

Appendix 4D

Half Year Report for Period ended 31 December 2018

Name of Entity	Aurora Absolute Return Fund
ARSN:	110 303 430
Period Ended:	31 December 2018
Previous Corresponding Reporting Period:	31 December 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2018 \$	Percentage increase /(decrease) over corresponding period
Revenues from continuing operations	(498,048)	-537.7%
Loss for the year	(602,887)	-116.8%
Net loss for the year attributable to members	(602,887)	-116.8%

Details of Distributions

Type	Amount	% Franked	Ex-Date	Record Date	Last election date DRP	Payment Date
Final 2018	\$0.0030	0%	28/06/2018	29/06/2018	02/07/2018	15/08/2018
Sep Qtr Interim	\$0.0019	0%	27/09/2018	28/09/2018	01/10/2018	22/10/2018
Dec Qtr Interim	\$0.0016	0%	28/12/2018	31/12/2018	02/01/2019	18/02/2019

Dividend Reinvestment Plan

Unitholders may elect to participate in the Dividend Reinvestment Plan. The last date for the receipt of an election notice for participation in the Dividend Reinvestment Plan was 2 January 2019. No discount was offered on the Dividend Reinvestment Plan in respect of this dividend.

Net Tangible Asset Backing

	31 December 2018	31 December 2017
Net tangible assets per security	\$0.2786	\$0.6460

There was no gain or loss of control of entities during the current period.

This report is based on the interim financial report as at 31 December 2018 which has been subject to independent review by the auditors, Grant Thornton. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2018 Annual Financial Report.

Aurora Absolute Return Fund

ARSN 110 303 430

Interim Financial Report

For the half-year ended 31 December 2018

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Director's Report

The directors of Aurora Funds Management Limited (AFML) (ABN 69 092 626 885), in its capacity as the responsible entity of the Aurora Absolute Return Fund ("the Fund"), present their interim report together with the condensed financial statements of the Fund for the half-year ended 31 December 2018, and the auditor's report thereon.

The condensed financial report has been prepared for the Fund as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Fund invests in the unlisted Aurora Fortitude Absolute Return Fund (ARSN 145 894 800) (the "Master Fund"), in accordance with the provisions of the Fund Constitution and the most recent Product Disclosure Statement ("PDS") and Fund updates on the ASX.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

The Fund is currently listed on the Australian Securities Exchange (ASX: ABW).

Directors

The following persons held office as directors of Aurora Funds Management Limited during the half-year and up to the of this report, unless otherwise stated:

John Patton
Victor Siciliano
Anthony Hartnell AM

Units on issue

	31 December 2018	30 June 2018
Units on issue	8,123,335	8,113,656

Review and results of operations

During the half-year, the Fund continued to invest in accordance with the target asset allocations as set out in the documents of the Fund and in accordance with the provisions of the Fund Constitution.

The investment policy of the Fund continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the governing documents of the Fund.

Director's Report

Financial results for the half-year

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2018 \$	31 December 2017 \$
Operating profit/(loss) before finance costs attributable to unitholders	(602,887)	(278,081)
Distributions paid and payable	28,424	122,435
<i>Distributions</i>		
Distribution (cents per unit) 30 September	0.19	0.69
Distribution (cents per unit) 31 December	0.16	0.69

The Fund distributes all its net income each year to unitholders. The Fund distributed 1% of the Net Asset Value ('NAV') per unit each quarter. Should the Fund not generate sufficient net income to cover the distribution in any financial year, then part or all of any distribution may be a return of capital.

Financial position

Net Tangible Assets (NTA) per unit as disclosed to the ASX are shown as follows:

	31 December 2018 \$	30 June 2018 \$
At reporting period	0.2914	0.3750
High during period	0.3620	0.6860
Low during period	0.2914	0.3750

The Fund distributes all its net income each year to unitholders. The Fund distributed 1% of the Net Asset Value ('NAV') per unit each quarter. Should the Fund not generate sufficient net income to cover the distribution in any financial year, then part or all of any distribution may be a return of capital.

Information on Underlying Performance

The performance of the Fund is available through the recent performance reports available on the Responsible Entity's website. Consistent with the statements in the governing documents of the Fund, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Director's Report

Strategy and Future Outlook

The Fund invests in the Master Fund and this is expected to continue. As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Fund provides regular updates, including monthly NTA announcements, which can be found in the announcement section of the Australian Securities Exchange website.

The Fund continues to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by performance of investment markets in which the Master Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

Significant changes in state of affairs

The fund solely invests into the Aurora Fortitude Absolute return fund ("AFARF"). For the financial half-year ended 31 December 2018, AFARF has adopted significant judgements and estimates to fair value the following investments:

Molopo Energy Limited

The Fund holds an investment in Molopo Energy Limited (ASX: MPO). For the half-year ended 31 December 2018, the Fund has adopted significant judgements and estimates as to the fair value of this investment. The key sources of estimation uncertainty and fair value measurement in relation to MPO are outlined in Note 3.

Matters subsequent to the end of the financial half-year

RNY Property Trust (ASX:RNY)

RNY is a property trust (with commercial property assets located in New York, USA) listed on the Australian Stock Exchange. As at 31 December 2018, the Master Fund AFARF holds 1.58% of the issued capital of RNY Property Trust.

Over the last twelve months Aurora has been actively working to extract value from its investment in RNY by negotiating with the US lender of the underlying five (5) US commercial properties held by RNY, working with the property manager to attract new tenants and working with various stakeholders to improve the properties.

Other than the changes mentioned above, no other matters or circumstances have arisen since 31 December 2018 that significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Director's Report

Matters subsequent to the end of the financial half-year (continued)

Primary Securities Limited

On 15 January 2019, Primary Securities Limited held a purported meeting of unitholders in Canberra to consider a number of resolutions. Aurora does not believe this meeting was valid and therefore the resolutions do not stand. As such, Aurora is currently pursuing legal action against Primary Securities Limited.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums have been paid for out of the assets of the Fund in relation to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditors of the Fund. So long as the officers of Aurora Funds Management Limited act in accordance with the Fund Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnity of auditors

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Cost recovery and interests held in the Fund by the Responsible Entity

Costs recovered by the Responsible Entity and its associates out of Fund property during the half-year are disclosed in the Note 9 to the condensed financial statements.

No fees were paid out of Fund property to the Directors of the Responsible Entity during the half-year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial half-year are disclosed in Note 9 to the condensed financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the half-year is disclosed in Note 5 of the half-year report.

The values of the Fund's assets and liabilities are disclosed in the Condensed Statement of Financial Position and derived using the basis set out in Note 2 of the half-year report.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings. The Fund was not a party to any such proceedings during the half-year.

Director's Report

Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*

On behalf of the directors

A handwritten signature in black ink, appearing to read 'John Patton', with a stylized, flowing script.

John Patton
Managing Director
28 February 2019
Melbourne

Auditor's Independence Declaration

To the Directors of Aurora Funds Management Limited as the responsible entity of
Aurora Absolute Return Fund

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Aurora Absolute Return Fund for the half-year ended 31 December 2018. 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 28 February 2019

Financial Statement

Condensed Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2018

	Note	Half-year ended	
		31 December	31 December
		2018	2017
		\$	\$
Investment income			
Interest income		19	32
Dividend and distribution income		28,618	199,082
Net gains/(losses) on financial instruments held at fair value through profit or loss		(526,685)	(277,215)
Total net investment income/(loss)		(498,048)	(78,101)
Expenses			
Other operating expenses	10	104,839	199,980
Total operating expenses		104,839	199,980
Operating profit/(loss) for the half-year		(602,887)	(278,081)
Finance costs attributable to unitholders			
Distributions to unitholders	6	(28,424)	(122,435)
Decrease in net assets attributable to unitholders	5	631,311	400,516
Profit/(loss) for the half-year		-	-
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		-	-
Earnings/(loss) per unit (basic/ diluted)		(0.074)	(0.031)

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statement

Condensed statement of financial position As at 31 December 2018

		As at	
	Note	31 December 2018 \$	30 June 2018 \$
Assets			
Cash and cash equivalents	7	592	74
Dividends receivable		13,922	24,459
Other receivables		2,950	1,770
Financial assets held at fair value through profit or loss	8	2,431,729	2,958,414
Total assets		2,449,193	2,984,717
Liabilities			
Distributions payable	6	12,997	24,341
Redemption payable		2,982	4,337
Other payables		170,021	65,010
Total liabilities (excluding net assets attributable to unitholders)		186,000	93,688
Net assets attributable to unitholders – liability	5	2,263,193	2,891,029
Liabilities attributable to unitholders		(2,263,193)	(2,891,029)
Net assets		-	-

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

Financial Statement

Condensed statement of changes in equity For the half-year ended 31 December 2018

	Note	Half-year ended	
		31 December 2018 \$	31 December 2017 \$
Balance at the beginning of the financial year		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with unitholders in their capacity as unitholders		-	-
Total operating expenses		-	-
Total equity at the end of the period		-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial year.

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statement

Condensed statement of cash flows For the half-year ended 31 December 2018

	Note	Half-year ended	
		31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		-	673,822
Dividends and distributions received		39,155	139,761
Interest received		19	32
Other income		-	19,370
GST recovered/(paid)		(1,179)	(14,551)
Legal and professional fees paid		-	(86,582)
Payments of other expenses		172	(14,707)
Net cash inflow/(outflow) from operating activities		38,167	717,145
Cash flows from financing activities			
Proceeds from applications by unitholders		3,474	-
Payments for redemptions by unitholders		(1,355)	(579,159)
Distributions paid to unitholders		(39,768)	(136,190)
Net cash (inflow)/outflow from financing activities		(37,649)	(715,349)
Net (decrease)/increase in cash and cash equivalents		518	1,796
Cash and cash equivalents at the beginning of the period		74	1,344
Cash and cash equivalents at the end of the period	7	592	3,140
Non-cash financing activities		3,474	14,746

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

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Notes to Financial Statements

Note 1. General information

The condensed interim financial statements cover Aurora Absolute Return Fund ("the Fund") as an individual entity. The Fund commenced operations on 4 July 2006 and was admitted to the Australian Securities Exchange ("ASX") on 10 July 2006, and is domiciled in Australia.

The Responsible Entity of the Fund is Aurora Funds Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004. The financial statements are presented in Australian currency.

It is recommended that these condensed financial statements are considered together with ASX announcements and in accordance with the provisions of the governing documents of the Fund, and any public announcements made by the Fund during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

The principal activities of the Fund during the half-year were managing its investment strategy in accordance with the provision of the Fund Constitution, the Product Disclosure Statement and any Fund Updates.

The financial statements were authorised for issue by the directors of the Responsible Entity as at the date of the directors' report.

Note 2. Significant accounting policies

The principal accountings policies applied in the preparation of this condensed interim financial report are set out below.

These policies have been consistently applied to all years presented, unless otherwise stated.

(a) New and amended standards

The Trust applies, for the first time, AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014). AASB 15 establishes a new revenue recognition model and changes the basis for determining whether revenue is to be recognised over time or at a point in time. This standard has had no material impact on the Trust's revenue recognition. AASB 9 introduces new classification and measurement requirements for financial assets, a forward-looking impairment model and revised hedge accounting requirements. The Trust's only material financial assets are its equity investments and its derivatives financial instruments which continue to be accounted for at fair value through profit or loss under AASB 9. Accordingly, the first-time application of AASB 9 has not had a material impact on the Trust.

The Trust has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(b) Basis of preparation

The accounting policies applied by the Trust in this condensed interim financial report are the same as those applied by the Fund in its Financial Report as at, and for, the year ended 30 June 2018.

Notes to Financial Statements

Note 2. Significant accounting policies (continued)

Statement of compliance

The condensed interim financial statements are a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the annual financial report as at, and for, the year ended 30 June 2018.

The condensed interim financial statements comply with IAS 34 Interim Financial Reporting.

The condensed interim financial statements were authorised for issue by the directors as at the date of the directors' report. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

Note 3. Use of estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgement made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at, and for, the year ended 30 June 2018.

Key sources of estimation uncertainty

1. Molopo Energy Limited (ASX: MPO)

As at 31 December 2018, the Master Fund held an investment in the ordinary shares of MPO, which was suspended from trading on the Australian Stock Exchange on 27 July 2017 and remains suspended as at the date of this report.

As previously stated, Aurora considers that the actions of the former Molopo directors have substantially and adversely affected the value of Molopo's assets. As such, Aurora has considered the carrying value of its investment in Molopo and has decided to write the value of its investment down from 2.6 cents to 1.9 cents. The rationale for this decision is summarised below:

- Molopo currently has 249,040,648 ordinary shares on issue;
- Based on the above, Aurora considers the appropriate carrying value of its investment in Molopo to be calculated as follows:
 - o cash reserves of \$13.3 million; less
 - o litigation provision of \$8.6 million;
 - o divided by 249,040,648 ordinary shares on issue;
 - o the total estimated value equates to a value of 1.9 cents per share
- As more information is released by Molopo on the Drawbridge shareholding as well as the Canadian litigation, it may be appropriate for Aurora to revisit the carrying value of its Molopo investment.

Notes to Financial Statements

Note 3. Use of estimates and judgements (continued)

The fair value of Aurora's investment in Molopo is based on significant estimates and judgements adopted by management of Aurora based on all available information about Molopo as at the date of the 31 December 2018 interim financial report.

In addition to the application made by Aurora to the Takeovers Panel, Aurora is pursuing other avenues to recover value that has been lost by the former directors of Molopo.

2. RNY Property Trust (ASX: RNY)

RNY has been valued at \$0.014 in the financial statements of AFARF, rather than the most recent traded prices. This is due to the following:

- While the last ASX traded price for RNY was \$0.006, this was on very limited traded volumes. In the period from 30 June 2018 to 31 January 2019 only \$19,280 (dollars) has traded on the ASX. Accordingly, Aurora considers that the recently traded prices have not occurred in a liquid market and therefore do not provide adequate price discovery.
- Under the terms of the loan modification negotiated with ACORE, all default interest that had been accruing since 1 January 2017, being the date when the loan went into default, was reversed. This totalled USD\$4.6 million.
- Aurora total ownership is 80.96% of which AFARF owns 1.58% of the units in RNY, which in turn owns 100% of RNY Australia LPT Corp (Maryland REIT) which in turn owns 75% of RNY Australia Operating Company LLC (US LLC). As at 31 December 2018, the Maryland REIT had advanced approximately USD \$4.2 million to RNY Australia AC Mezz Borrower LLC (less payables of circa US\$0.7million). On a wind up of the Maryland REIT, USD\$4.1 million would be available to RNY unitholders, with the Master Fund's 1.58% share amounting to USD\$65,000 which is greater than the carrying value of the Master Fund's investment at 31 December 2018 of AUD\$58,000 (based on \$0.014 per unit price).

On 2 July 2018, Huntley received confirmation from ASIC that its request for a variation of its Australian Financial Services Licence had been approved, thereby enabling Huntley to become the responsible entity of RNY, replacing RAML, effective immediately. Also, as of such date, Huntley appointed Aurora Funds Management Limited as the Investment Manager of RNY.

On 8 February 2019, Aurora successfully extended the senior loan with ACORE for a further one year term. Aurora also obtained approval from ACORE to replace Winthrop with CBRE as property manager of the properties.

A capital raise is contemplated to fund the remaining obligations under the loan, to repay short term funding provided by Aurora and to support working capital requirements going forward. In the meantime, Aurora Property Buy Write Income Trust, in its capacity as RNY's majority shareholder, has provided a letter of support confirming that it will provide financial support to enable RNY to pay its debts as and when they fall due for at least 12 months from 20 September 2018, being the date of RNY's last auditors' report.

Notes to Financial Statements

Note 4. Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis through profit or loss (FVTPL).

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Trust values its investments in accordance with the accounting policies set out in Note 2. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

(i) Fair value in an active market (level 1) (continued)

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models, volume weighted average prices or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Notes to Financial Statements

Note 4. Fair value measurement (continued)

Recognised fair value measurements

The Fund solely invests into the Aurora Fortitude Absolute Return Fund ("AFARF").

The following tables detail the Fund's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2018				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted unit trusts	-	2,431,729	-	2,431,729
Total financial assets	-	2,431,729	-	2,431,729

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2018				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted unit trusts	-	2,958,414	-	2,958,414
Total financial assets	-	2,958,414	-	2,958,414

Notes to Financial Statements

Note 4. Fair value measurement (continued)

Transfers between levels

There have been no transfers between levels for the half-year ended 31 December 2018 and the year ended 30 June 2018.

Note 5. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the half-year and previous financial year were as follows:

	31 December 2018 No.	30 June 2018 No.	31 December 2018 \$	31 December 2017 \$
Opening balance	8,113,656	9,502,689	2,891,029	6,574,585
Applications	-	-	-	-
Redemptions	-	(1,425,731)	-	(956,965)
Buy backs	-	-	-	-
Units issued upon reinvestment of distributions	9,679	36,698	3,474	24,427
Increase/(decrease) in net assets attributable to unitholders	-	-	(631,311)	(2,751,018)
Closing balance	8,123,335	8,113,656	2,263,192	2,891,029

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

Note 6. Distribution to unitholders

The distributions for the year were as follows:

	31 December 2018 \$	Half-year ended 31 December 2018 CPU	31 December 2017 \$	31 December 2017 CPU
Distributions paid	15,427	0.19	62,530	0.69
Distributions payable (31 December 2018 quarter)	12,997	0.16	59,905	0.69
Other distributions payable from previous quarters	-	-	-	-
Total distributions	28,424	0.35	122,435	1.38

Accounting policy for distribution to unitholders

The Fund distributes its distributable income in accordance with the Fund Constitution, to unitholders by cash or reinvestment. The distributions are recognised in profit or loss as finance costs attributable to unitholders. Unpaid amount is recognised in the Statement of Financial Position.

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

Notes to Financial Statements

Note 7. Cash and cash equivalents

	As at	
	31 December 2018 \$	30 June 2018 \$
Cash at bank	592	74
Total cash and cash equivalents	592	74

Note 8. Financial assets held at fair value through profit or loss

	As at	
	31 December 2018 \$	30 June 2018 \$
Designated at fair value through profit or loss		
Unlisted unit trusts	2,431,729	2,958,414
Total financial assets held at fair value through profit or loss	2,431,729	2,958,414

Note 9. Related party transactions

Responsible Entity

The Responsible Entity of Aurora Absolute Return Fund is Aurora Funds Management Limited. In the period to 31 December 2018, Aurora Funds Management Limited did not acquire or dispose of units in Aurora Absolute Return Fund.

Key management personnel unitholdings

As at 31 December 2018, Victor Siciliano, Executive Director, holds 93,535 (30 June 2018: Nil) units in the Fund.

Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Fund to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Notes to Financial Statements

Note 9. Related party transactions (continued)

Related party unitholdings

The interests in the Fund held by the Responsible Entity are shown as follows:

31 December 2018	No. of units held opening	No. of units held closing	Fair value of investment	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Trust
Aurora Funds Management Limited	357,181	357,181	\$99,439	4.40%	-	-	\$1,250

30 June 2018

Aurora Funds Management Limited	357,181	357,181	\$127,269	4.40%	-	-	\$8,322
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Other related party information

Seventh Orion

Seventh Orion Pty Ltd as Trustee for the Aurora Investments Unit Trust (Seventh Orion) owns 100% of the ordinary shares of Aurora Funds Management Limited, being the Responsible Entity of Aurora Absolute Return Fund.

Seventh Orion Pty Ltd is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited.

Directorships

Mr John Patton was appointed to the Boards of the following listed entities held by other managed investment schemes also managed by the Responsible Entity:

- Mr Patton was appointed to the Board of Keybridge Capital Limited as a Non-Executive Director on 10 August 2016 and was subsequently appointed to the role of Executive Chairman on 13 October 2016; and
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016.

Investments

The Fund holds 8,701,218 units (30 June 2018: 8,701,218 units) in the Master Fund, the fair value of which is \$2,429,990 (30 June 2018: \$2,958,414).

Notes to Financial Statements

Note 9. Related party transactions (continued)

Responsible entity's/manager's fees and other transactions

The transactions during the half-year and amounts payable at half-year end between the Fund and the Responsible Entity were as follows:

	Half-year ended	
	31 December 2018	31 December 2017
	\$	\$
Recoverable costs of Responsible Entity for the half-year paid/payable by the Trust to the Responsible Entity	33,886	33,886
Other expenses for the year paid/payable by the Fund to the Responsible Entity	70,952	79,428
Balance owing to to the Responsible Entity at the end of the reporting period	170,021	58,322

No amounts were paid by the Trust directly to the key management personnel of Aurora Funds Management Limited.

Note 10. Other operating expenses

	Half-year ended	
	31 December 2018	31 December 2017
	\$	\$
Legal fees	-	86,582
Recoverable costs of Responsible Entity	33,886	33,886
Recovery expenses	70,952	79,428
Other operating expenses	1	84
Total other operating expenses	104,839	199,980

The Fund announced via a fund update that effective 8 July 2016, Aurora Funds Management Limited may begin charging all of its normal operating expenses to the Trust in accordance with the Constitution.

Note 11. Contingent assets and liabilities

There were no contingent assets and liabilities at 31 December 2018 (30 June 2018: Nil).

Notes to Financial Statements

Note 12. Events after the reporting period

Primary Securities Limited

On 15 January 2019, Primary Securities Limited held a purported meeting of unitholders in Canberra to consider a number of resolutions. Aurora does not believe this meeting was valid and therefore the resolutions do not stand. As such, Aurora is currently pursuing legal action against Primary Securities Limited.

Other than the above, as mentioned in the Directors' Report, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Condensed Statement of Financial Position as at 31 December 2018 or on the results and cash flows of the Fund for the half-year ended on that date.

The most recent Net Asset Value (NAV) per unit disclosed to the ASX is 0.2775 cents per unit as at 27 February 2019.

Director's Declaration

The Directors of the Responsible Entity declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached condensed financial statements are in compliance with International Financial Reporting Standards as stated in Note 2 to the condensed financial statements;
- (c) In the directors' opinion, the attached condensed financial statements and notes thereto are in accordance with the the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- (d) The directors have been given the declarations of the Responsible Entity made pursuant to s295(5) of the *Corporations Act 2001*.

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

On behalf of the Responsible Entity, Aurora Fund Management Limited.



John Patton
Managing Partner
28 February 2019

Independent Auditor's Review Report

To the Unitholders of Aurora Absolute Return Fund

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Aurora Absolute Return Fund (the Fund), which comprises the condensed statement of financial position as at 31 December 2018, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Aurora Absolute Return Fund does not give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Responsible Entity 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 Fund's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations*

Regulations 2001. As the auditor of Aurora Absolute Return Fund, 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.

Independence

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie

Partner – Audit & Assurance

Melbourne, 28 February 2019