

Aurora Labs Ltd
(formerly Aurora Labs Pty Ltd)
ACN 601 164 505

Special Purpose
Annual Financial Report
30 June 2015

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CORPORATE INFORMATION

ACN 601 164 505

Directors

Mr Paul Kehoe
Mr David Budge
Mr Nathan Henry
Mr David Parker
Mr Hendrikus Herman

Company secretary

Mr David Parker

Registered Address

Level 2, 100 Havelock Street
West Perth WA 6005
Telephone: (08) 9322 3400
Fax: (08) 9321 1057

Principal place of business

Shop 6, 102 – 104 Norma Road
Myaree WA 6056
Telephone: (08) 9330 8435
Email: enquiries@auroralabs3d.com

Solicitors

Jackson McDonald
Level 17, 225 St Georges Terrace
Perth WA 6000

Bankers

ANZ Bank
Riseley Centre
1/35 Riseley Street
Booragoon WA 6154

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

DIRECTORS' REPORT

The Board of Directors of Aurora Labs Ltd (formerly Aurora Labs Pty Ltd) present their annual report on Aurora Labs Ltd ("Company" or "Aurora") for the period from incorporation until 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Paul Kehoe	Non-Executive Chairman	Appointed 11 April 2016
David Budge	Chairman & Managing Director	Appointed on incorporation
Nathan Henry	Executive Director	Appointed 23 November 2015
David Parker	Non-executive Director, Company Secretary	Appointed 23 November 2015
Hendrikus Herman	Non-executive Director	Appointed 11 April 2016

Names, qualifications, experience and special responsibilities

Mr Paul Kehoe

Non-Executive Chairman

Qualifications: Bachelor of Business (Acc.) CA. Graduate Diploma of Science (with First Class Honours)

Mr Kehoe is a qualified geologist with first class honours in geosciences and Chartered Accountant with a Bachelor of Business degree in accounting. Mr Kehoe served as the Managing Director of Syrah Resources Limited (ASX:SYR) until October 2014. Mr Kehoe has over 20 years' experience in corporate finance and restructuring with firms such as PricewaterhouseCoopers and Grant Thornton in senior management roles. He has overseen the early development of Syrah's world class graphite project at Balama, Mozambique and was involved in the acquisition of the Tanzanian projects. He currently serves as a Non-Executive Director of Jacana Minerals Limited. He served as a Director of Syrah Resources Limited from December 2011 to October 2014. He also performed business development roles with listed ASX Explorers.

Mr David Budge

Chairman, Managing Director

Qualifications: Bachelor of Science (Chemistry) from University of Western Australia

Mr Budge has completed a Bachelor of Science (Chemistry) from the University of Western Australia. Mr Budge has extensive industry experience in robotics, robotic welding, surfacing engineering and manufacturing processes. He has become recognised for his experience in solving difficult fabrication and surface engineering problems for clients. Mr Budge has experience patenting and manufacturing a range of products for Australian and international markets. He has worked for Bossong Engineering running its Plasma Transferred Arc department. He then worked for Score Pacific managing its Thermal Spray department and overseeing research and development on special projects. More recently Mr Budge set up and ran Advanced Industrial Manufacturing Pty Ltd (AIM), a company that specialised in providing robotic welding and specialised technology solutions to the mining and oil and gas sectors.

Mr Nathan Henry

Executive Director Business Development

Mr Henry has held senior management roles over the last 25 periods he has been involved in every level of strategic planning, divisional financial reporting and senior corporate accountability up to board level. His roles have covered the full spectrum of responsibility including process and business model development, new business development, technology implementation and roll out through distributed networks, market research and writing of business plans. He has experience with ISO certification, equipment purchase recommendations, workflow planning, skilled employee hires, securing AVL status and marketing plans. He has previously developed and led sales teams for market leading companies both in Australia and in the USA.

DIRECTORS' REPORT (continued)

Mr Henry is responsible for developing the strategy and processes required for branding and marketing the Company's products and services. These include, but are not limited to, 3D printers, consumables, services and licensing. He is responsible for developing advertising materials, overseeing web design and social media campaigns as well as monitoring metrics for these modes of communication and marketing.

Mr David Parker**Non-Executive Director, Company Secretary**

Qualifications: Bachelor of Commerce from Curtin University; Graduate Diploma in Applied Corporate Governance

Mr Parker has completed a Bachelor of Commerce at Curtin University and a Graduate Diploma in Applied Corporate Governance and is a Senior Associate (and member since 2001) of FINSIA; the Financial Services Industry of Australia. Mr Parker is an experienced corporate advisor and has served as a director or company secretary of several publicly listed companies. Mr Parker is an employee of Alto Capital, a stockbroking and corporate Advisory firm and is licensed to provide financial advice to retail and wholesale investors. Mr Parker is currently a non-executive director at Pacific Ore Ltd (ASX:PSF).

Mr Hendrikus Herman**Non-Executive Director**

Qualifications: Bachelor of Laws, Australian National University, 1996; Bachelor of Commerce, Australian National University, 1996

Mr Herman is a lawyer providing expert advice on commercial law matters. He has almost 20 years' experience in legal and commercial roles and has handled matters for companies of all shapes and sizes, in Australia and overseas. Mr Herman has a particular interest in franchise operations and their regulation and compliance, having provided advice on the Franchising Code of Conduct in its various forms since its introduction in 1998. He also has developed and maintained legal and risk compliance functions for companies, including work health and safety frameworks around their workforces. Mr Herman draws on his broad understanding of business drivers to provide practical and relevant advice from a different perspective while being commercially focused.

Interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report:

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance shares (Class A, B & C)
Paul Kehoe	1,000,000 ¹	-	-
David Budge	23,946,785	-	14,736,483
Nathan Henry	832,151	1,500,000 ²	512,094
David Parker	150,000 ³	-	92,307
Hendrikus Herman	782,151 ⁴	-	481,325 ⁵
Totals	26,711,087	1,500,000	15,822,209

¹ Shares held in the name of Pabasa Pty Ltd <Kehoe Superannuation A/c>

² Options are exercisable at \$0.20 on or before 31 December 2018

³ Shares held in the name of DRP 2006 Super Pty Ltd <DRP 2006 Super Fund A/c>

⁴ Shares held in the name of Kacha Pty Ltd <Kacha Family A/c>

⁵ 153,847 Performance shares held in the name of Kacha Pty Ltd <Kacha Family A/c>

DIRECTORS' REPORT (continued)**Dividends**

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

Review of Operations**Principal Activities**

The principal activity of the company during the period was research and development of 3D Metal Printers with the intention to commercialise and manufacture 3D Metal Printers.

During the period the Company was successful in progressing the designs and a prototype of the Small Format Printer, as well as concept designs for the Large Format Printer.

During the period the Company also lodged several Patents regarding its 3D Metal Printer concepts and designs.

During the period the Company also raised funds through 27 pre-sales via a crowdfunding activities to assist with the research and development activities.

Significant events during the period

The Company was incorporated on 9 August 2014 by the founding director, David Budge.

On 9 August 2014, 90,000,000 fully paid ordinary shares were issued at \$0.00002222 raising \$2,000.

On 9 August 2014, 10,000,000 fully paid ordinary shares were issued at \$0.0007 raising \$7,000.

On 28 October 2014, 4,250,000 fully paid ordinary shares were issued at \$0.0025 to raise \$10,625.

On 28 October 2014, 6,500,000 fully paid ordinary shares were issued at \$0.01 to raise \$65,000.

Significant events after the balance date

On 3 July 2015, 2,000,000 fully paid ordinary shares were issued at \$0.01 to raise \$20,000.

On 6 November 2015, 3,382,500 fully paid ordinary shares were issued at \$0.0266 to raise \$90,000.

On 13 November 2015, 375,833 fully paid ordinary shares were issued at \$0.0266 to raise \$10,000.

On 23 November 2015, Nathan Henry was appointed as an executive director of the Company.

On 23 November 2015, David Parker was appointed as a non-executive director and Company Secretary of the Company, while David Budge resigned as Company Secretary on 23 November 2015.

On 23 November 2015, 5,657,000 Company Options exercisable at circa \$0.0532 on or before 31 December 2018 were issued for nil consideration (with a Black Scholes valuation of \$11,692.58).

On 2 December 2015, 2,818,750 fully paid ordinary shares were issued at \$0.0266 to raise \$75,000.

On 15 December 2015, 2,818,750 fully paid ordinary shares were issued at \$0.0266 to raise \$75,000.

DIRECTORS' REPORT (continued)**Significant events after the balance date (continued)**

On 18 December 2015 the Company held a General Meeting of shareholders. At this General Meeting, there were the following special resolutions approved by Shareholders.

- To change from a proprietary company limited by shares (Aurora Labs Pty Ltd) to a public company limited by shares (Aurora Labs Ltd).
- The Company adopted a new Constitution;
- A consolidation of capital;
 - The number of fully paid ordinary shares on issue was reduced from 122,145,833 to 32,500,000 fully paid ordinary shares, effective 18 December 2015.
- The approval to issue 20,000,000 Performance Shares on a pro-rata basis to existing shareholders
 - The issue of 20,000,000 Performance Shares on a pro-rata basis to existing shareholders as per the above point and recorded in the register on 31 December 2016 as follows:
 - 6,000,000 Class A Performance Shares
 - 6,675,000 Class B Performance Shares
 - 7,500,000 Class C Performance Shares

On 31 December 2015, 2,530,000 (post consolidation) fully paid ordinary shares were issued at \$0.16 to raise \$404,800.

On 8 March 2016, 2,470,000 (post consolidation) fully paid ordinary shares were issued at \$0.16 to raise \$395,200.

On 8 March 2016, 2,000,000 (post consolidation) fully paid ordinary shares were issued at \$0.10 to raise \$200,000.

On 16 March 2016, a Notice of General Meeting was sent to Shareholders calling a meeting of shareholders to be held on 11 April 2016.

On 23 March 2016 the Company was converted to a public Company and ASIC changed the Company name to Aurora Labs Ltd.

On 11 April 2016 Messrs Paul Kehoe and Hendrikus Herman were appointed to the board as Non-Executive Chairman and Non-Executive Director respectively.

On 11 April 2016 the Company held a General Meeting of Shareholders to approve various resolutions in preparation for the proposed Initial Public Offering of securities and the issue of Company securities.

Operating results for the period

The comprehensive loss of the Company for the financial period, after providing for income tax amounted to \$249,473.

Review of financial conditions

The Company had \$48,133 cash assets as at 30 June 2015.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Options

On 23 November 2015, 5,657,000 Company Options exercisable at circa \$0.0532 on or before 30 December 2018 were issued for nil consideration (with a Black Scholes valuation of \$11,692.58).

On 18 December 2015 there was a consolidation of capital was approved by Shareholders. The number of Options on issue was reduced from 5,657,000 to 1,500,000, with the exercise price being amended to \$0.20.

DIRECTORS' REPORT (continued)**Environmental legislation**

The Company is not subject to any environmental legislation requirements.

Indemnification and insurance of Directors and officers:

The company has agreed to indemnify all the directors of the company for any liabilities (other than the company or related body corporate) that may arise from their position as directors of the company, except where the liability arises out of conduct involving a lack of good faith.

The company has paid a premium for contract of insuring the directors and officers of the company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The amount of premium paid during the period was nil as the policy was taken out following the end of the period.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director was as follows:

Director	Board Meetings	
	Attended	Eligible to Attend
David Budge	1	1
Nathan Henry	0	0
David Parker	0	0
Paul Kehoe	0	0
Hendrikus Herman	0	0

In addition, there was 1 Circular Resolution during the Period.

Company Secretary

The registered Company Secretary for the period was David Budge, however David Budge resigned following the Balance Date on 23 November 2015, David Parker was appointed Company Secretary on 23 November 2015 and currently holds the office.

Proceedings on behalf of the Company

There are no proceedings on behalf of the Company.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 8 and forms part of this directors' report for the period ended 30 June 2015.

Signed in accordance with a resolution of the directors.

Mr David Budge
Managing Director
 Dated this 4 March 2016



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aurora Labs Ltd (formerly Aurora Labs Pty Ltd) for the year ended 30 June 2015, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia
4 May 2016**

**N G Neill
Partner**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015**

	Notes	2015 \$
Continuing operations		
Other Income	2(a)	35
Research and development expenses	2(b)	(183,877)
Employee benefits		(29,270)
Other expenses		(36,361)
Loss before income tax expense		(249,473)
Income tax expense	3	-
Loss for the period		(249,473)
Loss attributable to members of the Company		(249,473)
Other comprehensive income, net of income tax		-
Total comprehensive loss for the period		(249,473)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 \$
Assets		
Current Assets		
Cash and cash equivalents	5	48,133
Trade and other receivables		48,996
Total Current Assets		<u>97,129</u>
Non-Current Assets		
Property, Plant and Equipment		783
Intangible Assets		7,220
Total Current Assets		<u>8,003</u>
Total Assets		<u>105,132</u>
Liabilities		
Current Liabilities		
Trade and other payables	6	50,013
Pre-Payments	6	199,967
Total Liabilities		<u>249,980</u>
Net (Liabilities)/Assets		<u>(144,848)</u>
Equity		
Issued capital	4(a)	84,625
Reserves	4(b)	20,000
Accumulated losses		(249,473)
Net Deficiency		<u>(144,848)</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015**

	Issued Capital	Allotment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at incorporation	-	-	-	-
Equity issued during the period	84,625	20,000	-	104,625
Loss for the period	-	-	(249,473)	(249,473)
Other comprehensive income, net of income tax	-	-	-	-
Total comprehensive loss for the period	-	-	(249,473)	(249,473)
Balance as at 30 June 2015	84,625	20,000	(249,473)	(144,848)

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

	Note	2015 \$
Cash flows from operating activities		
Payments to suppliers and employees		(249,321)
Interest Paid		(187)
Interest Received		35
Net cash (used in) operating activities	5	(249,473)
Cash flows from investing activities		
Payments for property, plant and equipment		(783)
Payments for intangible assets		(7,220)
Net cash (used in) investing activities		(8,003)
Cash flows from financing activities		
Proceeds from issue of shares and shares prepayment		104,625
Proceeds from pre-sold printers		199,968
Proceeds from borrowings		31,279
Repayment of borrowings		(30,263)
Net cash provided by financing activities		305,609
Net increase in cash held		48,133
Cash and cash equivalents at the beginning of the period		0
Cash and cash equivalents at the end of the period	5	48,133

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the members. The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of these statements are as follows:

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is an unlisted public company, incorporated in Australia and operating in Australia. The principal activity of the company during the period was research and development into 3D metal printers.

**(b) Adoption of new and revised standards
Changes in accounting policies on initial application of Accounting Standards**

In the period ended 30 June 2015, the Directors have reviewed all new and revised standards and interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

(c) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(e) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables (continued)

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(g) **Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Impairment of assets

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(l) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Going concern

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

As disclosed in the financial statements, the Company incurred a loss of \$249,473 and also had net cash outflows from operating activities of \$249,473 for the period ended 30 June 2015 with cash at bank of \$48,133 at 30 June 2015. It is noted that since the end of the period the Company has raised \$1,231,000 in equity capital which puts the Company in a good position to pursue its business activities.

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

Should the Company 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 be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business.

Based on the above, the Directors consider the going concern basis appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

NOTE 2: REVENUES AND EXPENSES

	2015 \$
(a) Other income	
Interest Received	35
Total	<u>35</u>

(b) Research and Development Expenses

Engineering Services	159,431
Consultancy fees	6,448
Consumables	17,998
Total	<u>183,877</u>

NOTE 3: INCOME TAX

	2015 \$
(a) Income tax expense	<u>-</u>
(b) Numerical reconciliation between tax-expense and pre-tax net loss	
(Loss) from ordinary activities	<u>(249,473)</u>
Income tax using the Company's domestic tax rate of 30%	(74,842)
Temporary differences not recognised	-
Current period (loss) for which no deferred tax liability was recognised	<u>74,842</u>
Income tax benefit attributable to entity	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

NOTE 4: ISSUED CAPITAL

	2015 \$
(a) Ordinary shares	
Balance at beginning of period	-
Shares issued	84,625
Less share issue costs	-
Balance at end of period	<u>84,625</u>
 <i>Movements in ordinary shares on issue</i>	
	No.
Balance at beginning of period	-
Shares issued on 9 August 2014	100,000,000
Shares issued on 10 October 2014	4,250,000
Shares issued on 10 October 2014	6,500,000
Balance at end of period	<u>110,750,000</u>
 (b) Reserves	
Balance at beginning of period	-
Funds held on trust as a prepayment for application for shares in the Company	20,000
Balance at the end of the period	<u>20,000</u>

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

On a 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.

NOTE 5: CASH AND CASH EQUIVALENTS

	2015 \$
Cash at hand and in bank	48,133
	<u>48,133</u>

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company did not engage in any non-cash financing activities for the period ended 30 June 2015.

Reconciliation of loss for the period to net cash flows from operating activities

Comprehensive (loss) for the period	(249,473)
Net cash (used in) operating activities	<u>(249,473)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

NOTE 6: FINANCIAL LIABILITIES

Trade and other payables

Loan – David Budge ¹	(30,753)
Other trade payables	(19,260)
Sub Total	(50,013)

Pre-Payments

Funds received as deposits / pre-payments for Small Format Printers	(199,967)
Sub Total	(199,967)
Total	(249,980)

¹ Related Party Loan to/from David Budge

- As at the Balance Date \$31,279 loan was owed by David Budge while \$30,753 was payable to Australian Industrial Manufacturing Pty Ltd (AIM) which is a Company controlled by David Budge.
- The Company entered into a Loan Agreement with David Budge and AIM on 17 March 2016 which formalised the outstanding loan amount owed to David Budge. It is noted that as at the date of this report, there was \$27,000 remaining owed to AIM / David Budge due in monthly \$4,000 instalments.

NOTE 7: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 3 July 2015, 2,000,000 fully paid ordinary shares were issued at \$0.01 to raise \$20,000.

On 6 November 2015, 3,382,500 fully paid ordinary shares were issued at \$0.0266 to raise \$90,000.

On 13 November 2015, 375,833 fully paid ordinary shares were issued at \$0.0266 to raise \$10,000.

On 23 November 2015, Nathan Henry was appointed as an executive director of the Company.

On 23 November 2015, David Parker was appointed as a non-executive director and Company Secretary of the Company, while David Budge resigned as Company Secretary on 23 November 2015.

On 23 November 2015, 5,657,000 Company Options exercisable at circa \$0.0532 on or before 31 December 2018 were issued for nil consideration (with a Black Scholes valuation of \$11,692.58).

On 2 December 2015, 2,818,750 fully paid ordinary shares were issued at \$0.0266 to raise \$75,000.

On 15 December 2015, 2,818,750 fully paid ordinary shares were issued at \$0.0266 to raise \$75,000.

On 18 December 2015 the Company held a General Meeting of shareholders. At this General Meeting, there were the following special resolutions approved by Shareholders.

- To change from a proprietary company limited by shares (Aurora Labs Pty Ltd) to a public company limited by shares (Aurora Labs Ltd).
- The Company adopted a new Constitution;
- A consolidation of capital;
 - The number of fully paid ordinary shares on issue was reduced from 122,145,833 to 32,500,000 fully paid ordinary shares, effective 18 December 2015.
- The approval to issue 20,000,000 Performance Shares on a pro-rata basis to existing shareholders
 - The issue of 20,000,000 Performance Shares on a pro-rata basis to existing shareholders as per the above point and recorded in the register on 31 December 2016 as follows:
 - 6,000,000 Class A Performance Shares
 - 6,675,000 Class B Performance Shares
 - 7,500,000 Class C Performance Shares

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

Significant events after the balance date (continued)

On 31 December 2015, 2,530,000 (post consolidation) fully paid ordinary shares were issued at \$0.16 to raise \$404,800.

On 8 March 2016, 2,470,000 (post consolidation) fully paid ordinary shares were issued at \$0.16 to raise \$395,200.

On 8 March 2016, 2,000,000 (post consolidation) fully paid ordinary shares were issued at \$0.10 to raise \$200,000.

On 16 March 2016, a Notice of General Meeting was sent to Shareholders calling a meeting of shareholders to be held on 11 April 2016.

On 23 March 2016 the Company was converted to a public Company and ASIC changed the Company name to Aurora Labs Ltd.

On 11 April 2016 Messrs Paul Kehoe and Hendrikus Herman were appointed to the board as Non-Executive Chairman and Non-Executive Director respectively.

On 11 April 2016 the Company held a General Meeting of Shareholders to approve various resolutions in preparation for the proposed Initial Public Offering of securities and the issue of Company securities.

NOTE 8: DIVIDENDS

The directors of the Company have not declared any dividend for the period ended 30 June 2015.

NOTE 9: COMMITMENTS

As at 30 June 2015, the Company has the following material commitments relating to Pre-Sold Small Format Printers:

- The Company pre-sold 27 Small Format Printers at discount rates to various non-related parties as part of a crowd-funding initiative. In total a liability of \$199,967 has been recognised on the balance sheet which corresponds to funds received from these pre-sales. The Company 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 Company 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.
- The Company has developed a working prototype of the Small Format Printer and since the end of the period has started building 5 Beta Small Format Printer units for testing. Following the testing of the Beta units the Company aims to manufacture commercial Small Format Printers and fulfil the orders.

As at the date of this report, the Company has the following material commitments in relation to the proposed Initial Public Offering. The Company has entered into various material contracts in relation to the proposed Initial Public Offering of the Company and has incurred commitments as follows:

- Alto Capital: Lead Manager Capital Raising Mandate
 - The Company has engaged Alto Capital to act as the Lead Manager for the proposed IPO. Alto Capital are entitled to earn the following fees:
 - \$5,000 monthly retainer;
 - 6% stamping fees on all funds raised up to \$3,400,000;
 - \$50,000 fee on the successful IPO of the Company;
 - 1,500,000 Shares (500,000 following a successful seed raising and 1,000,000 following a successful IPO);
 - 1,000,000 Performance Shares (following a successful seed raising); or
 - A 1% fee on any alternative capital raising to a significant third party.
- Jackson McDonald Engagement
 - The Company has engaged Jackson McDonald to act as the Company solicitors for the proposed IPO. This engagement is for a fixed fee of \$60,000 plus GST.

DIRECTORS' DECLARATION

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Noted 1 to the financial statements.

In the opinion of the directors of Aurora Labs Ltd (the 'Company' or 'Aurora'):

1. The financial statements and notes thereto, as set out on pages 10 to 21, are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Company's financial position as at 30 June 2015 and its performance for the period then ended in accordance with the accounting policies discussed in Note 1 to the financial statements; and
 - a. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent outlined in Note 1; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Mr David Budge
Managing Director
Dated this 4 March 2016



INDEPENDENT AUDITOR'S REPORT

To the members of Aurora Labs Ltd (formerly Aurora Labs Pty Ltd)

Report on the Financial Report

We have audited the accompanying special purpose financial report of Aurora Labs Ltd, which comprises the statement of financial position as at 30 June 2015 and the statement of profit or loss and comprehensive income for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with the accounting policies described in Note 1(a) to the financial statements and for such internal control as directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the financial report of Aurora Labs Ltd:

- a) presents fairly, in all material respects the company's financial position as at 30 June 2015 and its performance for the year ended on that date; and
- b) complies with Australian Accounting Standards to the extent described in Note 1(a).

Basis of accounting

Without modifying our opinion, we draw attention to Note 1(a) of the financial report, which describes the basis of accounting. The financial report has been prepared by management to meet the needs of the members. As a result, the financial report may not be suitable for another purpose.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to Note 1(m) to the financial report which indicates that the Company will need to generate sufficient revenue from its operations or other sources to ensure that it can continue to fund its operations during the twelve month period from the date of approval of this financial report.

Should the Company be unsuccessful in generate sufficient revenue from operations or additional funding not be obtained, there is a material uncertainty that may cast significant doubt as to whether the Company will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business.



HLB Mann Judd
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
4 May 2016