

Appendix 4D

Half Year Report – Period ending 31 December 2010

Name of entity	AURORA FUNDS LIMITED
-----------------------	-----------------------------

ABN:	39 143 194 165
-------------	----------------

1	Previous corresponding period – only includes Aurora Funds Management Ltd	31 December 2009
----------	---	------------------

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		Up/Down	A\$'000
2.1	Revenues from ordinary activities	Up 97%	1,760
2.2	Loss from ordinary activities after tax attributable to members	Down 479%	(718)
2.3	Net profit/(loss) for the half-year attributable to members	Down 479%	(718)
2.4	Dividends	Amount per security	Franking credit per security
	No dividend has been declared for the 6 months ended 31 December 2010.	0.00 cents	0.0 cents
2.5	Record date for determining entitlements to the distribution	NA	
2.6	See director's report for explanation of results.		

		2010	2009
3	Earnings per share	(\$0.0816)	NA
	Earnings per share fully diluted	(\$0.0810)	NA

4	The Company acquired 100% of the following entities on 9 July 2010: <ul style="list-style-type: none"> • Fortitude Capital Pty Limited • Sandringham Capital Pty Ltd • Aurora Funds Management Limited 		
----------	---	--	--

Alastair Davidson –
Director
Aurora Funds Limited

Date: 1 April 2011

Aurora Funds Limited
ABN 39 143 194 165
and Controlled Entities

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2010

Contents	Page
Directors' report	3
Auditor's independence declaration	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash flows	8
Notes to the consolidated financial statements	9
Directors' declaration	12
Independent auditor's review report to the shareholders	13

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made in respect of Aurora Funds Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These financial statements cover the Aurora Funds Limited and its controlled entities, Aurora Funds Management Limited, Fortitude Capital Pty Ltd and Sandringham Capital Pty Ltd.

The Group, and its subsidiaries, registered office is:

Level 2, 350 George Street

Sydney, NSW 2000

Directors' report

The Directors present their report on Aurora Funds Limited and Controlled Entities ("Group"), for the period ended 31 December 2010.

Principal activities

The Company was incorporated on 19 April 2010 in Victoria after the issue of 5 shares at \$2.00 per share. The Company acts as a listed holding company for the businesses acquired below. The Group acts as a fund manager and issuer of retail and wholesale funds in the Australian market.

Review of operations

On 9 July 2010, the Company acquired all the shares of Aurora Funds Management Limited, Sandringham Capital Pty Limited and Fortitude Capital Pty Limited. On 9 July 2010, the Group allotted 7,979,167 ordinary shares to the vendors of those companies and on 12 July 2010 issued 1,023,465 ordinary shares to new investors pursuant to a Prospectus dated 5 May 2010. The ordinary shares issued to new investors raised \$1,630,836 net of capital raising costs.

The financial results included in this interim report have been prepared as a continuation of the financial statements of Aurora Funds Management Limited using AASB 3 *Business Combinations*, where the Directors have determined that Aurora Funds Management Limited was the dominant entity at the time of the business combination, and therefore for the purposes of financial reporting it has been assumed that Aurora Funds Management Limited has acquired Sandringham Capital Pty Ltd and Fortitude Capital Pty Ltd. The prospectus dated 5 May 2010 had assumed that Aurora Funds Limited was the acquirer and therefore there is a difference between the goodwill and intangibles number shown in these accounts versus that shown in the prospectus. The financial results are presented as a continuation of the Aurora Funds Management Limited Financial Statements (including comparatives), and incorporate the financial results of Aurora Funds Limited, Sandringham Capital Pty Ltd and Fortitude Capital Pty Ltd on 15 July 2010.

During the period the Group, through its subsidiaries, developed its distribution channels, for its ASX listed and unlisted managed investment schemes, and sought additional wholesale investment management mandates.

Results

The Group incurred an operating loss of \$718,274 after an income tax expense of \$Nil for the period ended 31 December 2010. The Group has not declared any dividends for the period ended 31 December 2010. The Directors do not recommend the payment of a dividend. The results shown for the half-year ended 31 December 2009 are the unaudited results for Aurora Funds Management Limited as a stand-alone entity.

The operating loss has been increased due to the costs of restructuring some of the operations and funds, post the business combination, the reduction in performance fees accrued during the period, and an expense of \$250,000 relating to the share based payment of deferred shares issued to John Corr, as part of the acquisition of Fortitude Capital Pty Ltd.

Significant changes in State of Affairs

There were no significant changes in the state of affairs of the Group and its controlled entities in the period to the date of this report, other than noted above.

Directors

The following persons were directors of the company during the whole of the period and up to the date of this report:

John Corr

Alastair Davidson

Simon Lindsay

Richard Matthews

Steuart Roe

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.



Alastair Davidson

Director

Date : 1 April 2011



Auditor's Independence Declaration

As lead auditor for the review of Aurora Funds Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aurora Funds Limited and the entities it controlled during the period.


PricewaterhouseCoopers



AJ Wilson
Partner

Sydney
1 April 2011

*PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au*

Liability limited by a scheme approved under Professional Standards Legislation.

Aurora Funds Limited
ABN 39 143 194 165
Consolidated Statement of Comprehensive Income
For the period to 31 December 2010

Consolidated Statement of Comprehensive Income

	Note	Half-year to 31 December 2010 \$	Half-year to 31 Dec 2009 \$
Revenue			
Management Fee income		1,510,549	480,292
Responsible entity fees		105,411	252,988
Interest income		58,774	20,294
Other income		84,922	138,601
Total investment income		1,759,656	892,175
Expenses			
Occupancy expenses		86,575	46,087
Personnel expenses		1,080,206	301,752
Distribution expenses		720,148	490,207
Share based payment	8	250,000	-
Other expenses		276,706	128,475
Finance costs		64,295	49,259
Total operating expenses		2,477,930	1,015,780
Net operating loss before income tax		(718,274)	(123,605)
Income tax expense		-	-
Net loss after tax from continuing operations		(718,274)	(123,605)
Basic earnings per share (cents)		(8.16)	-
Diluted earnings per share (cents)		(8.10)	-

This Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to these financial statements set out below.

Aurora Funds Limited
ABN 39 143 194 165
Consolidated Statement of Financial Position
31 December 2010

Consolidated Statement of Financial Position

	Note	As at 31 December 2010 \$	As at 30 June 2010 \$
CURRENT ASSETS			
Cash & cash equivalents		3,128,877	1,264,345
Trade and other receivables		885,175	880,099
Other		88,566	23,838
Total current assets		4,102,618	2,168,282
NON-CURRENT ASSETS			
Other financial assets		5,000	-
Plant and Equipment		87,276	13,840
Goodwill and intangibles	3	7,196,076	-
		7,288,352	13,840
Total assets		11,390,970	2,182,122
CURRENT LIABILITIES			
Trade and other payables		631,804	631,226
Current tax payable		14,561	-
Other payables		97,813	-
Short-term borrowings		-	250,000
Total current liabilities		744,178	881,226
NON CURRENT LIABILITIES			
Sub-ordinated debt		1,000,000	1,000,000
Total non-current liabilities		1,000,000	1,000,000
Total liabilities		1,744,178	1,881,226
NET ASSETS		9,646,792	300,896
EQUITY			
Share Capital	6	10,989,175	1,175,005
Share based payment reserve		250,000	-
Accumulated losses		(1,592,383)	(874,109)
		9,646,792	300,896

This Consolidated Statement of Financial Position is to be read in conjunction with the Notes to these financial statements set out below

Aurora Funds Limited
 ABN 39 143 104 185
 Consolidated Statement of Changes in Equity
 31 December 2010

Consolidated Statement of Changes in Equity

	Share Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2009	1,375,005	(711,225)	663,780
Comprehensive Income for period		(123,605)	(123,605)
Balance at 31 December 2009	<u>1,375,005</u>	<u>(834,830)</u>	<u>540,175</u>
Balance at 1 July 2010	1,175,005	(874,109)	300,896
Comprehensive Income for period		(718,274)	(718,274)
Shares issued	10,188,284		10,188,234
Shares to be issued	250,000		250,000
Capital raising costs	(374,094)		(374,094)
Balance at 31 December 2010	<u>11,239,175</u>	<u>(1,592,383)</u>	<u>9,646,792</u>

This Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to these financial statements set out below.

Aurora Funds Limited
ABN 39 143 194 165
Consolidated Statement of Cash flows
For the half-year to 31 December 2010

Consolidated Statement of Cash flows

	31 December 2010 \$	31 December 2009 \$
<i>Cash flows from operating activities</i>		
Receipts from customers	1,816,568	1,079,340
Payments to suppliers and employees	(2,316,678)	(967,667)
Interest received	58,774	20,294
Interest paid	(37,425)	(49,260)
<i>Net cash inflow from operating activities</i>	(478,761)	82,707
<i>Cash flows from investing activities</i>		
Payment for plant and equipment	(25,985)	(7,837)
Disposal of investments	759,629	-
Acquisition of investments	(5,000)	-
Cash payment for acquisitions, net of cash acquired	(2,433,261)	-
<i>Net cash (outflow) from investing activities</i>	(1,704,597)	(7,837)
<i>Cash flows from financing activities</i>		
Proceeds from debt issue	-	300,000
Receipt of loan proceeds	509,517	-
Repayment of sub-ordinated debt	(250,000)	-
Issue of equity	4,162,467	-
Capital raising costs paid	(374,094)	-
<i>Net cash inflow/(outflow) from financing activities</i>	4,047,890	300,000
<i>Net increase/(decrease) in cash and cash equivalents</i>	1,864,532	374,871
Cash and cash equivalents at beginning of the period	1,264,345	969,999
<i>Cash and cash equivalents at the end of the period</i>	3,128,877	1,344,870

This Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the financial statements set out below.

1 Introduction

It is recommended that this Interim end report be considered together with any public announcements made by the Group during the period ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Reporting period

The interim report covers financial period from 1 July 2010 to 31 December 2010. The comparatives cover the period from 1 July 2009 to 31 December 2009 for Aurora Funds Management Limited only, and have been prepared based on information used for the Prospectus dated 5 May 2010, which were subject to a review by PKF.

Registered Office

The registered office of the Group is at:
 Level 2
 350 George St,
 Sydney, NSW 2000

The financial statements were authorised for issue by the directors on 1 April 2011. The directors of the company have the power to amend and reissue the financial statements.

2 Basis of Preparation

This interim financial report for the period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. It is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and all entities which Aurora Funds Limited controlled through the period and at the balance date. Under AASB 3 *Business Combinations*, it has been determined by the Directors that Aurora Funds Management Limited was the dominant entity at the time of the merger, and therefore for the purposes of financial reporting it has been assumed that Aurora Funds Management Limited has acquired Aurora Funds Limited, Sandringham Capital Pty Ltd and Fortitude Capital Pty Ltd on 9 July 2010.

The Group has applied AASB 8 *Operating Segments* from 1 July 2010, which requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. As detailed in Note 8 below, the Group has only one operating segment, and therefore there is no change to reporting.

3 Goodwill and Intangibles

The company acquired:

	Total consideration	Net assets at acquisition date	Goodwill
	\$	\$	\$
Fortitude Capital Pty Ltd	3,333,334	1,314,247	2,019,087
Sandringham Capital Pty Ltd	5,600,000	423,011	5,176,989
	<u>8,933,334</u>	<u>1,737,258</u>	<u>7,196,076</u>

Total consideration is based on the number of shares issued at a fair value of \$2.00 per share plus any cash component of the acquisition, which is different from the amount in the executed sale and subscription agreements entered into with each acquiree. The goodwill in the acquisitions, as noted above, is comprised of the intangible value of the existing fund management contracts and the successful track records that have been established in those funds. The business combination accounting is still provisional and the Directors have not yet determined the split between goodwill and intangible assets. As such, there has been no impairment calculation of the value of goodwill between the acquisition date of 9 July 2010, and the balance date.

4 Business Combination

On 9 July 2010, Aurora Funds Limited acquired 100% of the voting interests of Aurora Funds Management Limited, Sandringham Capital Pty Limited and Fortitude Capital Pty Limited. Sandringham Capital Pty Limited is a Melbourne based fund manager specialising in tax- efficient investment strategies. Fortitude Capital Pty Limited is a Sydney based fund manager specialising market neutral equity strategies.

Under AASB 3 *Business Combinations*, the Directors of the Group have determined that Aurora Funds Management Limited was the dominant entity at the time of the business combination, and therefore for the purposes of financial reporting it has been assumed that Aurora Funds Management Limited has acquired Sandringham Capital Pty Ltd, Fortitude Capital Pty Ltd and Aurora Funds Limited

The primary reason for the business combination is to share fund management and distribution resources amongst a larger group, and provides scale for the overall business. The acquirer gained control of the acquirees through an agreed takeover offer.

The goodwill in the acquisitions, as noted above, is comprised of the intangible value of the existing fund management contracts and the successful track records that have been established in those funds. The business combination accounting is still provisional and the Directors have not yet determined the split between goodwill and intangible assets.

The assets and liabilities recognized as part of the acquisitions are as follows:

	Sandringham Capital Pty Ltd	Fortitude Capital Pty Ltd	Aurora Funds Limited
	\$	\$	\$
Cash	39,853	434,322	1,637,591
Trade receivables	526,171	166,797	-
Investments	-	759,629	-
Fixed assets, less accumulated depreciation	12,538	57,700	-
Trade payables	(92,385)	(77,286)	-
Employee provisions	-	(26,915)	-
Tax payable	(63,166)	-	-
Net identifiable assets acquired	<u>423,011</u>	<u>1,314,247</u>	<u>1,637,591</u>
Goodwill on consolidation	5,176,989	2,019,087	-
Net assets recognized	<u>5,600,000</u>	<u>3,333,334</u>	<u>1,637,591</u>

Part of the acquisition of Fortitude Capital Pty Ltd requires the issue of a share based payment to John Corr, subject to him not resigning before 9 July 2013. The cost of issuing these shares has been expensed over the three year period.

There are no acquisition costs relating to the acquired businesses shown through the profit and loss.

5 Segment information

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

6 Contributed Equity

During the period the Group had the following movements in its equity:

On 9 July 2010, the Company issued 7,979,167 shares to the vendors of the subsidiary companies acquired, Aurora Funds Management Limited, Sandringham Capital Pty Limited and Fortitude Capital Pty Limited.

On 12 July the Company allotted 1,023,465 shares to new investors in the Group, pursuant to a Prospectus dated 5 May, 2010.

As noted above, these accounts have been prepared as a continuation of the operations of Aurora Funds Management Limited, and therefore the contributed equity at 30 June 2010 reflects the contributed equity of Aurora Funds Management Limited at that date.

Movements in share capital are:

Date	Details	No of shares	\$
1 July 2010	Opening balance	1,175,005	1,175,005
	Opening balance in Aurora Funds Limited	5	10
9 July 2010	Acquisition of Subsidiaries	4,166,667	8,333,334
	Shares issued for Aurora funds Management Limited	3,812,500	-
	Elimination of shares in Aurora Funds Management Limited	(1,175,005)	-
12 July 2010	Shares issued pursuant to prospectus	1,023,465	-
	Value acquired in Aurora Funds Limited	-	1,480,826
31 Dec 2010	Closing balance	<u>9,002,637</u>	<u>10,989,175</u>
	Share based payment reserve	<u>125,000</u>	<u>250,000</u>

7 Contingent assets and liabilities

There were no contingent assets and liabilities at 31 December 2010.

8 Share based payment

The Group has agreed to issue an additional 750,000 shares to John Corr, on the third anniversary of the acquisition date of Fortitude Capital Pty Ltd, subject to John Corr not resigning before that date. The cost of these shares will be expensed each year on a straight line basis.

9 Events occurring after the balance sheet date

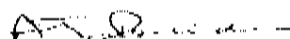
In the period from 31 December 2010 and the date of this report, there have been no items, transactions or events of a material and/or unusual nature.

Directors' declaration

In the opinion of the directors of the Group:

- (a) the financial statements and notes set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including that they
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Group's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Alastair Davidson

Director

1 April 2011



Independent auditor's review report to the shareholders of Aurora Funds Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aurora Funds Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Aurora Funds Limited Group (the consolidated entity). The consolidated entity comprises both Aurora Funds Limited and the entities it controlled during that half-year.

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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 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 2010 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

*PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au*

Liability limited by a scheme approved under Professional Standards Legislation



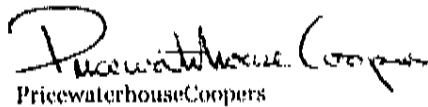
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

The logo for PricewaterhouseCoopers, featuring the company name in a cursive script above the text 'PricewaterhouseCoopers' in a sans-serif font.

A handwritten signature in black ink, appearing to be 'AJ Wilson'.

A.J Wilson
Partner

Sydney
1 April 2011