as long-term employee benefits (except for annual leave obligations that have already been approved). This did change the measurement of these obligations, as the entire obligation is now measured on a discounted basis and no longer split into a short-term and a long-term portion. However, the impact of this change was immaterial since the majority of the leave is still expected to be taken within a short period after the end of the reporting period.

2. Segment information

The Group is organised into one main business segment – funds management, which operates solely in the business of funds management within Australia.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

3. Investments in associates

During the year ended 30 June 2013, the Group transferred some of its registry business to Shareandfund Pty Ltd, an entity part owned by one of the directors Steuart Roe, and an employee of Aurora Funds Management Limited Binh Le. As a result, the Group became entitled to a 10% equity interest in Shareandfund Pty Ltd. The fair value of the investment in Shareandfund Pty Ltd is deemed to be of negligible value.

4. Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

(ii) Management contracts

Management contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which varies depending on the length of the contract. Open ended contracts are deemed to have an indefinite useful life and are not subject to amortisation. Instead, these are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Value-in-use calculations are based on the present value of cash flows over five years plus assigning a terminal value of cashflow.

5. Issues, repurchases and repayments of equity securities

During the half-year, the contributed equity increased by $2,050,110 (from $10,907,304 to $12,957,414) as a result of the following:

(a) The Group issued an additional 750,000 shares at a consideration of $1,500,000 to John Corr, or his associates, in accordance with the Share Purchase Agreement as described in the Initial Public Offering dated 5 May 2010.

(b) The Group raised $573,975 through a share placement of 1,275,000 ordinary shares at $0.45 per share.

There were no other movements in the ordinary share capital or other issued share capital of the Group in the current or prior half-year.

6. Borrowings

The Group entered into a subordinate debt arrangement with HSI No. 1 Pty Ltd atf HSI Noteholders Trust on 23 December 2010 with a total borrowing of $1 million for 5 years. The repayment is sub-ordinated to all creditors as approved by the Australian Securities and Investment Commission. Interest is payable quarterly in arrears at a floating rate of RBA Cash rate plus 6%. The total interest expense for the half-year was $41,218 (31 December 2012: $46,829.

7. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the half-year, a bonus accrual of $299,326 was payable to the executives in accordance with meeting profitability targets as specified in the short-term incentive plans.

8. Financial Risk Management

The Group holds the following financial instruments:

	Notes	As at 31 December 2013 $	30 June 2013 $
Financial assets			
Cash and cash equivalents		3,510,240	2,472,838
Trade and other receivables		1,417,016	1,431,451
Total current assets		4,927,256	3,904,289
Financial liabilities			
Trade and other payables		1,750,205	1,539,869
Short-term borrowings		21,425	23,446
Total current liabilities		1,771,630	1,563,315
Trade and other payables		90,682	-
Sub-ordinated debt		1,000,000	1,000,000
Total non-current liabilities		1,090,682	1,000,000

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

9. Contingent assets and liabilities

The Group did not have any contingent assets or contingent liabilities as at 31 December 2013 or 30 June 2013.

10. Events occurring after the reporting period

Since 31 December 2013, the following subsequent events had arisen for the Group:

- Van Eyk Blueprint Alternatives Plus fund, where Aurora Funds Management Limited acts as responsible entity: on 19 February 2014, an extraordinary general meeting of unitholders was held and the following resolutions were passed:
  (a) Remove Aurora Funds Management Limited as responsible entity; and
  (b) Appoint Millinium Captial Managers Limited as responsible entity.
- On 17 February 2014 there was a reduction of a mandate with one institutional investor, from $315 million (31 January 2014) to $95 million (17 February 2014). The effect of the reduction of the mandate is an estimated impairment of management rights of $1,063,000. The impairment has not been recognised as at 31 December 2013 as the mandate was reduced subsequent to balance date.

Except for the matters discussed above, no matter or circumstances have arisen since 31 December 2013 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

Directors' declaration

The directors declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the director's opinion, the 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 consolidated entity.

This declaration is made in accordance with a resolution of the directors made pursuant to s303(5) of the *Corporations Act 2001.*

Steuart Roe
Managing Director
25 February 2014

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
Fax: +61 9322 0000
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Aurora Funds Limited

We have reviewed the accompanying half-year financial report of Aurora Funds Limited (the "Company"), which comprises the condensed consolidated statement of financial position as at 31 December 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 12.

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 2013 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 Aurora Funds Limited, 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.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aurora Funds Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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 Funds 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 2013 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*.

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 25 February 2014