



Astron Limited

ABN 97 000 285 272



Annual Financial Report

For the year ended 30 June 2003

Corporate Information

ABN 97 000 285 272

Directors

Mr Gerard Arthur King (Chairman)

Mr Alexander Gavin Brown (Managing Director)

Ms Julia Marcella Brown (Non executive Director)

Company Secretary

Ms J M Brown

Registered Office

C/- BDO

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Sydney NSW 2000

Principle Office

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Bankers

Commonwealth Bank of Australia

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Sydney NSW 2000

Share Register

Computershare Investor Services Limited

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Sydney NSW 2001

Telephone: 61 2 8234 5000

Auditors

BDO

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Internet Address

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Directors' Report

Your directors submit their report for the year ended 30 June 2003.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Gerard Arthur King, LLB (Chairman)

Chairman, Board Member since 5.11.85

Former partner of law firm Phillips Fox and has had over 30 years of experience in corporate and business advising including acting as a Director of a number of Australian Public Companies

Mr Alexander Gavin Brown, B.AgSc (Managing Director)

Executive Director, Board Member since 4.02.88

Wide commercial experience of over 30 years in construction, mining and exploration including developing the Horseshoe Lights Gold Mine at Meekathara W.A., expanding the Gunnedah Coal Mine, in NSW, and successfully drilling for oil and gas in Thailand and USA

He also started with others a major advanced plastics pipe company Europipe Sdn Bhd in Malaysia in 1987 which manufactured and distributed its products throughout Asia and Australasia

In the last 15 years his activities have focused in building the Astron business in China.

Ms Julia Marcella Brown, B.Comm (Non executive Director)

Secretary and Board Member since 1.11.98

10 years commercial experience including working in the audit section of a major Australian accounting firm and working as a business analyst for international companies including RAC Ltd England and Bally Ltd Switzerland

COMPANY SECRETARY

Ms J M Brown

EARNINGS PER SHARE

Cents

Basic earnings per share

(52.7)

Diluted earnings per share

(52.7)

DIVIDENDS

The Directors do not recommend the payment of a dividend for the financial year ended 30 June 2003. No dividends were paid during the financial year.

CORPORATE INFORMATION

Nature of operations and principal activities

The principal activities during the year of entities within the consolidated entity were:

- mineral processing and trading
- chemical manufacturing

There have been no significant changes in the nature of those activities during the year.

Employees

The consolidated entity employed 410 employees as at 30 June 2003.

Directors' Report continued

REVIEW AND RESULTS OF OPERATIONS

Review of Operations

Shareholders will be pleased to note that Astron continues to grow with record sales and profits.

- Astron continues to develop its business as a global supplier of Zirconium materials and specialty chemicals.
- With a strong competitive advantage derived from its low cost China production base, and proven international acceptance for its highly technical products, Astron is well placed for continuing growth in sales and profit.
- One of the largest importers to China of Zirconium sand (over 60,000 tonnes with over 50% processed) internally.
- Astron product groups all performed strongly including:
 - Fused zirconia
 - Chemical zirconia
 - Zirconium chemicals
 - Optical materials
 - Other products
- Astron's strong growth continued for the year ended June 2003 with sales up 16% to \$81.4 million (2002 \$70 million).
- The result for the year ended June 2003 was a record profit after tax of \$6.24 million (2002 \$4.53 million) prior to extraordinary items, up 38%, being 48.5 cents per share.
- In the first half of the year the Directors decided to fully provide for a loss of the Malaysian receivable of \$13.03 million as an extraordinary item resulting in a loss after tax and extraordinary item of \$6.79 million.
- Astron has received growing interest from customers throughout the world for their quality raw materials to be produced according to special formulations in cooperation with Astron's research team.
- Astron's research and development (of special and improved materials to improve customers own products or processes) continues to be a major and growing feature of our worldwide sales effort.
- During this year, work was completed on the No.3 furnace which now lifts fused zirconium capacity to 7,000 tonnes p.a., and the company also expanded the specialty chemical plant.
- Raw materials supply diversification, with processing of Zircon concentrates in Hainan Island, China, grew during the year and included approximately 12,500 tonnes Zircon (43% ZrO₂) Zircon concentrate) material from the company's own joint venture mine in Gambia which was delivered in the current period.

Directors' Report continued

Plant Expansions Plans

- The company continues with its expansion of its high purity chemical Zirconia business and a new No.4 2 story factory of approximately 10,000 m² is under construction and is expected to contribute strongly to sales in the future.
- An additional 2 furnaces are currently being installed in the new No.5 factory which will provide 13,000 tonnes capacity (possibly the largest in the world).
- These expansions will allow for continuing increases in sales during the coming year.

Mining Plans

- The Gambia Mining Joint Venture is a 50:50 JV between Astron Limited and Carnegie Corporation (of Perth, Western Australia).
- Astron plans to send men and equipment from China to The Gambia to commence trial mining later this year. Subject to successful results and formal mining license approval, Astron is planning to commence mining next year to produce approximately 30,000 tonnes (43% ZrO₂) Zircon concentrate and 100,000 tonnes (55% TiO₂) Ilmenite concentrate per year from the Sanyang Area which contains approximately:

Ilmenite	0.53	million tonnes
Zircon	0.11	million tonnes
Rutile	0.03	million tonnes
Total heavy minerals	0.67	million tonnes

Operating Results For The Year

The consolidated profit of the economic entity during the financial year ended 30 June 2003 after providing for Income Tax was a loss of \$6,789,979 (2002 profit \$4,530,107)

Directors' Report continued

Summarised operating results are as follows:

Shareholder Returns

	2003	2002	2001	2000
Basic earning per share (cents)	(52.7)	35.2	11.0	18.0

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the company occurred during the financial year.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for Leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The company was not a party to any such proceedings during the year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The economic entity expects to maintain and grow the present status and level of operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's principal operations are in China and are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has not, during or since the financial year end, in respect of any person who is or has been an officer or an auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings;

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Remuneration policy

The Board is responsible for determining remuneration policies and packages applicable to the Board members and senior executives of the company. The remuneration policy is to ensure that remuneration packages properly reflect the persons' duties and responsibilities and level of performance, and that remuneration is competitive in attracting, retaining and motivating people at the highest quality. Where necessary, independent advice on the appropriateness of remuneration packages is obtained.

Details of the nature and amount of each element of the emolument of each director of the company (or their related entity) and each of the executive officers of the company and the consolidated entity receiving emoluments above \$100,000 for the financial year are as follows:

Directors' Report continued

Emoluments* of directors of Astron Limited

	Annual Emoluments			Termination & Similar Payments	Long Term Emoluments		
	Base Fee	Bonus	Other		Options Granted @		Superannuation
	\$	\$	\$	\$	Number	\$	\$
Mr Gerard Arthur King	30,000	-	-	-	-	-	-
Mr Alexander Gavin Brown	194,537	121,683	-	-	-	-	-
Ms Julia Marcella Brown	10,000	-	-	-	-	-	-

Emoluments* of the executive officers# of the company and the consolidated entity

	Annual Emoluments			Termination & Similar Payments	Long Term Emoluments		
	Base Fee	Bonus	Other		Options Granted		Superannuation
	\$	\$	\$	\$	Number	\$	\$
Mdn Kang Rong	24,462	121,683	4,954	-	-	-	-
Mdn Zhang Kong	21,778	81,122	-	-	-	-	-

Notes

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

* The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.

DIRECTORS' MEETINGS

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings
Number of meetings held:	13
Number of meetings attended:	
Mr Gerard Arthur King	13
Mr Alexander Gavin Brown	13
Ms Julia Marcella Brown	13

The company does not have an audit committee due to its size, structure and nature of business.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Astron Limited support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the following section of this annual report.

Signed in accordance with a resolution of the directors.

Mr Gerard Arthur King
Director

Dated this 30th Day of September 2003 in Perth

Corporate Governance Statement

The board of directors of Astron Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Astron Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

Composition of the Board

The composition of the board is determined in accordance with the following principles and guidelines:

- the board should comprise at least three directors and should maintain a majority of non-executive directors;
- the chairperson must be a non-executive director;
- the board should comprise directors with an appropriate range of qualifications and expertise; and
- the board shall meet at least monthly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The directors in office at the date of this statement are:

Name	Position
Mr Gerard Arthur King	Chairman
Mr Alexander Gavin Brown	Managing Director
Ms Julia Marcella Brown	Non executive Director

Board Responsibilities

As the board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the consolidated entity is delegated by the board to the chief executive officer and the executive team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the chief executive and the executive team.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. The Board has a number of mechanisms in place to ensure that this is achieved. These mechanisms include the following:

- board approval of a strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- the strategic plan is a dynamic document and the board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- implementation of operating plans and budgets by management and board monitoring of progress against budget - this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes; and
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense.

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders; and
- the annual general meeting and other meetings so called to obtain approval for board action as appropriate.

Statement of Financial Performance

YEAR ENDED 30 JUNE 2003

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
Sales revenue	2	81,451,281	70,375,463	-	-
Cost of sales	3	(64,297,923)	(55,597,105)	-	-
		17,153,358	14,778,358	-	-
Other revenues from ordinary activities	2	902,610	103,267	515,648	355,025
Distribution expenses		(259,304)	(246,751)	-	-
Marketing expenses		(5,343,542)	(4,651,171)	-	-
Occupancy expenses		(162,685)	(174,695)	-	-
Administrative expenses		(4,453,099)	(3,746,162)	(441,980)	(422,672)
Borrowing costs expensed	3(a)	(721,248)	(403,643)	-	-
Other expenses from ordinary activities		(545,532)	(807,474)	-	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		6,570,558	4,851,729	73,668	(67,647)
INCOME TAX EXPENSE	4	(330,091)	(321,622)	-	-
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		6,240,466	4,530,107	73,668	(67,646)
LOSS FROM EXTRAORDINARY ITEM AFTER INCOME TAX EXPENSE	5	(13,030,445)	-	(12,468,599)	-
NET PROFIT		(6,789,979)	4,530,107	(12,394,931)	(67,646)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF ASTRON LIMITED	17	(6,789,979)	4,530,107	(12,394,931)	(67,646)
Net exchange difference on translation of financial reports of foreign controlled entities	17	(2,593,583)	(1,264,092)	-	-
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF ASTRON LIMITED AND RECOGNISED DIRECTLY IN EQUITY		(2,593,583)	(1,264,092)	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF ASTRON LIMITED		(9,383,562)	3,266,015	(12,394,931)	(67,646)
Basic earnings per share (cents per share)	22	(52.7)	35.2		
Diluted earnings per share (cents per share)	22	(52.7)	35.2		

The Statement of Financial Performance is to be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

AT 30 JUNE 2003

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	18(b)	5,338,216	4,830,637	14,842	24,629
Receivables	7	10,585,499	9,666,676	1,748	2,241
Inventories	8	20,495,305	10,073,141	-	-
TOTAL CURRENT ASSETS		36,419,020	24,570,454	16,590	26,870
NON-CURRENT ASSETS					
Receivables	9	3,134,314	14,476,389	-	12,468,599
Other financial assets	10	-	-	8,586,979	8,586,979
Property, plant and equipment	13	8,690,662	8,519,746	-	649
TOTAL NON-CURRENT ASSETS		11,824,976	22,996,135	8,586,979	21,056,227
TOTAL ASSETS		48,243,996	47,566,589	8,603,569	21,083,097
CURRENT LIABILITIES					
Payables	14	18,081,746	13,518,901	11,254,415	11,339,012
Interest-bearing liabilities	15	14,550,008	8,854,789	-	-
Current tax liabilities	4	1,339,534	1,536,628	-	-
TOTAL CURRENT LIABILITIES		33,971,288	23,910,318	11,254,415	11,339,012
TOTAL LIABILITIES		33,971,288	23,910,318	11,254,415	11,339,012
NET ASSETS		14,272,708	23,656,271	(2,650,846)	9,744,085
EQUITY					
Parent entity interest					
Contributed equity	16	2,574,915	2,574,915	2,574,915	2,574,915
Reserves	17	(1,949,446)	644,137	-	-
Retained profits	17	13,647,239	20,437,219	(5,225,761)	7,169,170
TOTAL EQUITY		14,272,708	23,656,271	(2,650,846)	9,744,085

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Statement of Cash Flows

YEAR ENDED 30 JUNE 2003

YEAR ENDED 30 JUNE 2003	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		80,905,326	66,024,200	-	-
Payments to suppliers and employees		(82,915,795)	(69,684,321)	(447,222)	(348,061)
Interest received		38,886	33,862	-	-
Borrowing costs		(721,248)	(403,647)	-	-
Income Tax Paid		(188,985)	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	18(a)	(2,881,816)	(4,029,906)	(447,222)	(348,061)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(1,561,319)	(777,184)	-	-
Proceeds from receivables		-	162,125	437,435	222,040
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,561,319)	(615,059)	437,435	
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings - other		5,695,219	4,498,403	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,695,219	4,498,403	-	-
NET INCREASE/(DECREASE) IN CASH HELD		1,252,084	(146,562)	(9,787)	(126,021)
Cash held at beginning of financial year		4,830,637	5,539,555	24,629	150,650
Effects of exchange rate changes on cash		(744,505)	(562,356)	-	-
CASH HELD AT END OF FINANCIAL YEAR	18(b)	5,338,216	4,830,637	14,842	24,629

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements

Notes to the Financial Statements

30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The concept of accruals accounting has been adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Astron Limited (the parent entity) and all entities which Astron Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

(c) Foreign currency translations

Transactions

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable at balance date are converted at the rates of exchange ruling at that date. The gains or losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Foreign controlled entities

The assets and liabilities of the foreign controlled entities that are self-sustaining are translated at year-end rates and revenues and expenses are translated at average rates for the financial years. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

(d) Revenue recognition

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

Sale of Goods

Control of the goods has passed to the buyer.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Notes continued

30 JUNE 2003

(e) Income Tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued no provision for potential capital gains tax has been made.

Goods and Services Tax (GST)

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

- where 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 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.

(f) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(g) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

Bills of exchange and promissory notes are measured at the lower of cost and net realisable value.

(h) Investments

All non-current investments are carried at the lower of cost and recoverable amount for unlisted Corporations in an assessment of the underlying net assets of the relevant entities.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are based upon weighted average cost and are accounted for as follows:

- Raw materials - purchase cost on a first-in-first-out basis; and
- Finished goods and work-in-progress - cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

Notes continued

30 JUNE 2003

(j) Recoverable Amount of Non-Current Assets

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining recoverable amount, the expected net cash flows have not been discounted to their present value.

(k) Property, plant and equipment

Cost and valuation

Land and buildings are measured on a cost basis. At each balance date, the value of each asset in these classes is reviewed to ensure that it does not differ materially from the asset's fair value at that date. Where necessary, the asset is revalued to reflect its fair value.

All other classes of property, plant and equipment are measured at cost.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land.

Major depreciation periods are:	2003	2002
Buildings:	33 years	33 years
Plant and equipment:	5-6 years	5-6 years

(l) Joint ventures

Interest in the joint venture operation is brought to account by including in the respective classifications, the share of the economic entities assets employed and share of liabilities and expenses incurred.

(m) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(n) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

(o) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(p) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Notes continued

30 JUNE 2003

(q) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(r) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES					
Revenues from operating activities					
Revenue from sale of goods		81,451,281	70,375,463	-	-
Total revenues from operating activities		81,451,281	70,375,463	-	-
Revenues from non-operating activities					
Interest					
Other persons/corporations		38,886	33,862	-	-
Total interest		38,886	33,862	-	-
Other income		863,723	69,405	515,648	355,025
Total revenues from non-operating activities		902,609	103,267	515,648	355,025
Total revenues from ordinary activities		82,353,890	70,478,730	515,648	355,025
3. NET GAINS AND EXPENSES					
(a) Expenses					
Cost of goods sold		64,297,923	55,597,105	-	-
Depreciation of non-current assets					
Plant and equipment		700,673	654,026	649	1,850
Buildings		126,883	150,505	-	-
Total depreciation of non-current assets		827,556	804,531	649	1,850
Borrowing costs expensed					
Interest expenses		721,248	403,643	-	-
Total borrowing costs		721,248	403,643	-	-
Bad and doubtful debts - trade debtors		(870)	85,844	-	-
Operating lease rental					
- minimum lease payments		67,448	96,595	-	-
(b) Net gains					
Net foreign currency (gains)/losses		(20,805)	(30,604)	(515,648)	(345,913)

Notes continued

30 JUNE 2003

Notes	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$

(c) Specific items

Profit from ordinary activities before income tax expense includes the following specific revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

Compensation received

(Income Tax Expense \$247,704)

825,680	-	-	-
---------	---	---	---

4. INCOME TAX

The prima facie tax, using tax rates applicable in the country of operation, on profit and extraordinary items differs from the income tax provided in the financial statements as follows:

Prima facie tax on profit from ordinary activities at 30% (2002 30%)

(1,971,167)	1,455,519	22,100	(20,294)
-------------	-----------	--------	----------

Tax effect of permanent differences

Permanent differences

4(a)

2,168,664	(1,257,965)	(154,694)	(103,774)
-----------	-------------	-----------	-----------

Tax losses and timing differences not brought to account as an asset

132,594	124,068	132,594	124,068
---------	---------	---------	---------

Income tax expense attributable to ordinary activities

330,091	321,622	-	-
---------	---------	---	---

(a) Permanent differences principally represents profits derived in China not being assessed at the Australian Income Tax Rate of 30% for the economic entity and for the parent entity non-deductible provisions.

Provision for income tax

Provision for income tax - current

1,339,534	1,536,628	-	-
-----------	-----------	---	---

Income tax losses

Future income tax benefit arising from tax losses of a controlled entity not recognised at reporting date as realisation of the benefit is not regarded as virtually certain

- timing differences

9,000	9,000	9,000	9,000
-------	-------	-------	-------

- tax losses

1,337,164	1,204,570	1,337,164	1,204,570
-----------	-----------	-----------	-----------

- capital losses

15,878,469	12,137,890	15,878,469	12,137,890
------------	------------	------------	------------

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and,
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

5. EXTRAORDINARY ITEM

Provision for non-recoverability of Malaysian

Receivable - Safuan Group Berhad (Income tax benefit

\$3,740,579)

(13,030,445)	-	(12,468,599)	-
--------------	---	--------------	---

Notes continued

30 JUNE 2003

Notes

Economic Entity

Parent Entity

2003

2002

2003

2002

\$

\$

\$

\$

6. DIVIDENDS

(a) Dividends paid during the year

No dividends were paid or proposed during the year ended 30 June 2003.

(b) Franking credit balance

The company has no franking credits available.

7. RECEIVABLES (CURRENT)

Trade debtors	7(a)	6,856,744	5,601,432	-	-
Provision for doubtful debts		(82,947)	(126,105)	-	-
		6,773,797	5,475,327	-	-
Sundry debtors and receivables	7(a)	3,811,702	4,191,349	1,748	2,241
		10,585,499	9,666,676	1,748	2,241

(a) Terms and conditions

(i) Trade debtors are non-interest bearing and generally on 30 day terms.

(ii) Sundry debtors and other receivables are non-interest bearing

8. INVENTORIES (CURRENT)

Raw materials

Raw materials at cost	4,856,070	3,274,313	-	-
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Work-in-progress

Work in progress at cost	1,777,510	374,501	-	-
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Finished goods

Finished goods at cost	8,300,167	5,383,628	-	-
------------------------	-----------	-----------	---	---

Stock in transit

Stock in transit - at cost	5,561,558	1,040,699	-	-
----------------------------	-----------	-----------	---	---

Total inventories

	20,495,305	10,073,141	-	-
--	------------	------------	---	---

9. RECEIVABLES (NON-CURRENT)

Other receivables	9(a)	3,134,314	14,476,389	-	12,468,599
		3,134,314	14,476,389	-	12,468,599

(a) Other receivables are non-interest bearing.

10. OTHER FINANCIAL ASSETS (NON-CURRENT)

Investments at cost comprise:

Shares

Controlled entities - unlisted	11	-	-	9,300,190	9,300,190
Provision for diminution on unlisted shares		-	-	(713,211)	(713,211)
		-	-	8,586,979	8,586,979

Notes continued

30 JUNE 2003

11. INTERESTS IN SUBSIDIARIES

Name	Country of incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2003	2002	2003	2002
		%	%	\$	\$
Astron Chemical Co Limited	China	100	100	318,957	318,957
Astron Advanced Materials Limited	China	100	100	-	-
Bradford Metal Industries Limited	BVI	100	100	3,097,954	3,097,954
Dalian Bradford Limited	China	100	100	278,540	278,540
Dickson & Johnson Pty Limited	Aust	100	100	2,078,414	2,078,414
Shenyang Astron Mining Industry Limited	China	100	100	2,813,114	2,813,114
Sovereign Gold NL	Aust	100	100	-	-
				<u>8,586,979</u>	<u>8,586,979</u>

12. INTEREST IN JOINT VENTURE OPERATION

The economic entity has a 50% interest in the Carnegie Astron Joint Venture whose principal activity is the exploration, mining and sale of mineral sands in Gambia.

Net assets employed in the joint venture are included in the financial statements as follows:

CURRENT ASSETS

Cash	176,568	-	-	-
Receivables	173,121	-	-	-
Inventories	544,165	-	-	-
TOTAL CURRENT ASSETS	893,854	-	-	-

NON-CURRENT ASSETS

Property, plant and equipment	126,968	-	-	-
TOTAL NON-CURRENT ASSETS	126,968	-	-	-
TOTAL ASSETS	1,020,822	-	-	-
NET ASSETS	1,020,822	-	-	-

Notes continued

30 JUNE 2003

30 JUNE 2003	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
13. PROPERTY, PLANT AND EQUIPMENT					
<i>Land and buildings</i>					
At cost		2,984,107	3,664,328	-	-
Accumulated depreciation		(355,361)	(293,021)	-	-
	13(b)	2,628,746	3,371,307	-	-
Total land and buildings		2,628,746	3,371,307	-	-
<i>Plant & equipment</i>					
At cost		7,853,756	6,669,999	6,688	6,688
Accumulated depreciation		(1,791,840)	(1,521,560)	(6,688)	(6,039)
	13(b)	6,061,916	5,148,439	-	649
Total plant and equipment		6,061,916	5,148,439	-	649
Total property, plant and equipment					
Cost		10,837,863	10,334,327	6,688	6,688
Accumulated depreciation and amortisation		(2,147,201)	(1,814,581)	(6,688)	(6,039)
		8,690,662	8,519,746	-	649

A directors valuation of land and buildings supported by independent valuations for the properties was undertaken at 30 June 2002. The valuation was based on an assessment of the properties current market value and was \$6,941,019. The valuation has not taken into account any potential capital gains tax on assets acquired after the introduction of capital gains tax.

(a) Assets pledged as security

Included in the balances of land and buildings are assets over which security has been granted for bank loans (see note 15).

(b) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

Land & Buildings

Carrying amount at beginning	3,371,307	3,458,652	-	-
Additions	832	350,789	-	-
Depreciation expense	(126,883)	(150,505)	-	-
Net foreign currency movements arising from self-sustaining foreign operation	(616,510)	(287,629)	-	-
	2,628,746	3,371,307	-	-

Notes continued

30 JUNE 2003

Notes

Economic Entity
2003
\$Parent Entity
2003
\$*Plant and equipment*

Carrying amount at beginning	5,148,439	6,092,542	-	649
Additions	2,042,241	426,393	-	-
Depreciation expense	(700,673)	(654,026)	-	(649)
Net foreign currency movements arising from self-sustaining foreign operation	(428,091)	(716,470)	-	-

6,061,916	5,148,439	-	-
-----------	-----------	---	---

14. PAYABLES (CURRENT)

Trade creditors	9,596,633	8,003,568	31,198	2,261
Other creditors	8,485,113	5,515,333	11,223,217	11,336,751
	18,081,746	13,518,901	11,254,415	11,339,012

Aggregate amounts payable to related parties:

Directors and director-related entities

- director-related entity	26	2,640,405	2,236,381	981,253	823,187
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Other related parties

- additional related parties	26	-	-	10,163,343	10,399,623
------------------------------	----	---	---	------------	------------

2,640,405	2,236,381	11,144,596	11,222,810
-----------	-----------	------------	------------

15. INTEREST-BEARING LIABILITIES (CURRENT)

Borrowings secured by Land and Buildings

- bank loans	28	14,550,008	8,854,789	-	-
		14,550,008	8,854,789	-	-

16. CONTRIBUTED EQUITY**(a) Issued and paid up capital**

Ordinary shares fully paid	2,574,915	2,574,915	2,574,915	2,574,915
	2,574,915	2,574,915	2,574,915	2,574,915

(b) Movements in shares on issue

	2003		2002	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	12,874,571	2,574,915	12,874,571	2,574,915
End of the financial year	12,874,571	2,574,915	12,874,571	2,574,915

(c) Share Options

Options over ordinary shares:

No options have been issued during the year, nor remain outstanding at year end.

Employee share scheme

No employees were issued during the financial year under an employee share scheme.

(d) Terms and conditions of contributed equity*Ordinary shares*

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

Notes continued

30 JUNE 2003

	Notes	Economic Entity		Parent Entity	
		2003	2002	2003	2002
		\$	\$	\$	\$
17. RESERVES AND RETAINED PROFITS					
Foreign currency translation	17(a)	(1,949,446)	644,137	-	-
		(1,949,446)	644,137	-	-
Retained profits	17(b)	13,647,239	20,437,219	(5,225,761)	7,169,170
(a) Foreign currency translation					
<i>(i) Nature and purpose of reserve</i>					
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.					
<i>(ii) Movements in reserve</i>					
Balance at beginning of year		644,137	1,908,229	-	-
Transfer into reserve		(2,593,583)	(1,264,092)	-	-
Balance at end of year		(1,949,446)	644,137	-	-
(b) Retained profits					
Balance at the beginning of year		20,437,219	15,907,111	7,169,170	7,236,817
Net profit attributable to members of Astron Limited		(6,789,980)	4,530,108	(12,394,931)	(67,647)
Total available for appropriation		13,647,239	20,437,219	(5,225,761)	7,169,170
Balance at end of year		13,647,239	20,437,219	(5,225,761)	7,169,170
18. CASH FLOW INFORMATION					
(a) Reconciliation of the net profit after tax to the net cash flows from operations					
Net profit		(6,789,979)	4,530,107	(12,394,931)	(67,646)
Non-Cash Items					
Depreciation of non-current assets		827,557	804,531	649	1,850
Net (profit)/loss on extraordinary item		13,030,445	-	12,468,599	-
Net foreign currency (gains)/losses		-	(193,420)	(515,648)	(345,913)
Changes in assets and liabilities					
(Increase)/decrease in trade and other receivables		(2,975,370)	(8,569,210)	493	-
(Increase)/decrease in inventory		(11,893,941)	1,870,156	-	-
(Decrease)/increase in trade and other creditors		5,193,652	(2,784,389)	(5,891)	63,648
(Decrease)/increase in provisions		(274,180)	312,319	-	-
Net cash flow from operating activities		(2,881,816)	(4,029,906)	(446,729)	(348,061)
(b) Reconciliation of cash					
Cash balance comprises:					
- cash on hand & at bank		5,338,216	4,830,637	14,842	24,629
Closing cash balance		5,338,216	4,830,637	14,842	24,629

Notes continued

30 JUNE 2003

Notes

Economic Entity

Parent Entity

2003

2002

2003

2002

\$

\$

\$

\$

(c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

Total facilities

– bank loans

Facilities used at reporting date

– bank loans

14,550,008

8,854,789

-

-

14,550,008

8,854,789

-

-

19. EXPENDITURE COMMITMENTS**(a) Capital expenditure commitments**

Estimated capital expenditure contracted for at reporting date, but not provided for, payable:

not later than one year

– other

1,956,768

1,561,316

-

-

1,956,768

1,561,316

-

-

(b) Lease expenditure commitments**(i) Operating leases (non-cancellable):**

Minimum lease payments

– not later than one year

– later than one year and not later than five years

– aggregate lease expenditure contracted for at reporting date

29,508

112,052

-

-

-

29,508

-

-

29,508

141,560

-

-

20. SUBSEQUENT EVENTS

On the 12th August, 2003 the company issued a replacement prospectus for an offer to its shareholders of a non-renounceable one new share for each share held at a price of 50 cents a share to raise approximately \$6.4 million. The offer has been extended to 18th November, 2003.

21. ECONOMIC DEPENDENCY

Astron Limited's activities depend significantly on the chemical manufacturing, mineral processing and distribution operations of Shenyang Astron Mining Industry Limited and Astron Chemical Limited.

Notes continued

30 JUNE 2003

Notes

Economic Entity

Parent Entity

2003

2002

2003

2002

\$

\$

\$

\$

22. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Net profit

(6,789,979)	4,530,107
-------------	-----------

Number of
sharesNumber of
shares

Weighted average number of ordinary shares used in calculating basic earnings per share

12,874,571	12,874,571
------------	------------

Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share

12,874,571	12,874,571
------------	------------

Conversions, calls, subscription or issues after 30 June 2003

On the 12th August, 2003 the company issued a replacement prospectus for an offer to its shareholders of a non-renounceable one new share for each share held at a price of 50 cents a share to raise approximately \$6.4 million.

23. REMUNERATION OF DIRECTORS

\$

\$

\$

\$

(a) Directors' remuneration

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party:

356,219	380,034
---------	---------

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Astron Limited, directly or indirectly, from the entity or any related party:

356,219	380,034
---------	---------

No.

No.

The number of directors of Astron Limited whose income (including superannuation contributions) falls within the following bands is:

\$10,000 - \$19,999

1	1
---	---

\$30,000 - \$39,999

1	1
---	---

\$310,000 - \$319,999

1	-
---	---

\$340,000 - \$349,999

-	1
---	---

24. REMUNERATION OF EXECUTIVES

Remuneration received or due and receivable by executive officers of the consolidated entity whose remuneration is \$100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise:

253,999	235,070
---------	---------

Notes continued

30 JUNE 2003

Notes

Economic Entity

Parent Entity

2003

2002

2003

2002

\$

\$

\$

\$

Remuneration received or due and receivable by executive officers of the company whose remuneration is \$100,000 or more, from the company or any related party, in connection with the management of the affairs of the company or any of its subsidiaries, whether as an executive officer or otherwise

- -

No.

No.

No.

No.

The number of executives of the consolidated entity and the company whose remuneration falls within the following bands:

\$90,000 - \$99,999

-

1

-

-

\$100,000 - \$109,999

1

-

-

-

\$130,000 - \$139,999

-

1

-

-

\$150,000 - \$159,999

1

-

-

-

25. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors for:

- other services in relation to the entity and any other entity in the consolidated entity

- assurance related

- other

55,000

48,000

55,000

48,000

34,065

35,423

34,065

35,423

89,065

83,423

89,065

83,423

26. RELATED PARTY DISCLOSURES

Directors

The directors of Astron Limited during the financial year were:

Mr Gerard Arthur King

Mr Alexander Gavin Brown

Ms Julia Marcella Brown

Wholly-owned group transactions

Loans

The parent entity, Astron Limited has received interest free loans from controlled entities, Shenyang Astron Mining Industry Limited, Astron Chemical Co. Limited, Bradford Metal Industries Limited and Dickson & Johnson Pty Limited. The balance of the loans at 30 June 2003 are \$4,688,907 (2002 \$4,409,538); \$395,901 (2002 \$395,901); \$2,810,589 (2002 \$3,326,237) and \$2,267,946 (2002 \$2,267,946) respectively. The loans are interest free, unsecured and repayable at call. Administrative services are provided at no cost to controlled entities.

The parent entity has provided interest free loans to a controlled entity, Sovereign Gold NL of \$1,300,887 (2002 \$1,300,887).

Director-related entity transactions

Services

Mr A Brown, a director and chief executive officer through his family company FFL, has provided consultancy services to the chief entity during the year for which consultancy fees of \$194,537 (2002 \$340,034) were payable during the year. The transactions were based on normal commercial terms and conditions.

Mr G.A. King, a director, through his company, Pandora Nominees Pty Ltd has provided consultancy services to the chief entity during the year for which consultancy fees of \$30,000 (2002 \$30,000) were paid during the year. The transactions were based on normal commercial terms and conditions.

Notes continued

30 JUNE 2003

Loans

Mr A Brown, a director, through his family company Firback Finance Limited ("FFL") has provided loans to the chief entity and indirectly to controlled entities, the consolidated balance at 30 June 2003 being \$2,640,405 (2002 \$2,236,381). The loan is unsecured and repayable at call.

Equity instruments of directors

Interests at balance date

Interests in the equity instruments of Astron Limited held by directors of the reporting entity and their director-related entities:

	Ordinary Shares Fully Paid	
	2003 Number	2002 Number
Mr Gerard Arthur King	100,000	100,000
Mr Alexander Gavin Brown	7,540,398	7,540,398
Ms Julia Marcella Brown	2,000	2,000
	7,642,398	7,642,398

Ultimate parent company

Astron Limited

27. SEGMENT INFORMATION

Segment products and locations

The economic entity has one reportable segment for both geographical and business formats being chemical manufacturing and mineral processing and trading in China.

Notes continued

30 JUNE 2003

28. FINANCIAL INSTRUMENTS

28(a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount at		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial assets														
Cash	5,338,216	4,830,637	-	-	-	-	-	-	-	-	5,338,216	4,830,637	3.0	4.0
Trade and other receivables	-	-	-	-	-	-	-	-	13,719,813	24,143,065	13,719,813	24,143,065	-	-
Total financial assets	5,338,216	4,830,637	-	-	-	-	-	-	13,719,813	24,143,065	19,058,029	28,973,702		

28. FINANCIAL INSTRUMENTS (cont'd)

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount at		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(ii) Financial liabilities														
Trade creditors	-	-	-	-	-	-	-	-	9,596,633	8,003,568	9,596,633	8,003,568	-	-
Other creditors	-	-	-	-	-	-	-	-	5,844,708	3,278,952	5,844,708	3,278,952	-	-
Bank and other loans	-	-	14,550,008	8,854,789	-	-	-	-	-	-	14,550,008	8,854,789	5.5	10.0
Payable - director & director related parties	-	-	-	-	-	-	-	-	2,640,405	2,236,381	2,640,405	2,236,381	-	-
Total financial liabilities	-	-	14,550,008	8,854,789	-	-	-	-	18,081,746	13,518,901	32,631,754	22,373,690		

Notes continued

30 JUNE 2003

28. FINANCIAL INSTRUMENTS (cont'd)

28(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognized financial assets is the carrying amount net of any provisions for doubtful debts as disclosed in the Statement of Financial Position and notes to the financial statements.

The company minimizes concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

28(c) Net Fair Value

The net fair value of financial assets and financial liabilities approximate their carrying value. The net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

Directors' Declaration

The directors of Astron Limited declare that:

- (1) the financial statements, comprising the Statements of Financial Performance, Position and Cash Flows, and accompanying notes are in accordance with the Corporations Act 2001, and:
 - (i) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) comply with Accounting Standards and Corporations Regulations 2001; and
- (2) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Mr Gerard Arthur King
Director

Perth, 30 September 2003

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ASTRON LIMITED**Scope***The Financial Report and Directors' Responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Astron Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Astron Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

BDO

Chartered Accountants

Robert Peck
Partner

Signed at Sydney this 30th day of September 2003



ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 25 September 2003.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

		Ordinary shares		Preference shares	
		Number of holders	Number of shares	Number of holders	Number of shares
1	- 1,000	642	58,202	-	-
1,001	- 5,000	451	942,872	-	-
5,001	- 10,000	18	128,953	-	-
10,001	- 100,000	34	1,037,844	-	-
100,001	and over	13	10,706,700	-	-
		1,158	12,874,571	-	-
The number of shareholders holding less than a marketable parcel of shares are:		611	28,564	-	-

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Firback Finance Limited	5,000,000	38.8
2	FSC Investment Holdings Limited	1,487,100	11.6
3	Consolidated Trading Company Ltd	1,000,000	7.8
4	Etude Limited	1,000,000	7.8
5	Westend Limited	1,000,000	7.8
6	Querion Pty Limited	421,654	3.3
7	Combined Oil & Gas NL	250,000	1.9
8	Brussels Trading Limited	200,000	1.7
9	Hastings Bank Limited	125,000	1.0
10	Azov Nominees Ltd	124,500	1.0
11	National Nominees Limited	118,000	0.9
12	P T Arafua Mining Limited	114,398	0.9
13	Catlowhill Limited	100,000	0.8
14	Lian Thong Hung & Chei Hong Teh	77,895	0.6
15	Morgeo Nominees Pty Limited	70,000	0.5
16	Nitco Pty Limited	52,076	0.4
17	Grandsino Limited	50,000	0.4
18	Standard Treasure Limited	48,500	0.4
19	Malcolm Campbell	35,170	0.3
20	MIU Holdings Pty Ltd	30,000	0.2
		11,304,293	88.1

(c) Voting rights

All ordinary shares carry one vote per share without restriction.

(d) Differences in results reported to the Australian Stock Exchange

The classification of Expenses in the Statement of Financial Performance differs to those reported to the Australian Stock Exchange in the preliminary final report and has no effect on the result reported.

The classification of Payables and Interest Bearing Liabilities in the Statement of Financial Position differs to those reported to the Australian Stock Exchange in the preliminary final report and has no effect on the Total Assets, Liabilities and Net Assets reported.

The classification of net cashflows from operating activities and proceeds from borrowings in the Statement of Cashflows differs from those reported to the Stock Exchange in the preliminary final report and has no effect in the net increase in cash held.