ASTRON

Astron Limited

ABN 97 000 285 272

2007 ANNUAL REPORT

Astron Limited–Annual Report 2007

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STRATEGIC INTENT

Astron's strategic intent is to achieve consistent growth in earnings by concentrating on:

1) Development of high technology added value products and
2) Business areas related to our core capabilities where our expertise provides a competitive edge.

Cautionary Statement

Certain sections of this report contain forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which Astron operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently projected.

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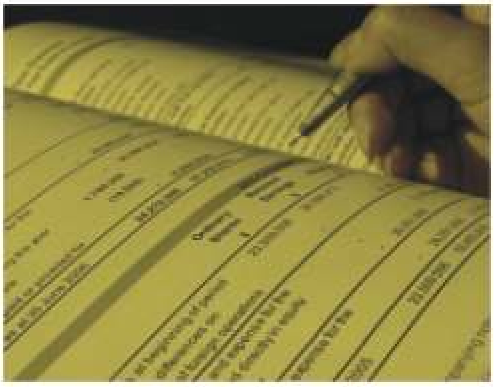
2007 AT A GLANCE



FINANCIAL PERFORMANCE

Revenue growth continued, sales revenue up by 21% to $181.6M

Net profit after tax of $11.4M

RONA of 15.4%

Net assets of $98 million

Cash and marketable securities of $15.9 million

Dividend payment of 20 cents /share

OPERATIONAL PERFORMANCE

Continuing strong economic growth in China

Fused zirconia sales revenue increased by 24%

Zirconium chemicals sales revenue increased by 14%

New stabilised fused zirconia products, sales up by over 200%

Zircon supply situation improved (c.f. 2006)

Improved EHS performance

DEVELOPMENT

Gambia- operations commenced

Donald- feasibility study and basic design completed

Donald- EES progressed

TiO_2-detailed design completed

Fumed silica-basic design completed

OUTLOOK FOR 2008

Conclusion of sale of China zirconium businesses
These businesses should have:

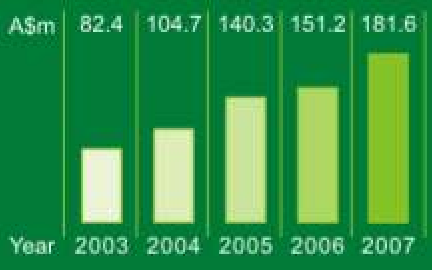
- Demand growth, particularly in China
- New product introductions
- Improved raw materials position

Construction start for new projects:

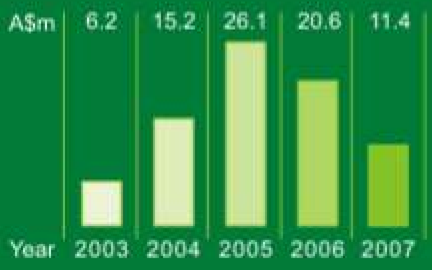
- TiO_2 and Zr chlorination plants
- Donald Mineral Sands

FINANCIAL OPERATING HIGHLIGHTS

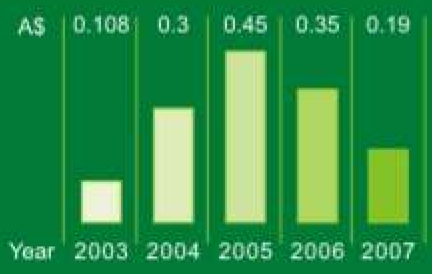
REVENUE



PROFIT



EPS



	June 2007	June 2006	% Change
Total revenue (A$M)	181.6	151.2	20
Net profit (A$M)	11.4	20.6	-43
Net profit/share (A$)	**0.19**	**0.35**	**-46**
Proposed dividend/share (cents)	20	10	100
Operating cash flow (A$M)	-6.5	15.0	-143
Net cash flow (A$M)	-9.3	6.8	-237
Employees at year end	630	580	8.6
Cash/marketable securities (A$M)	15.9	29.1	-45.4
Receivables (A$M)	29.7	21.5	38.1
Inventories (A$M)	49.9	28.6	74.5
Plant property & equipment (A$M)	21.7	21.1	2.8
Other (A$M)	27.5	19.7	39.6
Total assets (A$M)	**144.8**	**120.0**	**20.7**
Payables (A$M)	31.9	20.6	54.9
Interest Bearing Liabilities (A$M)	13.6	3.5	288.6
Tax liabilities (A$M)	0.3	1.2	-75
Total liabilities (A$M)	**46.9**	**25.3**	**85.4**
Net assets (A$M)	**97.9**	**94.7**	**3.4**
Shares (million)	60.4	58.3	3.6
Net asset/share (A$)	1.62	1.62	-

CHAIRMAN'S LETTER

Dear Shareholder,

2007 has been a pivotal year.

The company achieved a substantial improvement in sales revenue, a record $182M. This was enabled by a much improved zircon supply position resulting from arrangements put in place over the last few years. Supply increases were realized from the commencement of operations at The Gambian mine and from new contractual arrangements.

The after-tax result of $11.4 million however, was extremely disappointing to us all.

The reduction from last year, was due to a number of factors, none of which however really affects the underlying earnings potential of the business, including- declining zircon raw material prices, escalating freight costs, foreign exchange losses, nonrecurring increases in administration costs (due to expenses related to the Imerys negotiations).

Sales volume improvements were combined with price improvements in all products except zircon materials.

Gerard King
Chairman

The fused zirconia business performed very well, recent expansions and product improvements enabling this product group to increase revenue by almost 24%. Stabilized products first introduced in 2006 performed exceptionally well and sales were increased by over 200%.

Titanium slag sales was another area of outstanding performance, budgeted volumes were exceeded reflecting moves within China's TiO2 industry towards higher grade feedstocks.

The expected improvement at an operating profit level was negated by the 7% decline in zircon prices in China. However, the situation should improve markedly in 2008 as Astron's new contract prices reflect the recent spot prices.

The company is also pleased to announce that safety, health and environmental performance was significantly improved in 2007.

The company became an acquisition target in 2007 and the transaction price reflected the value we could achieve from these businesses. This led to the announcement that the China zircon materials, fused zirconia and zirconium chemicals businesses are to be acquired by Imerys S.A. The time is right to divest these assets and closure of this transaction will provide around A$200M net in funds for business development through higher value and higher growth opportunities. This includes projects currently under development like Donald and titanium dioxide as well as new prospects. Development of the chlorination route for zircon chemicals and fumed silica will also continue within Astron.

As shareholders are aware, the company has a number of very interesting projects at an advanced stage of development .The Donald Mineral Sands Project has progressed, with satisfactory completion of all technical work and mining method selection. The company expects to complete the required Environmental Studies by January 2008 and apply for a mining licence by mid-2008.

The construction of a mineral separation plant in China has been approved and design is underway; this plant will process concentrates from Gambia and Matilda Minerals. In future it will be used expanded to handle concentrates from the Donald Project.

Detailed engineering for the 90,000 tonnes per annum titanium dioxide plant has been completed and discussions with potential partners for this project are on-going. It is expected that a decision on the commencement of construction will take place in early 2008.

The zircon chlorination and fumed silica plant using new Astron technology has now reached the detailed design phase and a decision to proceed will be taken before the end of 2007.

Astron's future looks very exciting. We have a proven track record of operations and marketing in China, flowing through on these new opportunities will allow us to increase growth rates and shareholder value.

Gerard King
Chairman
25/10/07

MANAGING DIRECTOR'S REPORT

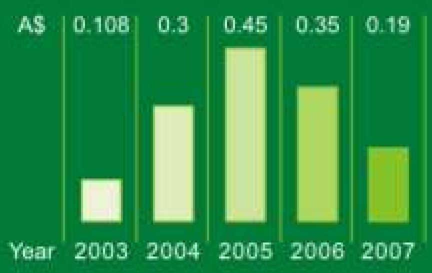
STRATEGIES AND OBJECTIVES

It is with great pleasure that I can again report to shareholders further business expansion and record sales in 2007.

ASTRON LIMITED SHARE PRICE HISTORY

Source: Paritech Charts

EPS HISTORY



Alexander G.Brown
Managing Director

Financial Objectives

The company's financial objectives are to:

1) Achieve consistent increases of earnings per share.
2) To grow dividends to shareholders in line with earnings per share while maintaining a dividends cover policy to ensure that sufficient funds are retained to support organic growth.

Strategies

The strategies to deliver these objectives are:

1) Focus on our core skills which are the manufacture of specialty chemicals and advanced materials produced from mineral sands.
2) Position the group in the growth markets where our core skills, technical expertise and innovation will produce higher added value.
3) Maximize the performance advantages of marketing and manufacturing in China.
4) Continue to strive to be the cost leader in our industry.
5) Differentiate ourselves from our competitors by developing strong friendly relationships with our customers and suppliers and to focus our research and development on improvements to meet customer needs.
6) Continue to invest in our people to ensure they are empowered with training, development, facilities, and a working environment that motivates them to explore and innovate.
7) Long term feedstock security through resource ownership and supply contracts.

Strategic Progress in 2007

Astron made good progress with strategy implementation in 2007; however this did not result in improvements in earnings per share. Despite increases in volume and price, the overall margin declined due to high raw materials prices and the product mix.

Sales revenues from new products, for example partially stabilized products, increased by over 200 per cent.

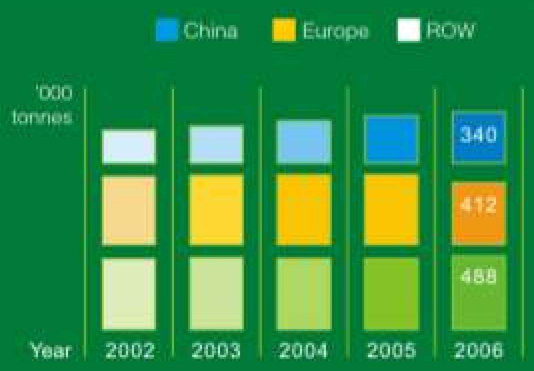
As the strategy emphasizes the maximization of opportunity in China, we continued to take advantage of the continuing strength in China's economy, the China revenue portion being 72 per cent (similar to 2006).

During 2007 an opportunity to change strategic direction and place emphasis on mineral sands and titanium dioxide was presented. This led to the announcement of a proposed transaction between Astron Limited and Imerys S.A.

REVIEW OF RESULTS

CHINA GDP & FAI

ZIRCONIUM DEMAND



Overview

During the period, Astron continued to consolidate its position as China's largest zirconium chemicals and materials company by further expansion of sales throughout China and the world.

Key areas of improved performance:
* Revenue increased by 20%
* Quality and operational effectiveness indices
* Raw material supply positioning

Performance was adversely affected by:
* Zircon materials pricing decline
* Reduced margins on titanium materials
* Exchange rates
* High cost of transportation and energy
* Continuing high cost of zircon sand

Business environment

Astron's position as an established China-based company, strongly and securely leverages Astron into Chinese economic growth.

China's GDP grew 11.1 per cent in calendar year 2006 (revised upwards from 10.7) and has since risen to a higher level; achieving an 11.5 per cent year on year growth rate in the first half of 2007. The China government forecast for 2007 growth was 10.5%.

Measures by China's government to achieve a more balanced growth (using administrative measures to restrict expenditure on infrastructure, real estate and energy intensive heavy industry) have now been in place since 2004. More recently further measures have been introduced, aimed at further curbing investment growth, increasing consumption and reducing the trade surplus.

The Chinese currency appreciated over the period and some further strengthening is expected over the next twelve months.

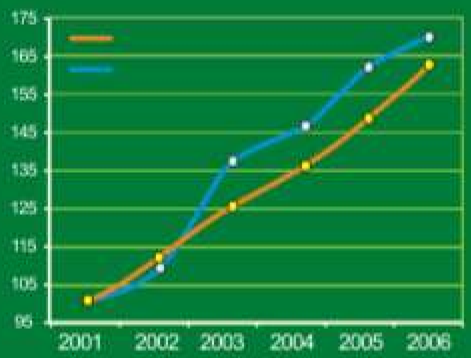
Zirconium Markets

Consumption growth in 2007 reflected the increased zircon quantity in the market place. All market segments expanded but zircon materials pricing levels trended down. In calendar year 2006, an additional 70,000 tonnes of zircon concentrates were imported to China, allowing supply to China to increase to 325,000 tonnes.

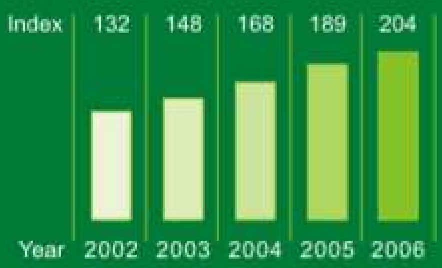
End use markets in fused oxides and chemicals were strong; demand for titanium slag was also very high. Refractory demand growth within China's steel and glassmaking industries has driven demand for un-stabilized and partially stabilized zirconia; this is expected to continue.

2008 OUTLOOK

INDEXED TREND GROWTH IN TILES AND SANITARY WARE



ZIRCON CONSUMPTION IN CHINA



Economic Outlook

It is expected that China's economic growth will continue; real GDP growth may slow slightly to a forecast 9.6% in 2008. The government will continue in its efforts to rebalance the economy, attempting to make growth less dependent on exports and investment while introducing measures to boost consumption. The current-account surplus is forecast to remain at around 10% of GDP. From July 1st, the government reduced the V.A.T. rebate on exported goods. This has reduced the rebates on Astron products from 13 percent to between zero and five percent.

Business Drivers

The key business drivers present during 2007 should continue into 2008 bringing strong demand for all zircon related products. However, zircon price levels remain high in historical terms and this continues to restrict margins.

Ceramic tile glazes and colours represent the most important industrial use of zircon and China has built a major share of this industry providing most of the global growth. China's tile and sanitary ware production growth (in excess of 15% per annum) will continue.

Sales and Margins

We expect to see further growth in sales with increased contribution from recently introduced products of higher added value (especially stabilized zirconium products).

In 2008 higher volumes are again expected to boost revenue. Margins should show some improvement, related to the increasing use of lower priced concentrates in the feedstock mix.

Obviously, if the proposed Imerys transaction is approved, the revenue stream will substantially change.

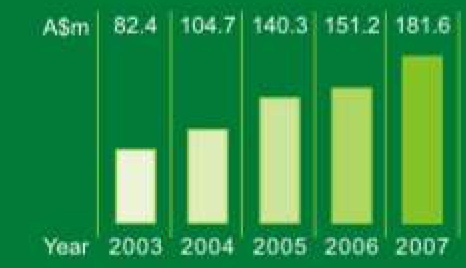
Raw Materials

Supply of zircon sand for the year is expected to see further improvements compared with last year. The proportion of zircon supplied in concentrate form will increase to 35 percent.

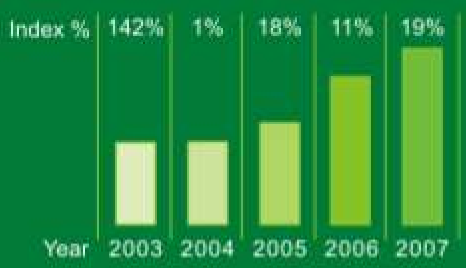
There are some indications that zircon prices from major producers may decline following a levelling off in market prices market earlier in 2007.

FINANCIAL PERFORMANCE

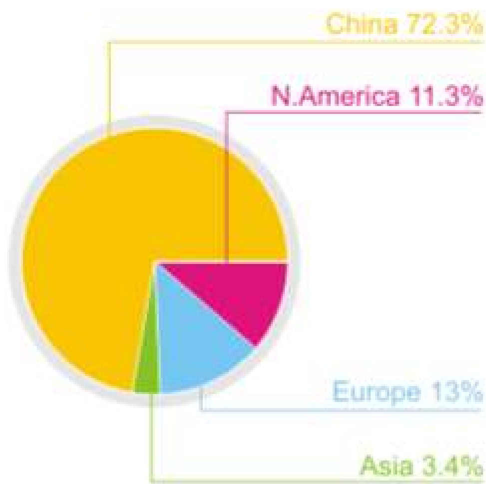
REVENUE HISTORY



EXPORT SALES HISTORY



SALES BY GEOGRAPHICAL REGION



Revenue

Revenue from continuing operations grew by $30.3M (20%) to a record $182M.

The revenue increase is due to the following price and volume movements:

* Fused zirconia, revenue up by 23.6%, volumes up by approximately 20%

* Zirconium chemicals, revenue up approximately 14%, volumes up 26%

* Zircon materials, revenue down 6%, volumes up by approximately 15%

Price increases were won in a highly competitive market, customers showing increasing resistance to suppliers passing through increased input costs.

The company continued to expand sales in all geographical locations. The dominance of China in our geographical split of sales remains (at a similar proportion to 2006). However N. American sales increased in proportion at the expense of Asia and Europe.

Operating Profit

Operating profit (profit before tax and interest payments) was $15.11M. The operating margin was 7.8% (from 12.9% in 2006).

Taxation

In China, the corporate tax rate is 30% and a major incentive to invest in China flows from various government investment incentives in the form of:

* Tax relief (2 years tax free, next 3 years half tax)
* High technology incentives-reduces tax by 50%
* Reinvestment incentives-deduction for further investment
* Other local benefits and incentives

Astron has successfully managed its tax strategy, using expert local advice to minimize taxation.

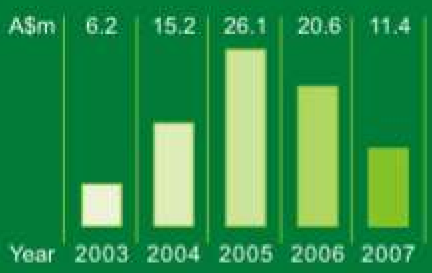
Currently the company trades in 4 corporations and the tax position is as follows:

* One company pays a reduced high technology tax rate of 13.5%
* Three companies still pay no tax

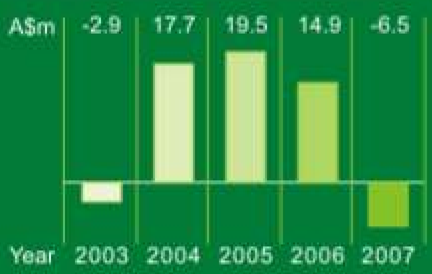
In 2007 The Chinese Government normalized the tax treatment for foreign companies.

FINANCIAL PERFORMANCE

PROFIT HISTORY



OPERATING CASH FLOW



Interest

Interest charges were $1.2 million in 2007 (zero in 2006).

Net Profit

Astron's profit result was $ 11.4 million after tax.

Dividend

The company will pay a dividend of 20 cents per share, to be paid on the 12th December 2007.

Statement of Financial position

The company retains a healthy cash position (approximately $15.9 million in cash and liquid assets).

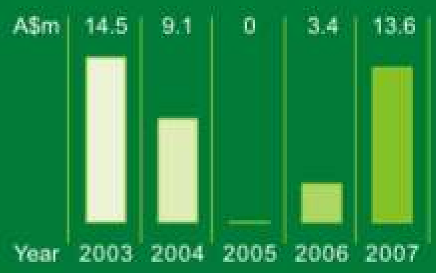
The short term borrowing position at the year end is $13.6 million, up from 3.5 million in 2006.

Cash Flow

Operating cash flow declined to $-6.4M due principally to an 74% increase in inventory.

FINANCIAL PERFORMANCE

SHORT TERM BORROWING



Capital Expenditure

Capital expenditure increased to $14.5M or just over 7.4% of sales revenue (from 6% in 2006). Improved processes, capacity expansions and product development continue to have priority. Capital expenditure excludes research and development expenditure ($434,416), which is expensed.

Borrowings

Total borrowings (long and short term) were $13.6M (up by $10.1M).

The company has ongoing trade facilities from its bankers in China of approximately $80 million.

Foreign Currency Risk

The company trades primarily in USD and the Chinese RMB. The RMB is no longer tied to the US$. This means that there is increased exposure in translation to the A$. The company does not engage in currency hedging, relying on the balancing effect of revenues and raw materials being US$ linked.

Compared with the 2006 financial year, the A$ trading average was 3.2% higher against the USD while the RMB average exchange rate with the USD was up by 4.8%.

AIFRS

This year is the second year of financial reporting according to AFRS. Full disclosure of adjustments and presentational requirements is contained within the financial section of this report.

BUSINESS PERFORMANCE

FUSED ZIRCONIA

Astron is one of the world's largest producers of advanced zirconia materials for the refractory and ceramic industries.

Astron has about 75% of total Chinese fused zirconia capacity. However its fused zirconia production capacity represents only about 24% of the world's total.

Astron's has secured a very high market share in fused zirconia for ceramic pigments.

There has been a growing emphasis on stabilized fused zirconia. Stabilized fused zirconia maintains its crystal lattice structure at temperatures up to 1,700°C, facilitating its use in high temperature refractory applications, of which the steel and glass industries are the largest consumers. A new product range of partially stabilised products was introduced to the market in early 2006.

Contribution to turnover / Turnover by customer location

HIGHLIGHTS

* Fused materials sales volumes increased by 21 per cent
* Price and margin improvement
* New products introduced
* Outstanding market acceptance of partially stabilized products
* 2nd stage of new capacity expansion complete
* China sales revenue up 16 per cent

OUTLOOK

The program to incrementally expand existing fused zirconium capacity will lift capacity to 20,000 tonnes.

Construction work on the second of the two planned stabilized zirconia furnaces has commenced and the installation will be complete by the year end.

This increases stabilized zirconia capacity to 8,000 tonnes per year.

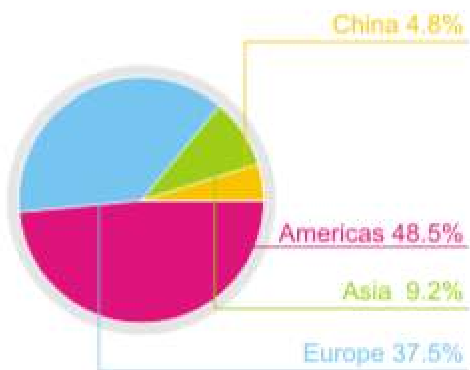
ZIRCONIUM CHEMICALS AND CHEMICAL OXIDES

The company produces a wide range of chemical zirconias and other specialty zirconium chemicals used in the production of a wide range of products including catalysts, deodorants, paper, paint, advanced ceramics and electronics.

Over 75% of the world's zirconium chemicals are now produced in China, Zirconium Oxychloride (ZOC) is an end use chemical as well as a 'building block' for other chemicals.

Astron's capacity is 22,000 tonnes per year, comprising zirconium oxychloride (produced by toll processing), zirconium basic carbonate, zirconium basic sulphate and advanced zirconia.

Contribution to turnover / Turnover by customer location



HIGHLIGHTS

* Revenue increased by 14 per cent
* China revenues up 40 per cent
* New capacity successfully brought on line
* Market share maintained
* New product introduction

OUTLOOK

It is estimated that annual growth in global demand for zirconium chemicals will be between 8 and 10 per cent.

New and improved products will reach the market in 2008/9.


25kg

ZIRCON MATERIALS

Zircon sand is used in refractory products, abrasives and for foundry sands. Astron produces products that are tailor made to suit the requirements of each of these markets.

Grinding and packaging zircon flour in various grades is the most basic zirconium downstream processing step. Most zircon flour is used as frits (pre-mixed ceramic glass powder), which are used in turn to opacify ceramic glazes. The alternative method, that bypasses frits, uses finer, more expensive grades of ground zircon called opacifier.

Astron produces a number of special low cost, highly controlled specifications of flour and opacifier.

At 18,000 annual tonnes of zircon flour capacity, Astron holds 20% of total Chinese zircon flour market.

Contribution to turnover / Turnover by customer location

HIGHLIGHTS

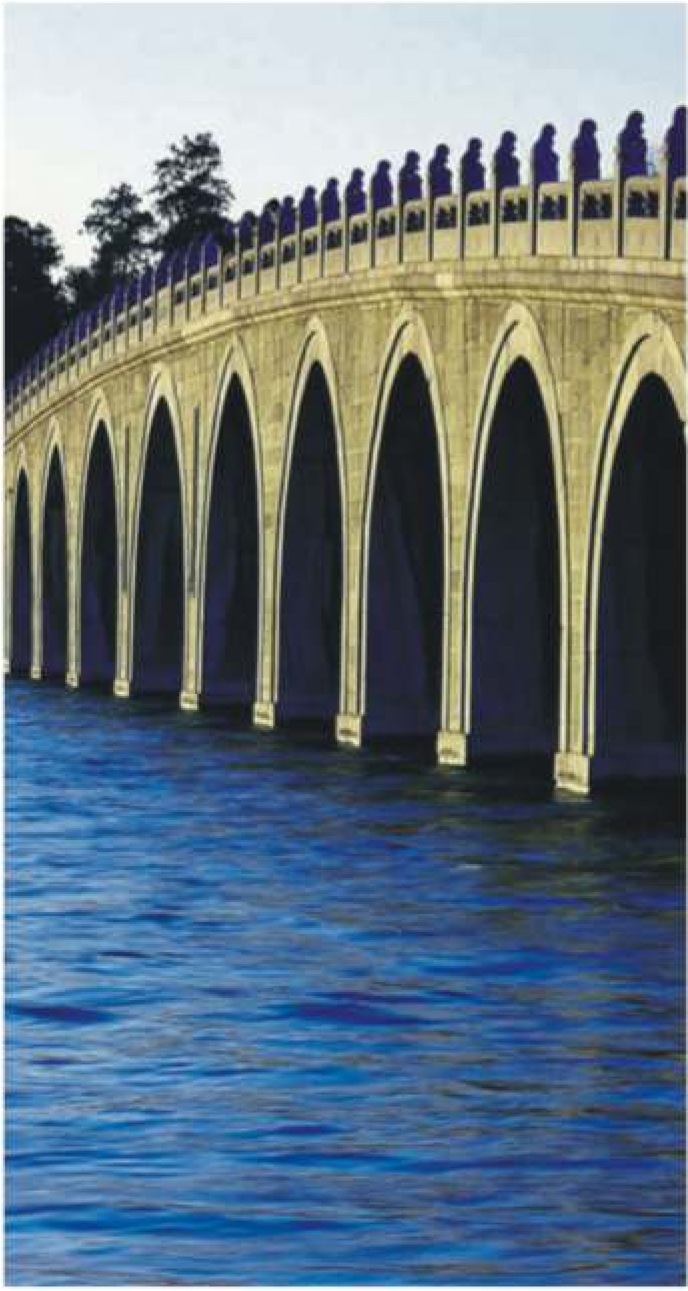
* Flour sales volume increase by marketing to frits and glaze end-users.
* Zirconium silicate (opacifier) sales increased
* Speciality zircon sales were also increased.

OUTLOOK

The softening in the growth rate for uses in TV glass was anticipated and output from this product line will continue to be switched to other markets.

Further strengthening of Astron's position in the opacifier market.

BUSINESS PERFORMANCE

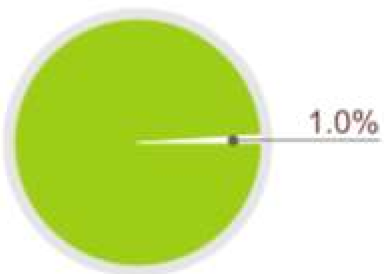


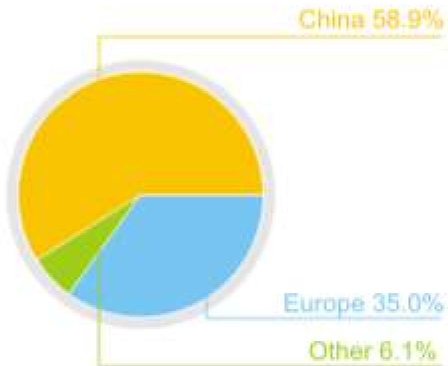
SILICA

Astron produces fused silica from zircon as a co-product of the fused zirconia plant.

This high value product, a co-product of fused zirconia manufacture, has a number of unique features, which distinguish it from other fused silicas. It is in very high demand for special refractory applications and as an additive for ultra high strength light weight concrete enabling revolutionary efficient concrete construction methods for very tall buildings, bridges and other special structures.

Contribution to turnover / Turnover by customer location





HIGHLIGHTS

* Demand for 2007 exceeded supply, driven by market demand for super-strength concrete.
* Increased output (in line with fused zirconia Output).

OUTLOOK

A new generation of silica products with substantially higher added value will be available in 2008/9.

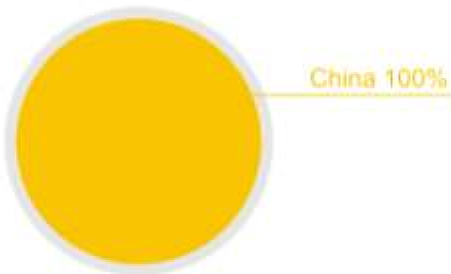

ASTRON

TITANIUM PRODUCTS

Titanium mineral sands are usually mined together with zircon sand as part of the suite of 'heavy mineral sands'. The principle titanium feedstocks are ilmenite, rutile and slag. Slag is a high grade titanium product produced by the smelting of ilmenite (the process also yields pig iron).

Sales of these imported products commenced in 2004 and have developed satisfactorily. Astron also provides a valuable technical support service to customers including modifications of plant and processes in order to maximize the benefits of using slags.

Contribution to turnover / Turnover by customer location



HIGHLIGHTS

* Astron was the first company to introduce slag in commercial quantities into China's pigment industry.
* 2007 sales volume significantly increased.
* This product has now become accepted in the market as a beneficial feedstock for Titanium pigment manufacture.

OUTLOOK

The market in China is expected to grow strongly due to on-going investment in the titanium pigment industry and:

* increasing environmental pressures
* shortages of other Ti feedstock

OPTICAL MATERIALS AND COATINGS

BUSINESS DESCRIPTION

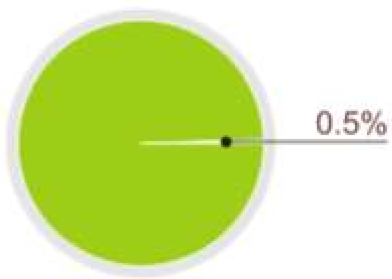
The company produces small volumes of a wide range of specialised products for the production of crystals for laser hosts and use in the vacuum coating of optical and electronic components.

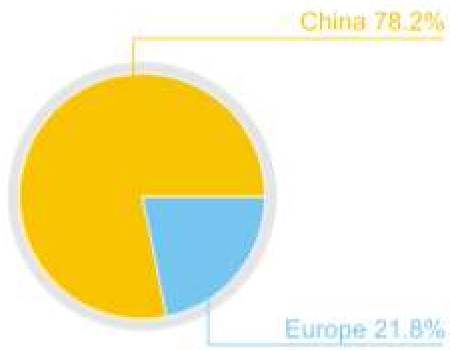
This year has seen a slight reduction in the demand for raw materials for laser host crystal production, as the industry moves onto the next generation of materials. However, it is expected that this business will show an improvement during the next financial year.

We have seen a continuation in the resurgence in infrared fibre optics. High purity fluoride sales should strengthen and a customer-led development programme is underway to investigate the production of lower grades for bulk production.

2007 also brought more interest in materials for plasma spraying.

Contribution to turnover / Turnover by customer location





HIGHLIGHTS

* The optical business has restored a balance between bulk lower cost materials and higher quality higher value materials.
* Revenues rose by 22 percent.

OUTLOOK

This niche business will continue to grow.

BUSINESS PERFORMANCE

SUPPLY CHAIN MANAGEMENT

Astron has over 2000 regular customers and believes that superior supply chain management is a key factor in differentiation from our competitors.

China presents special challenges in that a very large number of small volume customers need to be efficiently serviced.

Although there was some improvement in bulk cargo vessel availability, the year has been very challenging in terms of freight costs (due to extremely high global demand and continuing increases in fuel prices).

In-time transportation statistics continue to show a very high performance level achieved by this vital business support group.

RESEARCH AND TECHNOLOGY DEVELOPMENT

APPROACH

Astron's commitment and dedication to understanding zirconium chemistry and developing new products and applications sets it apart from competitors. The Astron R&D focus is to create solutions that allow our customers to be more successful.

Astron's research organization is based at the Yingkou Technology Centre and has four goals:

1. provide a steady stream of innovative improvements to our existing products and production processes
2. develop new products to meet customer demands in new high growth markets
3. investigate alternative technologies for production of products with more effective properties.
4. Create low cost production methods.

In addition to in-house research, Astron is also collaborating with a number of research groups and universities in Australia, China and The UK.

HIGHLIGHTS

* Product development yielded several products of interest to be introduced in 2008.
* Additional stabilized fused zirconias added to product range.
* Process improvements in fused zirconias for colours.
* Completion of design for the new process for process for zirconium oxychloride manufacture.
* Development of fumed silica burner.

OUTLOOK

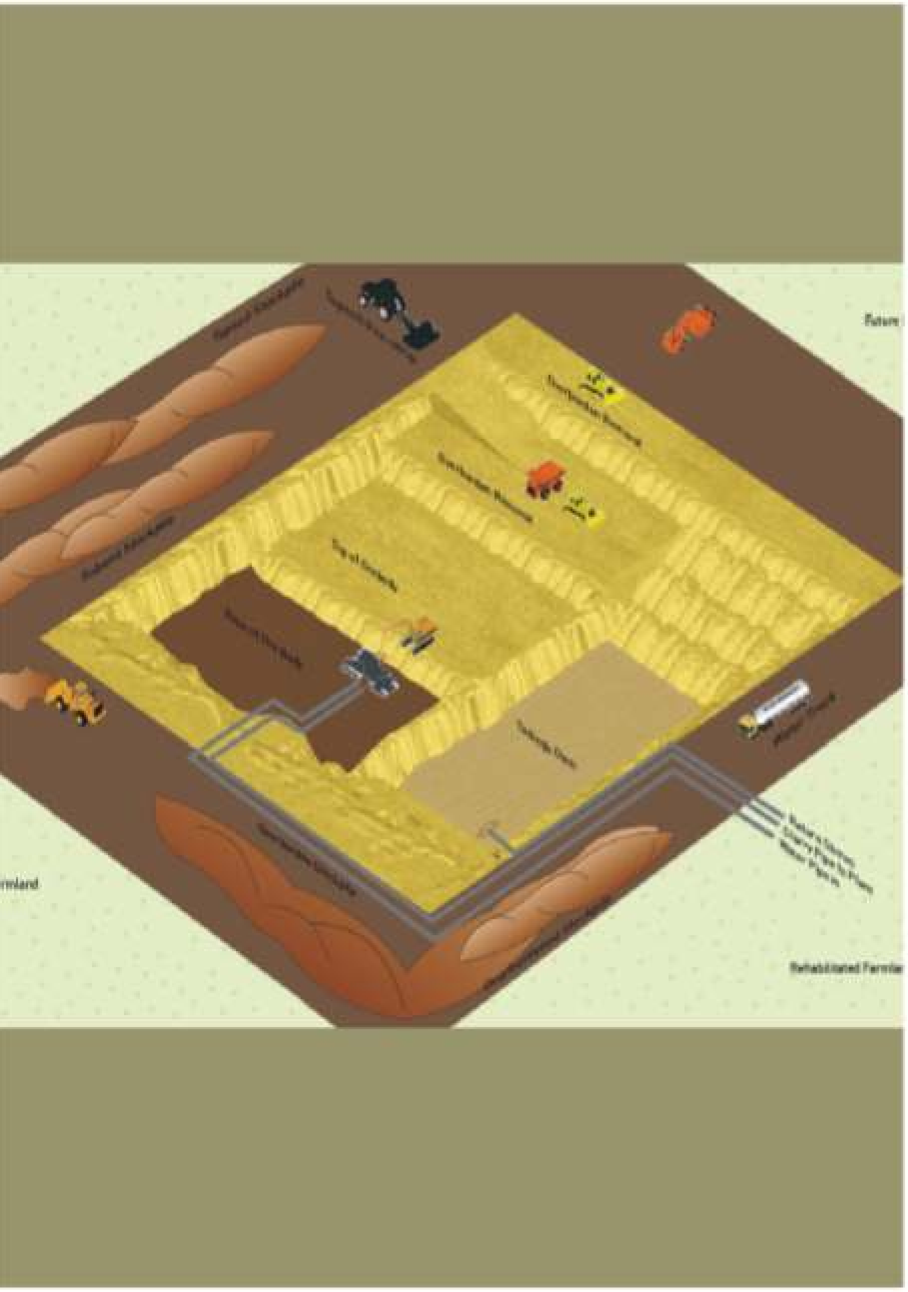
This completed design for the zirconium oxychloride plant allows production to be undertaken in a large scale continuous process. The first unit has a design capacity of 15,000tpa. Implementation of this project will provide (from late 2008 onwards) oxychloride for direct sales and for use as an intermediate.

Research and process development were also successfully completed on the fumed silica burner and production unit. The fumed silica co product will add to Astron's existing range of silicas and will produce a very high specification, high value product.

Research also took place on production of nano-particle zirconia using plasma flame oxidation; this will enable burner design to be initiated and prototypes tested in 2008.

Following a very successful first year's work, Astron has extended its contract with the QUILL laboratory (Queen's University, Belfast) for a second year. This will continue the promising research on the use of ionic liquids in zirconium chemistry. 2008 work is expected to result in patent applications and the initial design for a pilot plant to commercialize this research.

2007 research into mixed metal and electronics grade zirconias will continue into 2008 financial year.



STRATEGIC CONTEXT

The importance of secure zircon supply in the realization of Astron's strategic plan cannot be overemphasized.

To satisfy feedstock requirements to support business growth Astron uses a three-pronged approach:

* Long term supply contracts with third parties.
* Strategic alliances with resource development companies.
* Development of wholly owned resources.

HIGHLIGHTS

* Improved supply position in 2007 allowed business expansion.
* First shipment from Gambia.
* High contract prices rolled forward into 2007 but there was softening in the spot market, particularly in the second half of the year.
* Future supply security from development of The Donald Project is given a high priority.

ZIRCON SAND

In 2007, Astron imported zircon sand, principally from Australia and South Africa, and sold some material surplus to its own requirements directly to customers in China. Additionally zircon concentrates were purchased from Africa, Asia and Australia.

Astron remains the largest purchaser and user of zircon in China, with around 92,000 tonnes imported in 2007, up significantly from 2006.

ZIRCON CONCENTRATE PROCESSING

Astron supplemented its supply of zircon in concentrate form with deliveries from the Gambian operations.

The company has processed concentrates to zircon in Hainan Island but in 2007 approved the construction of a processing plant at Yingkou. The site has been secured and the detailed design has been completed and construction will complete in early 2008.

THE GAMBIA -CARNEGIE MINERALS (ASTRON LTD. 50%)

Carnegie's exclusive prospecting license covering the coastal zone of Gambia contains three mineral sands deposits with total measured, indicated & inferred resources* being as follows:

Deposit	Resource (Mt)	Grade (%)	Heavy Minerals (tonnes)
Sanyang	11.0	6.0	662,000
Batukunku	7.2	4.0	286,000
Kartung	0.6	4.8	28,000
Total	**18.8**	**5.2**	**976,000**

(* at a 1% cut off grade)

The heavy mineral assemblage for the Sanyang deposit is as follows:

Ilmenite	71%
Zircon	15%
Rutile	3%
Other	11%
Total	**100%**

Mining operations commenced in May 2006 in the North Sanyang area. The first shipment of concentrate left The Gambia in September 2006 and regular shipments commenced from March 2007.

The initial production target is 20,000 tonnes per annum (of zircon/rutile concentrate) and 150,000 tonnes of ilmenite per annum, over a mine life of approximately six years.

SENEGAL

Astron, through its joint venture partner, Carnegie Minerals PLC continue to undertake exploration in Senegal. The Niafarang deposit (just south of the border with Gambia) has been evaluated in accordance with J.O.R.C. Completion of an environmental effects study and granting of a mining title, should allow mining to commence in 2009.

The probable ore reserve is 3.4Mt at 16% grade, the assemblage is:

13.6% Zircon,
75.4% Ilmenite,
2.3% Rutile
0.4% Leucoxene

DONALD MINERAL SANDS PROJECT

Exploration Licenses

Astron through its 100% subsidiary "Donald Mineral Sands Pty Ltd" holds exploration licenses over the very large Donald and Jackson deposits in central Victoria.

Project Area

A project area known as the "Donald Project Area" has been de-lineated within the Donald deposit and contains a total indicated and inferred mineral resource of 693million tonnes of ore with a heavy mineral content of 5.1%. Contained within this resource and within a boundary of composite drill-hole data is an Indicated and Inferred Resource of:

477Mt at 1.1% Zircon,
1.8% Ilmenite,
0.3% Rutile and 1.1% Leucoxene
5.2Mt Zircon,
8.5Mt Ilmenite,
1.2Mt Rutile and 5.4Mt Leucoxene.

RAW MATERIALS AND RESOURCES

Mining License

The northern section of the Donald Project Area has been selected as the preferred start-up location. This is based on avoiding any impacts on significant Fauna and Flora, proximity to infrastructure and a larger concentration of economically extractable ore.

The northern area covers approximately 2,845 hectares of the original 5,000 hectares and contain sufficient economically extractable ore to sustain a 7.5million tonnes per year mining operation for 25 years.

A detailed survey of the area has been completed and Donald Mineral Sands Pty Ltd will apply for a Mining License covering the northern area in due course.

Mining

Studies evaluating several different mining scenarios have resulted in a conventional mining method being selected as the preferred start-up method. This method utilizes tractors and bowls to remove top-soil, trucks and excavators to remove overburden and an excavator/hopper combination for ore removal.

Mineral Processing

All metallurgical test work associated with mineral processing has been completed, with bulk mineral processing confirming the performance of the developed processing circuits and producing final products of marketable quality.

Infrastructure

Evaluations into several power supply options was completed, indicating mains power from Powercor to be the most economical and best suited to the needs of Donald Mineral Sands.

Discussions with the regional Water Authority (GWM Water) continue for the supply of low quality saline groundwater from the nearby Avon Deep Lead and/or from GWM Water's regional pipeline infrastructure project.

Environmental Effect Statement

All specialist studies have been completed and reports are being presented to the Government appointed Technical Reference Group as they become available. The completed EES document is expected to go on public display during January 2008 and final ministerial approval is expected by mid 2008.

SUSTAINABLE DEVELOPMENT

POLICY

Astron conducts business with integrity and respect for others and we are totally committed to operating our businesses in a sustainable way.

Responsibility for leadership in sustainable development lies with the Managing Director according to a three-part policy:

- Astron is caring, responsible and ethical
- Astron encourages the development and fulfilment of its people
- Astron has the highest concern for the environment and the health and safety of its employees, neighbouring communities and the public

This philosophy has been incorporated into our approach to:

* Adoption of Best Practice systems and procedures
* Employee training and development
* Employee health and safety
* Environmental protection
* Community responsibility
* Product stewardship

Regular review of goals and metrics related to the above areas is an integral part of Astron's management systems. During the year The Board of Directors also reviewed sustainable development progress and internal audit procedures related to the measurement of performance.

2007 OBJECTIVES

* Improve safety performance towards a goal of zero work related injuries
* Eliminate environmental non-compliance

BEST PRACTICE PROCEDURES

The company's systems are developed to the highest international standards. Regular auditing to maintain and improve our systems takes place and our systems are also audited by some of our customers.

Astron's management systems are accredited to ISO 9000:2000, ISO 14000 (environmental quality) and ISO 18000 (health, safety and people).

EMPLOYEE TRAINING AND DEVELOPMENT

Astron continued and extended its employee training programs in 2007.

All employees have a variable performance related bonus which is determined by pre-agreed individual and team objectives. Profit sharing and other bonuses relating to overall company performance are also in place.

Performance assessment has now been extended to include safety and environmental performance.

SUSTAINABLE DEVELOPMENT

LOCAL COMMUNITIES

Astron aims to promote the safety and well being of the communities in which we operate and to ensure that we conduct our business in a way that is open and transparent to our neighbours. Astron is pleased to report that there were no community related incidents (environmental or product transport related).

EMPLOYEE HEALTH AND SAFETY

Employee health and safety is managed according to our ISO18001 system, which includes rigorous procedures to identify and eliminate health hazards; backed up by frequent auditing.

The year saw a total of five lost time accidents, all related to manufacturing operations.
All accidents and incidents are fully investigated and operating procedures amended thereby strengthening our future safety performance.

This gives a Lost Time Accident Frequency Rate of 0.30 per 100,000 hours worked, down from 0.36 in 2006.

ENVIRONMENT

Astron environmental protection management system is accredited under ISO14001.

Compliance with all applicable legal requirements and legal codes of practice is seen as a minimum standard and we strive to further reduce emissions and waste.

Aqueous waste is measured and reported with respect to pH (6.0 to 9.0), suspended solids (less than 150 mg/litre) and chemical oxygen demand (less than 150 mg/litre).

The control of all three of these parameters improved significantly in 2007 following the commissioning of the new effluent treatment plant in July 2006. We are pleased to report that although there were short lived out of range excursions, no reportable environmental incidents occurred.

PRODUCT STEWARDSHIP

Astron recognizes that the safety of our products and facilities is important to our customers. We also see the development of more environmentally friendly products and processes as an integral part of our sustainable development programme.

Astron works actively to protect the health and safety of people who transport or use our products, or who might be affected indirectly. We provide technical advice on waste disposal and environmental protection from the effects of our products throughout their life cycle.

Board Members

Gerard King (Chairman of Directors Non-Executive)

After graduating in law (LLB) from the University of western Australia in 1963, commenced articles with (Sir) John Lavan (Lavan & Walsh) in Perth, being admitted as a solicitor in 1965 and into the law firm partnership in 1966, and became its senior partner in 1978. Under Gerard, Lavan & Walsh eventually became Phillips Fox, Perth in 1985.

Throughout his career, Gerard King has practised in the legal areas of commercial property, banking/finance, revenue/tax, corporate compliance, and mining law. He taught mortgage and other debt security drafting at UWA law school for 5 years, joined the Taxation Institute of Australia, and the Australian Mining and Petroleum Lawyers Association and gave papers on revenue, strata title, prospectuses, document drafting and other topics. He served on the Law Society of WA Council, and its committees.

He was involved in the management of his law firm from 1968 to 1991, and attended two law firm management courses at the University of New England.

He has been a director of a number of listed public companies and trusts, including the Rural Property Trust, Australasian Shopping Centres Property Trust, 1977 to 1980, and Australian Mining Investments Ltd., 1983 to 2002.

He was Chairman of St. John Ambulance Service Board of WA, 1987-1996, and is currently WA State St. John Council Chairman. His interests include family, golf and sport, community work assisting St. John Ambulance and Kidsafe WA.

He has been a Director of Astron Limited since 1985. He has beneficial and family member interests in 1,088,250 Astron shares.

Alexander Brown B.Ag Sc. (Managing Director)

Alex Brown is the founder of the Astron business in China and since its inception he has nurtured and grown the company to become one of the world's largest zirconium chemical companies.

Alex has developed a deep understanding of business practices in China, ranging over the formation and operation of joint ventures and foreign companies within the country, Chinese corporate management including people management, litigation, corporate administration, and government relations.

He was born and educated in New Zealand and started his career in 1964 as a farm Management Consultant in Western Australia. and subsequently he set up his own construction and steel fabrication engineering business in Kewdale, Western Australia.

In 1982 he expanded into mineral exploration and mining, designing and developing the Horseshoe Lights Gold Mine at Meekathara W.A., which was listed on the Australian Stock exchange as Australian Mining Investments Ltd. This company then, in 1985 acquired and expanded the Gunnedah Coal Mine, in NSW, completed the design, feasibility study and approvals for the Glennies Creek Coal project in the Hunter Valley, and sponsored the formation of Astron, which in 1986 successfully drilled for oil and gas in Thailand and the USA, operated in Malaysia and later became the vehicle for the China business today.

His varied experience in Asia also includes assisting to set up and manage an ABS plastics pipe company, in Malaysia in 1987, which manufactured and distributed its products throughout Asia and Australasia.

In the last 15 years his activities have focused on building the Astron Limited business in China starting from zircon and ilmenite mining and mineral processing in Hainan Island China in 1988 to becoming one of the world's largest zirconium chemical companies.

His interests include his family, rugby football (he played international rugby for Western Australia in 1967), sport, music, trekking and history. He has related family and potential interests in 41,416,189 Astron shares.

Board Members

Robert (Bob) John Flew (Non-Executive)

After graduating B. Ec. (Hons) from Adelaide University in 1963, Bob commenced his career with BHP in Whyalla, then went on to perform a wide variety of finance-oriented roles, with the BHP group. He was seconded to Woodside Petroleum in 1978 to assist in arranging Woodside's first project financing ($1.1bn). He was involved in BHP's acquisition of Utah International in 1983/84, becoming a Vice President of Utah, based in San Francisco, responsible for accounting and control of the BHP Mineral group, and a number of project financings, including the Escondida copper project in Chile.

In 1988, Bob became BHP GM Corporate Development, then in 1989 Group GM BHP Australia Coal. In this role he was responsible for BHP's Australian coal production operations, some 40m tonnes annually. In this role he participated in the Queensland Mining Council, World Coal Association and other industry bodies. In 1995 Bob moved to Group GM International of BHP, then in 1997 to Senior Vice President Corporate Development BHP Copper.

From 1989 to 1999 Bob was Vice-President Investor Relations and Company Secretary of BHP. After retiring form BHP in 1999, he has been a director of various companies (Thiess, Astron, MPI Mines, Geodynamics, Bass Strait Oil, Le, Leviathan Resources and Perseverance Resources Corporation) and a consultant.

His interests are family, genealogy, sailing golf, gardening and music.

Bob has been a director of Astron since March 2004, and has interests in 170,574 Astron shares.

Ronald McCullough (Non-executive)

Ronald Hugh McCullough is an Honours graduate in Engineering from the University of Western Australia. He also completed a Master of Business Administration at UWA.

Subsequently, Ron has been involved in civil engineering design, and the construction of various major engineering works in Western Australia, including water supply dams, major water reticulation and suburban infrastructure projects.

Ron has extensive mining experience, including bauxite and coal mining. Ron has investigated the development of a private power station and the exploitation of coal bed methane deposits in the Gunnedah basin on NSW. While involved with the Maitland Main Collieries, which held an authorisation to develop a large coal deposit at Glennies Creek, near Singleton, in the Hunter Valley, NSW Ron managed all necessary environmental impact studies, authority compliance requirements, mine construction and operation feasibility studies and then obtained a mining lease for the deposit.

Ron became involved in the sand mining industry in Western Australia with the development, in 1994, and management until 2005 of a silica sand mining and exporting operation at Albany in Western Australia, on behalf of Japanese corporations.

Ron has the special responsibility of acting as the Project Director for the for the Donald Mineral Sands project in Victoria Australia.

He also holds directorships of Oakbridge Limited and Gunnedah Coal Company.

Ron has been a director from August 2006 and has no interest in Astron shares.

Board Members

Mdm Kang Rong (Executive)

Mdm Kang Rong is a graduate in Chemical Engineering from Shanghai Chemical University. She also graduated in Foreign Trade at Guangzhou Foreign Language University and has completed an advanced management program at Stanford Centre for Professional Development.

She worked as a Chemical Production Engineer at Shenyang Chemical Company (a major Chinese company based in Shenyang, Liaoning Province. She then moved to Hainan Island China and worked in sales and administration for the Japanese Trading Co. Nissei, Ltd.

She joined Astron in 1995 as marketing manager of Shenyang Astron Mining Industry. Since then she has overseen Astron's China operations and has been largely responsible for the growth and development of the Company.

As Vice General Manager she has been in charge of all Astron's China operations and global sales for over 10 years.

Kang Rong has been an executive director from August 2006 and has a deemed interest in shares associated with Mr. Alex Brown.(see Director's Report P133)

Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2007.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the director's report.

The names of independent directors of the company are:

Gerard King
Robert Flew
Ronald McCullough

When determining the independence of the non-executive directors, account was taken of ASX Guideline (2.1) in assessing the independence of directors.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the company.

The names of the members of the Remuneration and Nomination committee and their attendance at meetings of the committee are detailed in the directors' report.

CORPORATE INFORMATION

Corporate Governance Statement

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the Audit and Risk committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Individual directors and employees must advise the board before making any transactions in Astron Limited securities.

Audit & Risk Committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the Directors' report.

Performance Evaluation

Due to the size and experience of the Board it was not considered necessary to engage an external consultant during the year ended 30 June 2007 to perform a performance evaluation of the Board. The chairman regularly speaks to each director individually regarding their role as director.

Remuneration Committee

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the Directors' report.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

CORPORATE INFORMATION

Corporate Governance Statement

Remuneration Policies

The remuneration policy, which sets the terms and conditions for the chief executive officer and other senior executives, was developed by the remuneration committee after seeking professional advice from independent consultants and was approved by the board. All executives receive a base income, performance incentives and applicable statutory benefits. The remuneration committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the company's profits and shareholders value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives will be entitled to participate in any future employee share and option arrangements.

The amount of remuneration for all directors and the five highest paid executives, including all monetary and non-monetary components, are detailed in the Note 8 to the financial report. All remuneration paid to executives is valued at the cost to the company and expensed. Shares awarded to executives are valued at the market price of those shares. No Options have been issued by the Company.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the board for approval. All bonuses and incentives are linked to predetermined performance criteria. The board can exercise its discretion in relation to approving incentives and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Continuous Disclosure

During the year the company received an infringement notice concerning disclosure and elected to pay the penalty amount. Whilst the company believes it acted in a reasonable manner, it has reviewed its continuous disclosure policy consistent with the Australian Standard number AS 3806-2006, to ensure that the market is kept informed in a timely manner. The Managing Director (or his nominated executive) is the designated officer responsible for disclosures. He has the delegated authority to act on behalf of the Board.

Other Information

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at www.astronchem.com.

INVESTOR INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is shown on the next page. The information is current as at 24 October 2007.

Shares

(a) Distribution of equity securities

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

Range	Ordinary shares		Preference shares	
	Number of holders	Number of shares	Number of holders	Number of shares
1 – 1,000	197	97,849	–	–
1,001 – 5,000	345	927,600	–	–
5,001 – 10,000	137	1,028,708	–	–
10,001 – 100,000	119	3,228,052	–	–
100,001 – and over	32	55,152,401	–	–
Total	830	60,434,610	–	–
The number of Shareholders holding less than a marketable parcel	27	1,803	–	–

Shares

Continued

(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	26,519,443	43.88
2 P T Arafua Mining Limited	14,865,446	24.60
3 FSC Investment Holdings Limited	3,206,641	5.31
4 Consolidated Trade Resources Pty Limited	1,420,000	2.35
5 Querion Pty Limited	1,199,708	1.99
6 Standard Treasure Limited	641,615	1.06
7 Ellrock Pty Limited	431,884	0.71
8 Manton Family Trust No 2	402,437	0.67
9 Mr Ross Anderson	348,153	0.58
10 Lodestar Investments Limited	337,820	0.56
11 Flyplane Pty Limited	326,995	0.54
12 Mr Donald Black	290,000	0.48
13 ANZ Nominees Limited	249,398	0.41
14 Mr Donald Black	217,000	0.37
15 Citicorp Nominees Pty Limited	226,440	0.37
16 Mr Adrian Niiman & Mrs Jenny Niiman	217,123	0.36
17 Sun Foods Pty Ltd	214,355	0.35
18 Nitco Pty Limited	208,304	0.34
19 Appleton International Limited	207,423	0.34
20 Morgeo Nominees Pty Limited	200,000	0.29
	51,730,185	85.60

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) Schedule of interests in mining tenements

Location	Tenement	Percentage held
Victoria Australia	EL4432	100
Victoria Australia	EL4433	100

2007/8 Financial Calendar

Release of quarterly report	31st October 2007
2007 Annual general meeting	30th November 2007
Dividend payment	12th December 2007
Release of quarterly report	31st January 2008
Release of half year report	28th February 2008
Release of quarterly report	30th April 2008
Release of Appendix 4E	31st August 2008

Information Policy

It is the policy of the company to conform to the highest standards in its reporting to shareholders and during the year a number of improvements were established in accordance with the best standards of corporate governance.

Company spokespeople are available and pleased to respond to queries from financial community, investors and shareholders.

During the year the company held one shareholder meeting at which active discusions took place and questions were answered. In addition the company held a numbers of sessions with analysts and papers on the company presented at major industry conferences were very well received.

The company's webite was expanded to provide copies of all these information sessions to interested shareholders.

All these initiatives will be further improved and expanded in the coming year with the objective of providing the fullest and most detailed information to shareholders consistent with the company's objectives.

Information on the group and presentations to analysts can be obtained from the company's website www.astronchem.com

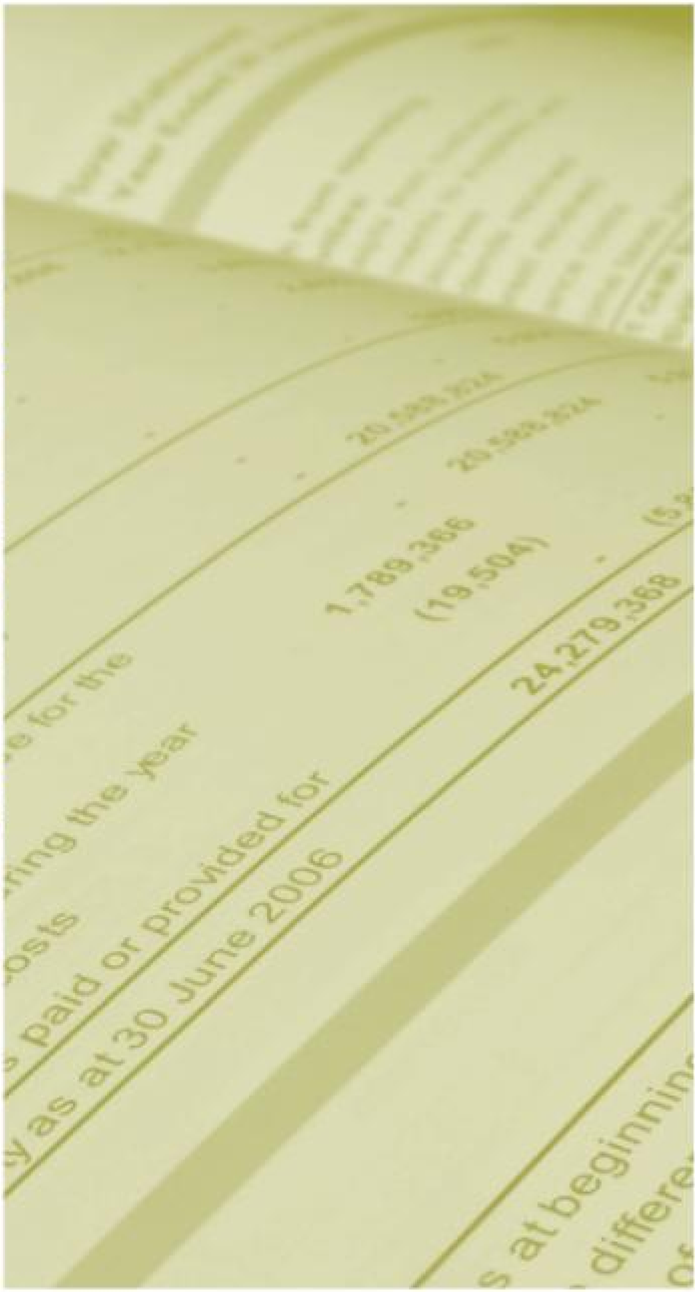
The following email address has also been set up for shareholders at shareholderletter@astronchem.com.

To assist and improve service to shareholders related to the administration of the fully registered shares shareholders can contact our share registry service.

Shareholders can also contact the company directly by telephone in Australia +61 2 9984 1379

ASTRON LIMITED 7 YEAR FINANCIAL HISTORY							
	2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**
Share price	2.6	3.1	3.0	2.7	0.6	0.7	0.3
EPS	0.2	0.4	0.5	0.3	–0.1	0.4	0.1
Price Earning Ratio	13.7	8.9	6.6	8.9	–4.4	1.9	2.8
Interest Cover	12.6	n/a	135.0	26.7	10.3	13.0	18.0
Profit and Loss							
Revenue	181.6	151.9	140.7	104.9	81.5	70.5	56.8
Cost	–152.4	–130.5	–112.4	–87.8	–73.5	–64.5	–54.5
EBITDA	17.2	21.4	28.3	17.1	8.0	6.0	2.3
Depreciation/Amortisation	–2.1	–1.8	–1.3	–1.1	–0.8	–0.8	–0.5
EBIT	15.1	19.6	27.0	16.0	7.2	5.2	1.8
Borrowing Costs	–1.2	–	–0.2	–0.6	–0.7	–0.4	–0.1
NPBT	13.9	19.6	26.8	15.4	6.5	4.8	1.7
Income tax expenses	–2.5	1.0	–0.7	–0.2	–0.3	–0.3	–0.3
NPAT	11.4	20.6	26.1	15.2	6.2	4.5	1.4
Balance Sheet							
Cash	9.8	20.8	13.4	15.6	5.3	4.8	5.5
Receivables	29.7	21.5	16.7	12.4	10.6	9.7	5.4
Inventories	50.0	28.6	25.9	20.3	20.5	10.1	10.5
Other Financial Assets	6.1	8.3	–				
Total Current Assets	95.6	79.2	56.0	48.4	36.4	24.6	21.4
PP & E	21.7	21.1	14.9	12.6	8.7	8.5	9.6
Investments	2.2	–	6.6	14.1	–	–	–
Intangible	24.6	18.3	15.4	–	–	–	–
Other	–	0.3	0.5	1.9	3.1	14.5	13.1
Deferred Tax Assets	0.7	1.1	–	–	–	–	–
Total Non Current Assets	49.2	40.8	37.4	28.6	11.8	23.0	22.7
TOTAL ASSETS	144.8	120.0	93.4	77.0	48.2	47.6	44.1
Payable	31.9	20.6	20.2	17.5	18.1	11.3	15.0
Borrowings	13.6	3.5	–	9.1	14.6	8.9	4.9
Tax Liabilities	0.3	0.1	1.4	1.4	1.3	3.8	3.8
Total Current Liabilities	45.8	24.2	21.6	28.1	34.0	24.0	23.7
Deferred Tax	1.1	1.1	–				
Total Non-Current Liabilities	1.1	1.1	–				
Total liabilities	46.9	25.3	21.6				
NET ASSETS	97.9	94.7	71.8	48.9	14.2	23.6	20.4
Cash flows							
Operating Activities	–6.5	15.0	19.5	17.7	–2.9	–4.0	0.1
Investment Activities	–12.7	–7.2	–12.6	–6.0	–1.6	–0.6	–2.5
Financing Activities	9.9	–1.0	–8.3	–1.5	5.7	4.5	3.9
Net Cash flow by year	–9.3	6.8	–1.4	10.2	1.2	–0.1	1.5

FINANCIAL STATEMENTS



Income Statement

For the Year Ended 30 June 2007

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$	$	$	$
Sales revenue	3	**181,602,409**	150,731,069	-	-
Cost of sales		**(152,443,661)**	(119,714,777)	-	-
Gross profit		**29,158,748**	31,016,292	-	-
Other revenue	3	**142,755**	431,604	**12,568,444**	19,794,827
Other income	3	**2,273,532**	782,894	**1,146,095**	386,844
Distribution expenses		**(6,801,673)**	(4,753,983)	-	-
Marketing expenses		**(862,625)**	(1,247,292)	-	(47,216)
Occupancy expenses		**(295,403)**	(350,577)	-	-
Administrative expenses		**(7,885,757)**	(6,204,017)	**(2,643,638)**	(927,236)
Finance costs		**(1,221,842)**	-	-	-
Other expenses		**(637,201)**	(122,868)	-	(108,465)
Share of net profits of associates	13	**27,851**	-	-	-
Profit before income tax		**13,898,385**	19,552,053	**11,070,901**	19,098,754
Income tax expense	6	**(2,466,564)**	1,036,771	**(350,759)**	1,080,000
Profit attributable to members		**11,431,821**	20,588,824	**10,720,142**	20,178,754
Earnings Per Share:					
Overall operations:					
Basic earnings per share (cents per share)	7	**19.19**	35.43	-	-
Diluted earnings per share (cents per share)	7	**19.19**	35.43	-	-

Balance Sheet

30 June 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
ASSETS					
Current assets					
Cash and cash equivalents	10	**9,784,235**	20,783,975	**306,446**	297,997
Trade and other receivables	11	**29,679,438**	21,454,463	**15,307,427**	8,975,733
Inventories	12	**49,941,129**	28,642,702	**-**	-
Available for sale financial assets	15	**6,199,305**	8,250,000	**6,199,305**	8,250,000
Total current assets		**95,604,107**	79,131,140	**21,813,178**	17,523,730
Non-current assets					
Investments accounted for using the equity method	13	**2,171,730**	-	**-**	-
Other financial assets	16	**-**	-	**37,864,153**	39,109,684
Property, plant and equipment	18	**21,732,918**	21,088,905	**36**	843
Intangible assets	19	**24,620,042**	18,338,220	**4,435,546**	1,560,411
Deferred tax assets	24(b)	**729,330**	1,080,000	**729,330**	1,080,000
Other assets	20	**-**	310,919	**-**	-
Total non-current assets		**49,254,020**	40,818,044	**43,029,065**	41,750,938
TOTAL ASSETS		**144,858,127**	119,949,184	**64,842,243**	59,274,668
LIABILITIES					
Current liabilities					
Trade and other payables	21	**31,888,288**	20,615,021	**10,192,356**	13,684,087
Financial liabilities	22	**13,605,354**	3,477,163	**-**	-
Current tax liabilities	24(a)	**300,463**	74,211	**-**	-
Total current liabilities		**45,794,105**	24,166,395	**10,192,356**	13,684,087
Non-current liabilities					
Deferred tax	24(a)	**1,076,649**	1,080,000	**729,330**	1,080,000
Provisions	23	**40,000**	-	**-**	-
Total non-current liabilities		**1,116,649**	1,080,000	**729,330**	1,080,000
TOTAL LIABILITIES		**46,910,754**	25,246,395	**10,921,686**	14,764,087
NET ASSETS		**97,947,373**	94,702,789	**53,920,557**	44,510,581

The accompanying notes form part of the finanicial statements.

Balance Sheet

30 June 2007

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$	$	$	$
EQUITY					
Contributed equity	25	**29,619,643**	24,279,368	**29,619,643**	24,279,368
Reserves	26	**(6,204,326)**	672,745	**-**	-
Retained earnings		**72,830,286**	67,230,676	**22,599,144**	17,711,213
Amounts recognised directly in equity on available for sale financial assets	26	**1,701,770**	2,520,000	**1,701,770**	2,520,000
TOTAL EQUITY		**97,947,373**	94,702,789	**53,920,557**	44,510,581

The accompanying notes form part of the finanicial statements.

Statement of Changes in Equity

Continued

For the Year Ended 30 June 2007

	2007 Parent			
	Ordinary Shares $	Retained Earnings $	Available for sale financial assets reserve $	Total $
Equity as at beginning of period	24,279,368	17,711,213	2,520,000	44,510,581
Net loss of available-for-sale financial assets	-	-	(818,230)	(818,230)
Total income and expense for the year recognised directly in equity	-	-	(818,230)	(818,230)
Profit for the year	-	10,720,142	-	10,720,142
Total income and expense for the year	-	10,720,142	-	10,720,142
Shares issued during the year	5,353,307	-	-	5,353,307
Transaction costs	(13,032)	-	-	(13,032)
Dividends paid or provided for	-	(5,832,211)	-	(5,832,211)
Equity at 30 June 2007	29,619,643	22,599,144	1,701,770	53,920,557

	2006 Parent			
	Ordinary Shares $	Retained Earnings $	Available for sale financial assets reserve $	Total $
Equity as at beginning of period	22,509,506	3,341,413	-	25,850,919
Transitional adjustment with respect to available for sale financial assets at 1 July 2005 (AASB 132 and AASB 139 exemption)	-	-	451,500	451,500
Adjusted at 1 July 2005	22,509,506	3,341,413	451,500	26,302,419
Net gains of available for sale financial assets	-	-	2,068,500	2,068,500
Total income and expense for the year recognised directly in equity	-	-	2,068,500	2,068,500
Profit for the year	-	20,178,754	-	20,178,754
Total income and expense for the year	-	20,178,754	2,068,500	22,247,254
Shares issued during the year	1,789,366	-	-	1,789,366
Transaction costs	(19,504)	-	-	(19,504)
Dividends paid or provided for	-	(5,808,954)	-	(5,808,954)
Equity at 30 June 2006	24,279,368	17,711,213	2,520,000	44,510,581

The accompanying notes form part of the finanicial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2007

2007 Consolidated						
	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Available for sale financial assets reserve $	Equity Account Reserve $	Total $
Equity as at beginning of period	24,279,368	67,230,676	672,745	2,520,000	-	94,702,789
Exchange differences on translation of foreign operations	-	-	(8,093,930)	-	-	(8,093,930)
Losses of available-for-sale financial assets	-	-	-	(42,650)	-	(42,650)
Gains on disposal of available-for-sale financial assets credited to Income Statement	-	-	-	(775,580)	-	(775,580)
Share of contributions by other Joint Venture party in investments accounted for using the equity method	-	-	-	-	1,216,859	1,216,859
Total income and expense for the year recognised directly in equity	-	-	(8,093,930)	(818,230)	1,216,859	(7,695,301)
Profit for the year	-	11,431,821	-	-	-	11,431,821
Total income and expense for the year	-	11,431,821	-	-	-	11,431,821
Shares issued during the year	5,353,307	-	-	-	-	5,353,307
Transaction costs	(13,032)	-	-	-	-	(13,032)
Dividends paid or provided for	-	(5,832,211)	-	-	-	(5,832,211)
Equity as at 30 June 2007	29,619,643	72,830,286	(7,421,185)	1,701,770	1,216,859	97,947,373

The accompanying notes form part of the finanicial statements.

Statement of Changes in Equity

Continued

For the Year Ended 30 June 2007

	2006 Consolidated					
	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Available for sale financial assets reserve	Equity Account Reserve	Total
	$	$	$	$	$	$
Equity as at beginning of period	22,509,506	52,450,806	(3,180,260)	-	-	71,780,052
Transitional adjustment with respect to resetting the foreign currency translation reserve to zero	-	-	-	451,500	-	451,500
Adjusted at 1 July 2005	22,509,506	52,450,806	(3,180,260)	451,500	-	72,231,552
Exchange differences on translation of foreign operations	-	-	3,853,005	-	-	3,853,005
Gains of available for sale financial assets	-	-	-	2,455,344	-	2,455,344
Gains on disposal of available for sale financial assets credited to Income Statement	-	-	-	(386,844)	-	(386,844)
Total income and expense for the year recognised directly in equity	-	-	3,853,005	2,068,500	-	5,921,505
Profit for the year	-	20,588,824	-	-	-	20,588,824
Total income and expense for the year	-	20,588,824	-	-	-	20,588,824
Shares issued during the year	1,789,366	-	-	-	-	1,789,366
Transaction costs	(19,504)	-	-	-	-	(19,504)
Dividends paid or provided for	-	(5,808,954)	-	-	-	(5,808,954)
Equity as at 30 June 2006	24,279,368	67,230,676	672,745	2,520,000	-	94,702,789

The accompanying notes form part of the finanicial statements.

Cash Flow Statement

For the Year Ended 30 June 2007

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$	$	$	$
Cash from operating activities:					
Receipts from customers		**180,324,436**	151,283,983	**-**	-
Payments to suppliers and employees		**(184,203,172)**	(135,362,688)	**(1,015,472)**	(584,160)
Dividends received		**-**	-	**2,547,418**	19,737,444
Interest received		**132,573**	431,334	**68,782**	57,383
Finance costs		**(1,221,842)**	-	**-**	-
Income taxes paid		**(1,503,550)**	(1,375,462)	**-**	-
Net cash from operating activities	29(a)	**(6,471,555)**	14,977,167	**1,600,728**	19,210,667
Cash flows from investing activities:					
Proceeds from sale of plant and equipment		**-**	30,726	**-**	-
Proceeds from sale of available for sale investment		**1,657,375**	2,395,594	**1,657,375**	735,594
Acquisition of property, plant and equipment		**(4,581,786)**	(6,786,222)	**-**	67,330
Investment in Joint Venture entities		**(976,242)**	-	**-**	-
Loans to Joint Venture entities		**(925,251)**	-	**-**	-
Acquisition of available-for-sale investments		**-**	-	**-**	(12,737,444)
Development costs		**(4,897,988)**	(1,334,036)	**(3,130,562)**	(734,381)
Exploration and evaluation expenditure		**(3,016,708)**	(1,473,935)	**-**	-
Net cash used by investing activities		**(12,740,600)**	(7,167,873)	**(1,473,187)**	(12,668,901)
Cash flows from financing activities:					
Proceeds from the issue of shares		**(13,031)**	1,769,862	**(13,031)**	1,769,862
Proceeds/(Repayments) of borrowings		**11,018,266**	2,989,295	**1,001,430**	(3,633,117)
Dividends paid to company shareholders		**(1,107,491)**	(5,808,954)	**(1,107,491)**	(5,808,954)
Net cash from (used by) financing activities		**9,897,744**	(1,049,797)	**(119,092)**	(7,672,209)

Cash Flow Statement

Continued

For the Year Ended 30 June 2007

		Consolidated		Parent	
	Note	2007 $	2006 $	2007 $	2006 $
Net increase (decrease) in cash and cash equivalents		**(9,314,411)**	6,759,497	**8,449**	(1,130,443)
Cash and cash equivalents at beginning of year		**20,783,975**	13,428,900	**297,997**	1,428,440
Effect of exchange rates on cash and cash equivalents		**(1,685,329)**	595,578	**-**	-
Cash and cash equivalents at end of year	29(b)	**9,784,235**	20,783,975	**306,446**	297,997

The accompanying notes form part of the finanicial statements.

1 Statement of Significant Accounting Policies

(a) General information

The financial report of Astron Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 25 October 2007 and covers Astron Limited as an individual entity as well as the consolidated entity consisting of Astron Limited and its subsidiaries as required by the Corporations Act 2001.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of Preparation

Reporting Basis and Conventions

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting ('AIFRS') and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with Australian equivalents to (AIFRS) ensures that the consolidated financial statements and notes complies with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132: Financial Instruments Presentation and Disclosure.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of available for sale financial assets.

(c) Principals of Consolidation

The financial report covers the consolidated entity of Astron Limited and its subsidiary entities and Astron Limited as an individual parent entity. Astron Limited is a listed public company, incorporated and domiciled in Australia.

A subsidiary is an entity Astron Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

A list of subsidiary entities is contained in Note 17 to the financial statements. All subsidiaries entities have a June financial year end and are accounted for in the Parent entity financial statements at cost.

All inter-company balances and transactions between entities in the group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where subsidiaries have entered or left the group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(d) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Astron Limited and its wholly-owned Australian subsidiaries expect to form an income tax consolidated group under the tax consolidation regime. Each entity in the group will recognise its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group will notify the Australian Taxation Office that it has formed an income tax consolidated group on lodgement of its income tax return. The tax consolidated group will enter into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(e) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Exchange differences arising on the translation of non monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

-assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

-income and expenses are translated at average exchange rates for the period; and

-retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. Collectibility of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Trade receivables are generally receivable as follows:

-Chinese sales 0-90 day terms

-Foreign sales 30-90 day terms

Receivables from related parties are recognised and carried at the nominal amount due.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in-first-out basis.

(i) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed entities and any non-derivatives that are not classified as any other category, and are classified as non-current assets. After initial recognition, these investments are measured at fair value with gains or losses recognised in equity reserves. Where losses have been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss, being the difference between the acquisition cost and current fair value less any impairment loss previously recognised in the income statement, is removed from equity and recognised in the income statement. This policy differs from that under superseded accounting standard, where such investments were carried at cost.

The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

(i) Financial Instruments (cont' d)

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

(j) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

(i) Property

Land and buildings are measured on the cost basis less depreciation (on Leasehold land and buildings) and impairment losses.

(ii) Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

(iii) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

(k) Property, Plant and Equipment (cont' d)

The estimated useful lives used for each class of depreciable assets are:

Class of Asset

Land and Buildings	30 years
Plant and Equipment	5-10 Years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(l) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Group's share of post acquisition reserves of its associates. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are recognised in the parent entity's income statement but rather reduce the carrying amount of the investment in the consolidated financial statements.

When the Group's share of post-acquisition losses in an associate exceeds its interest in the associate (including any unsecured receivables), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

The financial statements of the associates are used to apply the equity method. The reporting dates of the associates and the parent are identical and both use consistent accounting policies.

(m) Interests in Joint Ventures

(i) Joint Venture Entities

Interests in joint venture entities are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of profits or losses of the entities are recognised in the consolidated income statement and the share of movements in reserves are recognised in the consolidated balance sheet. Details of joint venture entities are set out in Note 13.

(ii) Joint Venture Operations

The proportionate share of the Group's interests in the assets, liabilities, income and expenses of joint venture operations have been incorporated in the financial statements under the appropriate headings. Details of joint venture operations are set out in Note 14.

Notes to the Financial Statements

For the Year Ended 30 June 2007

(n) Exploration and Evaluation Expenditure

(i) Costs Carried Forward

Costs arising from exploration and evaluation activities are carried forward provided that the rights to tenure of the area of interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Expenditure incurred is accumulated in respect of each identifiable area of interest.

(ii) Costs abandoned area

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(iii) Regular review

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(iv) Costs of site restoration

Costs of site restoration are to be provided once an obligation presents. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on a discounted basis.

(o) Intangibles

Research and Development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure attributable to the project can be measured reliably. Expenditure capitalised comprises costs of services and direct labour. Other development costs are expensed when they are incurred. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired.

Other Intangibles

Expenditure on internally generated assets are expensed as incurred except where they specifically relate to the development of a Mineral Separation Plant. The capitalised expenditure is stated at cost and is considered to have finite useful lives. The useful life is assessed annually to determine whether events or circumstances continue to support an indefinite useful life assessment.

(p) 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 group. These liabilities are non interest bearing liabilities and are generally payable on 30-90 day terms.

Payables to related parties are carried at the principal amount.

(q) Employee Benefits

Equity-settled compensation

The Group provides benefits to employees of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares. Refer note 8(b) for further details.

(r) Share Capital

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

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of Astron Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis over the period of the lease.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(u) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

(v) Revenue

Revenue is recognised at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer ie when control of the goods is passed to the buyer.

Interest revenue is recognised when control of the right to receive the interest payment is obtained.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting in the Group.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

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

(w) Dividend

Provision is made for dividends declared and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

(y) Standards Issued but not yet effective

A number of Australian accounting standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. The new Australian Accounting Standards have not been adopted in the preparation of the financial report at reporting date. Other than additional disclosures required of AASB 7 it is not anticipated that these new or amended standards will have a material impact on the financial report.

Notes to the Financial Statements **Continued**

For the Year Ended 30 June 2007

2 Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the group.

(i) Key estimates-Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect for the year ended 30 June 2006.

(ii) Capitalisation of Intangibles

The Group has continued to capitalise expenditure incurred on the exploration and evaluation of the Donald Mineral Sands project in Victoria Australia, and the ongoing TiO2 project expenditures on the basis that the Group has assessed that the balances capitalised will be recoverable through the projects successful development (Refer note 19 for further details).

(iii) Discontinuing Operations

The Group has reviewed AASB 5 "Non-current Assets Held for Sale and Discontinued Operations" and has formed the opinion that the criteria for disclosure was not met as at 30 June 2007.

3 Revenue

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Revenue				
- sale of goods	**181,602,409**	150,731,069	-	-
- rental revenue	**10,182**	-	-	-
- interest income	**132,573**	431,604	**68,783**	57,383
- dividend income	-	-	**12,499,661**	19,737,444
Total Revenue	**181,745,164**	151,162,673	**12,568,444**	19,794,827

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Other income				
- Net gain on disposal on available for sale financial assets	**775,580**	386,844	**775,580**	386,844
- gains on foreign exchange	**1,085,288**	-	-	-
- other income	**412,664**	396,050	**370,515**	-
Other Income	**2,273,532**	782,894	**1,146,095**	386,844

4 Profit before income tax

(a) Profit before income tax includes the following specific expenses:

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Finance Costs:				
Interest paid	**1,221,842**	-	-	-
Foreign currency translation losses/(gains)	-	973	**450,540**	108,465
Bad and doubtful debts - trade receivables	**105,287**	(301,167)	-	-
Premises - Contractual amounts	**91,687**	79,840	-	-
Research and development costs	**434,416**	369,184	-	-
Depreciation	**2,064,268**	1,767,211	**807**	1,009
Superannuation	**277,328**	30,130	-	-
Employee benefits	**3,310,130**	3,049,576	-	-

4 Profit before income tax continued

(b) Significant Revenue and Expenses

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
The following significant revenue and expense items are relevant to explaining the financial performance:				
Reversal of overprovision of VAT raised in prior years	-	1,132,461	-	-
Reduction in overprovision of prior year incentive payments	-	862,743	-	-
Deferred tax asset brought to account on income tax losses	**(350,759)**	1,080,000	**(350,759)**	1,080,000
Write-down of group loans for foreign currency translation	-	-	**(809,190)**	-
Write back of over provision for Chinese income tax raised in prior years on China subsidiary profits	-	1,131,206	-	-
Write-off of unrealisable stock at 31 December 2005	-	(879,894)	-	-
Write-back of realisable stock at 30 June 2006 due to acquisition of reprocessing facilities	-	879,894	-	-

(c) Gains/(Losses) on disposal of assets

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Property, plant and equipment	-	(10,166)	-	-
Available for sale financial assets	**775,580**	386,844	**775,580**	386,844
	775,580	376,678	**775,580**	386,844

Notes to the Financial Statements

For the Year Ended 30 June 2007

Continued

5 Dividends

Dividends and distributions paid table

Distributions paid

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Final unfranked dividend of 10c per share	**5,832,211**	5,808,954	**5,832,211**	5,808,954
Total	**5,832,211**	5,808,954	**5,832,211**	5,808,954

Proposed dividends

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Proposed final unfranked ordinary dividend of 20 cents (2006: 10 cents) per share	**12,086,922**	5,832,211	**12,086,922**	5,832,211
Total	**12,086,922**	5,832,211	**12,086,922**	5,832,211

The dividends will be paid from Astron Limited's conduit foreign income account 12 December 2007.

6 Income Tax Expense

(a) The components of tax expense comprise:

	Note	Consolidated		Parent	
		2007 $	2006 $	2007 $	2006 $
Current		**1,901,764**	1,174,435	-	-
Overprovision for income tax in prior year		-	(1,131,206)	-	-
Recognition of deferred tax liability		**214,041**	-	-	-
Deferred tax		**350,759**	(1,080,000)	**350,759**	(1,080,000)
		2,466,564	(1,036,771)	**350,759**	(1,080,000)

6 Income Tax Expense Continued

(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows:

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2006: 30%)				
- consolidated entity	**4,169,516**	5,865,616	**-**	-
- parent entity	**-**	-	**3,321,270**	5,729,626
	4,169,516	5,865,616	**3,321,270**	5,729,626
Add/(Less):				
Tax effect of:				
- tax losses not brought to account as an asset	**422,196**	121,966	**422,196**	121,966
- Reversal of tax losses/ (tax losses) brought to account	**249,595**	(1,080,000)	**249,595**	(1,080,000)
- items not assessable for tax purposes	**(2,164,141)**	(4,813,147)	**(3,642,302)**	(5,851,592)
- difference in overseas tax rates	**(424,643)**	-	**-**	-
- over provision for income tax in prior year	**-**	(1,131,206)	**-**	-
- under provision for deferred tax liability prior year	**214,041**	-	**-**	-
Income tax attributable to entity	**2,466,564**	(1,036,771)	**350,759**	(1,080,000)
The applicable weighted average effective tax rates are as follows:	**18%**	(5)%	**3%**	(5)%

The increase in the weighted average effective consolidated tax rate for 2007 is a result of an increase in the underlying tax rate applicable in China for Astron Chemical Co Limited.

Notes to the Financial Statements

Continued

For the Year Ended 30 June 2007

6 Income Tax Expense

(c) Income Tax Rates

Australia:

In accordance with the Australian Income Tax Act, Astron Limited and its 100% owned Australian subsidiaries will form a tax consolidated group, no tax funding or sharing agreements have been entered into at this stage and no equity entries have arisen at this stage as a result of this as the Australian group is in a carried forward loss position. Australia has a double tax agreement with China and there are currently no impediments to repatriating profits from China to Australia. Dividends paid to Astron Limited during 2007 from Chinese subsidiaries are non assessable under current Australian Income Tax Legislation. The Directors have been advised that dividends declared by Astron Limited (received from Chinese subsidiaries) and paid to non residents will not be subject to Australian withholding tax.

China:

Astron Limited's subsidiaries manufacture in China and are subject to Chinese income tax laws. A number of tax concessions are currently available including:

- No tax for the first 5 years of new subsidiaries operations
- High technology concessions reducing the tax rate by 50%
- Other significant concessions including for Profit reinvestment

Chinese taxation obligations have been fully complied with, confirmed by regular audits completed by the Chinese tax authorities.

(d) Items not chargeable or not deductible for tax purposes

Items not chargeable or deductible for tax purposes for the group principally represent profits derived in China which receive a number of tax concessions (such as accelerated depreciation allowances) and are not required to be assessed at the Australian Corporate Income Tax rate of 30%. With respect to the parent entity, items not chargeable or deductible for tax purposes relate to non-deductible items and non assessable dividends received from Chinese subsidiaries.

7 Earnings per Share

(a) Reconciliation of Earnings used in the calculation of earnings per share to Profit or Loss

	Consolidated	
	2007	2006
	$	$
Profit	**11,431,821**	20,588,824
Earnings used to calculate basic EPS	**11,431,821**	20,588,824
Earnings used in calculation of dilutive EPS	**11,431,821**	20,588,824

(b) Weighted average number of ordinary shares (diluted):

	Consolidated	
	2007	2006
Weighted average number of ordinary shares outstanding during the year No.used in calculating basic EPS	**59,575,802**	58,322,117
Ordinary shares allocated as part of equity settled compensation	-	150,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**59,575,802**	58,472,117

(c) Dilutive Shares

In accordance AASB 133 shares allocated for the settlement of bonuses accrued in the year ended 30 June 2005 are considered dilutive. These shares were issued under escrow in 2006 and released post year end.

8 Key Management Personnel Disclosures

(a) Key Management Personnel

Names and positions held of group key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr Gerard King	Chairman-Non executive
Mr Alexander Brown	Managing Director
Mr Robert Flew	Director-Non executive
Mr Ronald McCullough	Director-Non executive
Mdm Kang Rong	Vice General Manager
Mr Alan Guy	Vice General Manager-Business Development
Mr Kim Hodierne	International Sales Manager
Mr Robert Willerton	Project Manager
Mr Arno Kruger	Donald Mine Development Manager
Mr Desmond Tan	Financial Controller

8 Key Management Personnel Disclosures (cont'd)

(b) Compensation Practices

The remuneration policy of Astron Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The board of Astron Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount or remuneration for the board members and senior executives of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee and approved by the board after seeking professional advice from an independent external consultant.

- All executives receive a base salary (which is based on factors such as length of service and experience), other statutory benefits and performance incentives.

- The remuneration committee reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

From time to time shares are issued to executives to reflect achievements of performance criteria. There are presently no option based schemes in place.

Where payable the executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. The board policy is to remunerate non executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non executive directors are not linked to the performance of the Group. However, to align directors interests with shareholder interests, the directors are encouraged to hold shares in the Group.

Notes to the Financial Statements

Continued

For the Year Ended 30 June 2007

8 Key Management Personnel Disclosures (cont'd)

As part of each executive director and executives remuneration package there is a performance based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with directors/executives to ensure buy in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas the board believes hold greater potential for group expansion and profit, covering financial and non financial as well as short and long term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes and their efficiency is assessed in relation to the groups goals and shareholder wealth, before the KPIs are set for the following year. In determining whether or not a KPI has been achieved, Astron Limited bases the assessment on audited figures, however, where the KPI involves comparison of the group or a division within the group to the market, independent reports are obtained from organisations such as Standard & Poors.

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by implementing performance based bonuses based on key performance indicators to encourage the alignment of personal and shareholder interests. The Group believes this policy to have been effective in increasing shareholder wealth over the past five years.

8 Key Management Personnel Disclosures (cont'd)

(c) Key Management Personnel Compensation

2007	Short-term benefits			Post employment benefits		Share-based payments	Total
	Cash-salary-commissions	Cash Bonus *	Non-cash Benefits	Super-annuation	Long Term	Equity	
	$	$	$	$	$	$	$
Mr Gerard King	75,000	-	-	-	-	-	75,000
Mr Alexander Brown	244,845	244,845	-	-	-	-	489,690
Mr Robert Flew	50,000	-	-	-	-	-	50,000
Mr Ron McCullough	96,000	-	-	-	-	-	96,000
Mdm Kang Rong	163,230	163,230	-	-	-	-	326,460
Mr Alan Guy	210,805	-	11,753	-	-	-	222,558
Mr Kim Hodierne	184,569	-	-	-	-	-	184,569
Mr Robert Willerton	122,393	-	11,753	-	-	-	134,146
Mr Arno Kruger	135,945	-	-	11,207	-	-	147,152
Mr Desmond Tan	111,126	-	3,918	-	-	-	115,044
	1,393,913	408,075	27,424	11,207	-	-	1,840,619

* The grant date of the cash bonus was 30 June 2007 and no performance or service criteria are attached to this cash bonus. The cash bonuses were paid based on the performance of the company for the current year.

Notes to the Financial Statements

Continued

For the Year Ended 30 June 2007

8 Key Management Personnel Disclosures (cont'd)

(c) Key Management Personnel Compensation

2006	Short-term benefits			Post employment benefits	Share-based payments	Total
	Cash, salary & commissions	Cash Bonus	Non-cash Benefits	Super-annuation	Equity #	
	$	$	$	$	$	$
Mr Gerard King	67,500	-	-	-	-	67,500
Mr Alexander Brown	249,002	249,002	-	-	-	498,004
Mr Robert Flew	46,670	-	-	-	-	46,670
Mr Ron McCullough	38,000	-	-	-	-	38,000
Mdm Kang Rong	164,341	166,001	-	-	-	330,342
Mr Alan Guy	194,453	-	29,050	-	-	223,503
Mr Kim Hodierne	189,167	-	-	-	-	189,167
Mr Robert Willerton	112,325	6,686	29,050	-	-	148,061
Mr Arno Kruger	115,000	-	-	10,350	-	125,350
Mr Desmond Tan	62,268	-	996	-	-	63,264
	1,238,726	421,689	59,096	10,350	-	1,729,861

8 Key Management Personnel Disclosures (cont'd)

(d) Shareholdings

Relevant Interest in Shares held by Key Management Personnel

2007	Balance 1/07/2006	Received as Remuneration	Net Change Other*	Balance 30/06/2007
Key Management Personnel				
Mr Gerard King	922,382	-	165,868	1,088,250
Mr Alexander Brown	39,811,648	-	1,604,541	41,416,189
Mr Robert Flew	167,953	-	2,621	170,574
Mr Alan Guy	-	-	207,423	207,423
	40,901,983	-	1,980,453	42,882,436

* Net change other refers to shares purchased or sold during the financial year.

Note: In accordance with the provisions of the Corporations Act Mdm. Kang Rong has a deemed interest in shares shown for Mr. Alexander Brown.

2006	Balance 01/07/2005	Received as Remuneration	Net Change Other	Balance 30/06/2006
Key Management Personnel				
Mr Gerard King	942,856	-	(20,474)	922,382
Mr Alexander Brown	39,811,648	-	-	39,811,648
Mr Robert Flew	163,690	-	4,263	167,953
Total	40,918,194	-	(16,211)	40,901,983

(e) Loans from Key Management Personnel

The parent entity, Astron Limited has received an interest free loan from a Director related entity Firback Finance Limited of $2,508,244 (2006 $2,331,788). The loan is interest free, unsecured and repayable at call.

(f) Employment contracts of directors and senior executives

The employment conditions of the managing director, Mr Alexander Brown, the managing director and specified executives are documented in contracts or letters of engagement. Other than the managing director, all executives are permanent employees of Astron Group. Mr Alexander Brown is employed under a contract, which ensures his continuing availability to the company.

All employment contract arrangements are being reviewed by external consultants for consistency and appropriateness to Astron's needs.

9 Related party transactions

(a) Interest free loans

Loans

(i) The parent entity, Astron Limited has received interest free loans from subsidiaries. The loans are interest free, unsecured and repayable at call.

- Astron New Materials Co Ltd $2,474,042 (2006 $2,474,042)
- Bradford Metal Industries Limited $2,209,500 (2006 $2,568,150)
- Dickson & Johnson Pty Ltd $2,267,946 (2006 $2,267,946)
- Shenyang Astron Mining Industry Limited $Nil (2006 $3,522,969)
- Zirtanium Pty Ltd $26,824 (2006 $Nil)

The parent entity, Astron Limited has provided interest free loans to subsidiaries. The loans are interest free, unsecured and repayable at call.

- Astron Chemical Co Limited $10,505,120 (2006 $6,104,340)
- Donald Mineral Sands Pty Ltd $4,540,264 (2006 $2,788,221)

(ii) The group has provided interest free loans to Carnegie Minerals (Gambia) Limited of which the Group has a 50% ownership. The loan relates to the funding of the Gambian mining venture which is to be repaid through the mineral offtake agreement. At year end the balance is $3,298,341 (2006 $2,708,141).

(b) Management services provided

Administrative services are provided at no cost to subsidiaries.

(c) Consultant services

A member of the public company's Board of Directors, serves as a consultant to the public company on the Donald Mineral Sands Pty Ltd project. Fees paid to his firm for these services were $ 46,000 for the year ended 30 June 2007 (2006 $42,000).

(d) Dividends

During the year the parent entity, Astron Limited received dividends from subsidiaries as follows Astron Chemical Co Limited of $636,597 (2006 $19,737,444) and Shenyang Astron Mining Co Ltd $11,874,335 (2006 $Nil).

10 Cash Assets

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Cash on hand	**27,363**	195,970	**-**	-
Bank balances	**5,319,945**	20,474,525	**306,446**	297,997
Short-term deposits	**4,436,927**	113,480	**-**	-
	9,784,235	20,783,975	**306,446**	297,997

11 Trade and Other Receivables

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$	$	$	$
CURRENT					
Trade receivables		**18,665,848**	12,133,002	**-**	-
Provision for doubtful debts		**(350,134)**	(306,946)	**-**	-
		18,315,714	11,826,056	**-**	-
Drafts and other receivables	11(a)	**8,065,383**	6,920,266	**262,043**	83,172
Amounts receivable from:					
- wholly-owned subsidiaries	9(a)	**-**	-	**16,346,271**	10,193,448
- provision for impairment of receivable from wholly-owned subsidiaries		**-**	-	**(1,300,887)**	(1,300,887)
- other related parties	9(a)	**3,298,341**	2,708,141	**-**	-
		29,679,438	21,454,463	**15,307,427**	8,975,733

(a) Drafts receivable

Drafts receivable represent bank guarantees on behalf of Trade and Other Debtors with current maturity dates. Settlement through bank draft is common trading practise in China.

12 Inventories

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Raw materials and stores	**19,456,001**	3,045,365	-	-
Work in progress	**8,681**	291,212	-	-
Finished goods	**16,223,908**	22,673,337	-	-
Stock in transit	**14,218,395**	2,632,788	-	-
Production supplies	**34,144**	-	-	-
Total	**49,941,129**	28,642,702	-	-
The carrying amount of inventories stated at net realisable value	-	-	-	-

13 Investments in Joint Venture Entity

(a) Interest in Joint Venture Entity

The consolidated entity has a 50% interest Carnegie Minerals (Gambia) Limited incorporated to commence mining activities in The Gambia. (Note that at 30 June 2006 the equity had not been issued and therefore no equity accounting has taken place).

Astron Limited has an obligation to fund the development and operating costs of the mine by way of loans (Refer Note 9(a) for further details). The loans will be repaid as first priority on revenues. Astron Limited will purchase all product on commercial terms and will receive 50% of the net profit.

The expenditure incurred in 2007 has been capitalised as exploration and evaluation expenses in accordance with the Group accounting policy at Note 1 (Refer Note 19 for further details).

Capital expenditure commitments are currently estimated at $310,000 (Refer Note 28(c) for further Details).

13 Investments in associates (cont' d)

(b) Investments in Joint Venture Entity

Name	Principal Activities	Country	Reporting Date	Ownership 2007	Ownership 2006
Carnegie Minerals (Gambia) Limited	Mining mineral sands	The Gambia	31 December	**50.00**	50.00

	Revenues (100%) $	Profit / (loss) (100%) $	Share of associates net profit/(loss) recognised $	Total Assets (100%) $	Total Liabilities (100%) $	Net assets as reported by associates (100%) $	Share of associate's net assets equity accounted $
2007							
Carnegie Minerals (Gambia) Limited	1,269,056	55,702	27,851	4,570,488	2,083,877	2,486,612	1,243,306
Total	1,269,056	55,702	27,851	4,570,488	2,083,877	2,486,612	1,243,306
2006							
Carnegie Minerals (Gambia) Limited	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

(c) Carrying amount of investment in joint venture entity:

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Opening balance	-	-	-	-
- share of joint venture's profit after income tax	27,851	-	-	-
- injection by Joint venture entity partner	1,216,859	-	-	-
- additional investments made during the year	927,020	-	-	-
Closing balance	2,171,730	-	-	-

14 Joint Ventures

Interest in Joint Venture Operations:

The Senegal Joint Venture's principal activity is the exploration and evaluation of mineral sands in Senegal. The following amounts have been recognised in the consolidated balance sheet relating to assets and liabilities of the Senegal Joint Venture:

	Consolidated		Parent	
	2007	2006	2007	2006
Balance Sheet	$	$	$	$
Current Assets				
Cash	**160,229**	81,557	-	-
Receivables	-	585	-	-
Total Current Assets	**160,229**	82,142	-	-
Non-current Assets				
Property, plant and equipment	**17,437**	28,120	-	-
Exploration, evaluation and development costs	**603,968**	-	-	-
Total Non-Current Assets	**621,405**	28,120	-	-
Total Assets	**781,634**	110,262	-	-
Current Liabilities				
Payables	**11,903**	19,107	-	-
Total Current Liabilities	**11,903**	19,107	-	-
Net Assets	**769,731**	91,155	-	-
Income Statement				
Profit before income tax	-	-	-	-
Income tax expenses	-	-	-	-
Profit after income tax	-	-	-	-

At 30 June 2007 there were no impairment losses.

15 Available-For-Sale Financial Assets

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Current listed investments, at fair value				
shares in listed corporations	**6,199,305**	8,250,000	**6,199,305**	8,250,000
	6,199,305	8,250,000	**6,199,305**	8,250,000
Total available-for-sale financial assets	**6,199,305**	8,250,000	**6,199,305**	8,250,000

Available-for-sale financial assets comprise of investment in the ordinary issued capital of Bemax Resources Limited. There are no fixed returns or fixed maturity date attached to these investments.

There would be no capital gains tax payable if these assets were sold at their market values at the reporting date due to capital losses carried forward.

Notes to the Financial Statements

For the Year Ended 30 June 2007

16 Other Financial Assets

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$	$	$	$
Shares in subsidiaries - unlisted		-	-	38,577,364	39,822,895
Non Current listed investments, at cost					
Subtotal		-	-	38,577,364	39,822,895
Less: impairment provision		-	-	(713,211)	(713,211)
Subtotal		-	-	(713,211)	(713,211)
Total		-	-	**37,864,153**	**39,109,684**

Notes to the Financial Statements

For the Year Ended 30 June 2007

17 Subsidiaries

Name	Country of incorporation	Percentage Owned Ordinary Shares 2007	Percentage Owned Ordinary Shares 2006
Parent Entity:			
Astron Limited	Australia		
Subsidiaries of parent entity:			
Astron Advanced Materials Limited	China	**100**	100
Astron Advanced Materials Limited	UK	**100**	100
Astron New Materials Co Ltd	China	**100**	100
Astron Chemical Co Limited	China	**100**	100
Astron Titanium (Yingkou) Co Ltd	China	**100**	100
Bradford Metal Industries Limited	BVI	**100**	100
Dalian Bradford Limited	China	**100**	100
Dickson & Johnson Pty Limited	Australia	**100**	100
Donald Mineral Sands Pty Ltd	Australia	**100**	100
Shenyang Astron Mining Industry Limited	China	**-**	100
Sovereign Gold NK	Australia	**100**	100
Tai Cang Astron Mining Products Co Ltd	China	**100**	100
Yingkou Astron Mineral Resources Co Ltd	China	**100**	-
Zibo Astron Advanced Materials Co Limited	China	**100**	100
Zirtanium Pty Limited	Australia	**100**	100

(a) Equity

The proportion of ownership interest is equal to the proportion of voting power held.

(b) Acquisition of Subsidiaries

On 31 December 2007 Astron Limited incorporated Yingkou Astron Mineral Resources Co Ltd with initial capital of $625,326.

The subsidiary was incorporated to undertake business in China. At the date of incorporation the company had no assets and therefore no fair values were assigned as part of the acquisition process.

Notes to the Financial Statements

Continued

For the Year Ended 30 June 2007

18 Property Plant and Equipment

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
LAND AND BUILDINGS				
Freehold land				
At cost	**534,870**	356,676	**-**	-
Total freehold land	**534,870**	356,676	**-**	-
Leasehold land				
At cost	**2,626,572**	1,433,400	**-**	-
Less accumulated depreciation	**(159,365)**	(74,179)	**-**	-
Total leasehold land	**2,467,207**	1,359,221	**-**	-
Leasehold buildings				
At cost	**9,430,696**	8,976,112	**-**	-
Less accumulated depreciation	**(1,113,671)**	(879,820)	**-**	-
Total buildings	**8,317,025**	8,096,292	**-**	-
Total land and buildings	**11,319,102**	9,812,189	**-**	-
PLANT AND EQUIPMENT				
Capital works in progress				
At cost	**480,858**	1,747,380	**-**	-
Total capital works in progress	**480,858**	1,747,380	**-**	-
Plant and equipment				
At cost	**16,057,300**	15,086,138	**2,023**	2,023
Less accumulated depreciation	**(6,124,342)**	(5,556,802)	**(1,987)**	(1,180)
Total plant and equipment	**9,932,958**	9,529,336	**36**	843
Total plant and equipment	**10,413,816**	11,276,716	**36**	843
Total property, plant and equipment	**21,732,918**	21,088,905	**36**	843

Notes to the Financial Statements

For the Year Ended 30 June 2007

18 Property Plant and Equipment (cont' d)

(a) Assets pledged as security

The Leasehold Land and buildings are assets over which first mortgages have been granted as security over bank loans (Refer note 22). The terms of the first mortgages preclude the assets from being sold or being used as security for further mortgages without the permission of the first mortgage holder.

(b) Capital works in progress

Capital works in progress are not ready for use and not yet being depreciated.

(c) Movements in Carrying Amounts

Parent 2007

	Plant and Equipment $	Total $
Balance at the beginning of year	843	843
Depreciation expense	(807)	(807)
Carrying amount at the end of year	36	36

Parent 2006

	Plant and Equipment $	Total $
Balance at the beginning of year	69,182	69,182
Joint venture movements	(67,330)	(67,330)
Depreciation expense	(1,009)	(1,009)
Total	843	843

18 Property Plant and Equipment (cont' d)

(c) Movements in Carrying Amounts

Consolidated 2007

	Capital Works in Progress $	Land & leasehold land $	Buildings on leasehold land $	Plant and Equipment $	Total $
Balance at the beginning of year	1,747,380	1,715,897	8,096,292	9,529,336	21,088,905
Additions	1,856,227	1,509,272	1,225,663	3,153,506	7,744,668
Transfers	(2,954,634)	-	-	-	(2,954,634)
Depreciation expense	-	(92,322)	(318,498)	(1,653,448)	(2,064,268)
Foreign exchange movements	(168,115)	(130,771)	(686,432)	(1,096,435)	(2,081,753)
Carrying amount at the end of year	480,858	3,002,076	8,317,025	9,932,959	21,732,918

	Capital Works in Progress $	Land & leasehold land $	Buildings on leasehold land $	Plant and Equipment $	Total $
Consolidated 2006					
Balance at the beginning of year	705,828	1,038,893	4,065,894	9,054,314	14,864,929
Additions	4,955,910	614,928	3,908,966	1,279,293	10,759,097
Disposals	-	-	-	(10,166)	(10,166)
Transfers	(3,972,875)	-	-	-	(3,972,875)
Depreciation expense	-	(23,285)	(247,304)	(1,496,622)	(1,767,211)
Foreign exchange movements	58,517	85,361	368,736	702,517	1,215,131
Total	1,747,380	1,715,897	8,096,292	9,529,336	21,088,905

19 Intangible Assets

		Consolidated		Parent	
	Note	2007 $	2006 $	2007 $	2006 $
Deferred expenditure costs					
Cost	19(a)	**7,128,806**	1,560,411	**4,435,546**	1,560,411
Net carrying value		**7,128,806**	1,560,411	**4,435,546**	1,560,411
Exploration expenditure capitalised					
Exploration and evaluation phases	19(a)(c)	**17,491,236**	16,777,809	**-**	-
Net carrying value		**17,491,236**	16,777,809	**-**	-
Total Intangibles		**24,620,042**	18,338,220	**4,435,546**	1,560,411

(a) Intangible Assets

Movements during the year ended 30 June 2007 in Intangible Assets represent additions only. No amortisation has been brought to account. For capital expenditure commitments refer note 28(b).

(b) Deferred Expenditure Costs

These costs relate to the development of the mineral projects in China primarily represented by the TiO2 project.

(c) Exploration and Evaluation Expenditure

This expenditure relates to the Group's investment in the Donald Mineral Sands Project. The Group has complied with the conditions of the granting of EL4432 and EL4433 as at 30 June 2007. As such the Directors believe that the tenements are in good standing with the Department of Primary Industries in Victoria, who administers the Mineral Resources Development Act 1990.

19 Intangible Assets (cont' d)

(d) Reconciliation

	Parent	
	Development costs	Total
	$	$
Year ended 30 June 2006		
Opening balance	-	-
Additions	1,560,411	1,560,411
Balance at 30 June 2006	1,560,411	1,560,411
Year ended 30 June 2007		
Opening balance	**1,560,411**	**1,560,411**
Additions	**2,875,135**	**2,875,135**
Balance at 30 June 2007	**4,435,546**	**4,435,546**

	Consolidated		
	Exploration and Evaluation Phase	Development costs	Total
	$	$	$
Year ended 30 June 2006			
Opening balance	14,937,040	500,545	15,437,585
Additions	1,218,853	1,681,782	2,900,635
Balance at 30 June 2006	16,155,893	2,182,327	18,338,220
Year ended 30 June 2007			
Opening balance	**16,155,893**	**2,182,327**	**18,338,220**
Additions	**1,335,343**	**5,006,313**	**6,341,656**
Foreign exchange movements	**-**	**(59,834)**	**(59,834)**
Balance at 30 June 2007	**17,491,236**	**7,128,806**	**24,620,042**

(e) Finite lives

Intangible assets, other than goodwill have finite useful lives. To date no amortisation has been charges in respect of intangible assets due to the stage of development for each project.

20 Other Assets

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
NON-CURRENT				
Prepayments	-	310,919	-	-
	-	310,919	-	-

21 Trade and Other Payables

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
CURRENT				
Unsecured liabilities				
Trade payables	**26,573,904**	13,237,758	-	-
Other payables	**28,806,140**	5,045,475	**705,800**	519,192
Amount payable to:				
- wholly-owned subsidiaries	-	-	**6,978,312**	10,833,107
- other related parties	**2,508,244**	2,331,788	**2,508,244**	2,331,788
	31,888,288	20,615,021	**10,192,356**	13,684,087

Notes to the Financial Statements

Continued

For the Year Ended 30 June 2007

22 Borrowings

		Consolidated		Parent	
	Note	2007 $	2006 $	2007 $	2006 $
CURRENT					
Secured liabilities					
Bank loans	22(a)	**13,605,354**	3,477,163	-	-
		13,605,354	3,477,163	-	-

(a) Bank loans secured

The bank loans are secured by Leasehold Land & Buildings held by subsidiaries (Refer note 18(a)).

23 Provisions

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
NON-CURRENT				
Environmental rehabilitation	**40,000**	-	-	-
	40,000	-	-	-

Consolidated

	Environmental rehabilitation $	Total $
Opening balance at 1 July 2006	-	-
Additional provisions	40,000	40,000
Amounts used	-	-
Balance at 30 June 2007	40,000	40,000

Provision for Environmental Rehabilitation

The provision for rehabilitation represents the estimated costs to rehabilitate the Donald Minerals Sands evaluation excavation.

24 Tax

(a) Liabilities

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
CURRENT				
Current tax liability	**300,463**	74,211	**-**	-
NON-CURRENT				
Deferred tax liability comprises:				
Accelerated capital allowances for tax purposes	**347,319**	-	**-**	-
Fair value adjustment recognised in equity	**729,330**	1,080,000	**729,330**	1,080,000
	1,076,649	1,080,000	**729,330**	1,080,000

(b) Assets

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
NON-CURRENT				
Deferred tax assets comprise:				
Tax losses	**729,330**	1,080,000	**729,330**	1,080,000

(c) Deferred tax assets not brought to account

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(d) occur.

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
- temporary differences unrecognised (audit fee accrual)	**19,500**	19,500	**19,500**	19,500
- tax losses:				
- operating losses	**2,227,974**	1,772,094	**2,172,815**	1,772,094
- capital losses	**15,727,900**	15,927,530	**15,727,900**	15,927,530

Notes to the Financial Statements

Continued

For the Year Ended 30 June 2007

25 Issued Capital

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
60,434,610 (2006: 58,322,117) Fully Paid Ordinary 20cent Shares	**29,619,643**	24,279,368	**29,619,643**	24,279,368
Total	**29,619,643**	24,279,368	**29,619,643**	24,279,368

(a) Reconciliation of share movement

	Consolidated		Parent	
	2007	2006	2007	2006
	No.	No.	No.	No.
At the beginning of reporting period	**58,322,117**	57,647,424	**58,322,117**	57,647,424
Shares issued during the year				
- On 22 September 2005 shares issued in accordance with the shareholder Share Purchase Plan	-	442,112	-	442,112
- On 12 December 2005 and 2006 shares issued in accordance with the Dividend reinvestment plan	**1,905,070**	232,581	**1,905,070**	232,581
- On 19 July 2006 bonus shares issued	**207,423**	-	**207,423**	-
At reporting date	**60,434,610**	58,322,117	**60,434,610**	58,322,117

(b) 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.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the Financial Statements

For the Year Ended 30 June 2007

26 Reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

(b) Available for sale investments assets reserve

The financial assets reserve records revaluations of financial assets.

(c) Reconciliation of Reserves

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Foreign currency translation reserve				
As at beginning of period	**672,745**	(3,180,260)	-	-
Exchange differences on translation of foreign operations	**(8,093,930)**	3,853,005	-	-
	(7,421,185)	672,745	-	-
Share of contributions by other Joint Venture party in investments accounted for using the equity method	**1,216,859**	-	-	-
Reserves				
Foreign currency translation reserve	**(7,421,185)**	672,745	-	-
Revaluation reserve	**1,216,859**	-	-	-
Total	**(6,204,326)**	672,745	-	-
Available for sale financial assets reserve				
As at beginning of period	**2,520,000**	-	**2,520,000**	-
Transitional adjustment with respect to available for sale financial assets at 1 July 2005	-	451,500	-	451,500
(Loss)/Gains on available for sale financial assets	**(42,650)**	2,455,344	**(42,650)**	2,455,344
Gain on disposal of available for sale financial assets credited to Income Statement	**(775,580)**	(386,844)	**(775,580)**	(386,844)
Total	**1,701,770**	2,520,000	**1,701,770**	2,520,000

27 Auditors' Remuneration

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
- Auditing or reviewing the financial report - 2005	-	21,260	-	21,260
- Auditing or reviewing the financial report - 2006/7	**194,140**	125,820	**194,140**	116,730
Other services				
- Taxation services	**11,800**	10,150	**11,800**	10,150
- AIFRS Implementation advice	-	15,755	-	15,755
- Due Diligence assistance	**26,598**	-	**26,598**	-
- Other services	**2,830**	1,937	**2,830**	1,937

28 Capital and Leasing Commitments

(a) Operating Lease Commitments

Non cancellable operating leases contracted for but not capitalised in the financial statements

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Payable - minimum lease payments				
- not later than 12 months	**51,040**	51,103	-	-
- between 12 months and 5 years	**29,122**	21,298	-	-
	80,162	72,401	-	-

28 Capital and Leasing Commitments (cont' d)

(b) Capital Expenditure Commitments

Capital expenditure commitments contracted for:				
Carnegie Minerals (Gambia) Limited	**-**	2,200,000	-	-
TiO2 Designs	**577,852**	2,550,000	-	-
Chinese capital projects	**13,777,950**	-	-	-
Donald Mineral Sands	**170,933**	113,480	-	-
	14,526,735	4,863,480	-	-
Payable:				
- not later than 12 months	**14,526,735**	4,863,480	-	-
	14,526,735	4,863,480	-	-

(c) Joint Ventures capital commitments from interest in Joint Venture

Capital commitments contracted for arising from interest in joint venture:				
Carnegie Astron Joint Venture	**310,000**	1,500,000	-	-
	310,000	1,500,000	-	-
Payable:				
- not later than 12 months	**310,000**	1,000,000	-	-
- between 12 months and 5 years	**-**	500,000	-	-
	310,000	1,500,000	-	-

Notes to the Financial Statements

Continued

For the Year Ended 30 June 2007

29 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

	Consolidated		Parent	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Net income for the period	**11,431,821**	20,588,826	**10,720,142**	20,178,754
Non-cash flows in profit from ordinary activities				
Depreciation	**2,064,268**	1,767,211	**807**	1,009
Net foreign currency (gain)/loss	**-**	973	**450,540**	108,465
Net (gain)/loss on disposal of available for sale assets	**(775,580)**	(386,844)	**(775,580)**	(386,844)
Net (gain)/loss on disposal of plant and equipment	**-**	10,166	**-**	-
Dividends received	**-**	-	**(9,952,243)**	-
changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and other receivables	**(7,528,491)**	(37,206)	**(178,869)**	374,438
(Increase)/decrease in inventories	**(24,594,683)**	(653,280)	**-**	7,153
Increase/(decrease) in trade payables and accruals	**11,968,794**	(3,386,637)	**985,261**	7,692
Increase/(decrease) in income taxes payable	**245,885**	(1,846,042)	**-**	-
(Increase)/decrease in deferred tax assets	**350,670**	(1,080,000)	**350,670**	(1,080,000)
Increase/(decrease) in deferred tax liabilities	**365,761**	-	**-**	-
	(6,471,555)	14,977,167	**1,600,728**	19,210,667

29 Cash Flow Information (cont'd)

(b) Reconciliation of cash

		Consolidated		Parent	
	Note	2007 $	2006 $	2007 $	2006 $
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:					
Cash on hand		**27,363**	195,970	-	-
Bank balances		**5,319,945**	20,474,525	**306,446**	297,997
Short-term deposits	29(g)	**4,436,927**	113,480	-	-
		9,784,235	20,783,975	**306,446**	297,997

(c) Acquisition of Entities

During the year the company incorporated a new subsidiaries being Yingkou Astron Mineral Resources Co Ltd for cash only consideration of $625,326.

(d) Disposal of Entities

During the year a there were no disposals of subsidiaries however Shenyang Astron Mining Co Limited was wound up.

(e) Credit Standby Arrangements with Banks

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Credit facility	**83,051,120**	33,302,849	-	-
Amount utilised	**(32,564,942)**	(12,256,343)	-	-
	50,486,178	21,046,506	-	-

Unused facilities at balance date include Letter of Credit Facilities and Bank Loans approved and available to Chinese subsidiaries through Chinese banks.

Notes to the Financial Statements

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For the Year Ended 30 June 2007

29 Cash Flow Information (cont' d)

(f) Loan Facilities

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Loan facilities	**18,348,726**	4,109,040	-	-
Amount utilised	**(13,605,354)**	(3,477,163)	-	-
	4,743,372	631,877	-	-

The major facilities are summarised as follows:

Unused facilities at balance date include Letter of Credit Facilities and Bank Loans approved and available to Chinese subsidiaries through Chinese banks.

(g) Restrictions on Cash

The Short-term deposits represent Bank Guarantees for the loans and letters of credit provided to the Chinese entities and for operations of the Donald Mineral Sands project.

30 Financial Instruments

(a) Fair Value

The fair values of:

* Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.

* Listed investments have been valued at the quoted market bid price at balance date. For unlisted investments where there is no organised financial market the fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

* Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.

* Other assets and other liabilities approximate their carrying value.

At 30 June 2007 the aggregate fair values and carrying amounts of financial assets and financial liabilities approximate their carrying amounts.

(b) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and bank loans.

The main purpose for non derivative financial instruments is to raise finance for group operations.

The Group does not have any derivative financial instruments at 30 June 2007.

(i) Treasury Risk Management

The Board of Directors meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks the Group is exposed to through it's financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

Interest rate risk is currently managed through the use of short term borrowings.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. The Group manages this risk through the offset of Trade receivables and payables where the majority of trading is undertaken in either the USD or Chinese Renminbi which are pegged to the USD.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

30 Financial Instruments (cont' d)

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the group.

Price risk

The Group is exposed to commodity price risk. The Group seeks to minimize the risk by agreement to longer term purchase contracts. The Group is also exposed to price risk on available for sale investments being recorded at fair value. The Group's management and Board of Directors regularly review the fair value however the group does not have a risk management policy for price risk resulting from these investments because fair value movements are not considered material to the Group.

(c) Interest Rate Risk

The consolidated group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

30 Financial Instruments (cont' d)

(c) Interest Rate Risk continued

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year	
	2007	2006	2007	2006	2007	2006
	%	%	$	$	$	$
Financial Assets:						
Cash and cash equivalents	**2.75**	2.52	**5,319,945**	20,474,525	**4,436,927**	113,480
Receivables	-	-	-	-	-	-
Available for sale investments	-	-	-	-	-	-
Total Financial Assets			**5,319,945**	20,474,525	**4,436,927**	113,480
Financial Liabilities:						
Bank loans and overdrafts	**6.12**	7.13	**13,605,354**	3,477,163	-	-
Trade and sundry payables	-	-	-	-	-	-
Amounts payable to related parties	-	-	-	-	-	-
Total Financial Liabilities			**13,605,354**	3,477,163	-	-

	Non-interest Bearing		Total	
	2007	2006	2007	2006
	$	$	$	$
Financial Assets:				
Cash and cash equivalents	**27,363**	195,970	**9,784,235**	20,783,975
Receivables	**29,679,438**	21,454,460	**29,679,438**	21,454,460
Available for sale investments	**6,199,305**	8,250,000	**6,199,305**	8,250,000
Total Financial Assets	**35,906,106**	29,900,430	**45,662,978**	50,488,435
Financial Liabilities:				
Bank loans and overdrafts	-	-	**13,605,354**	3,477,163
Trade and sundry payables	**29,380,044**	18,283,233	**29,380,044**	18,283,233
Amounts payable to related parties	**2,508,244**	2,331,788	**2,508,244**	2,331,788
Total Financial Liabilities	**31,888,288**	20,615,021	**45,493,642**	24,092,184

31 Economic Dependency

The Group conducts its business with a significant number of customers and suppliers ensuring the Group is not dependent on any customer or supplier.

32 Employee Benefit Obligations

At 30 June 2007, the majority of employees are employed in China. It is not normal business practice to remunerate employees in China with employee benefits including superannuation. Any Chinese provisions for employee entitlements at year end would be insignificant.

33 Subsequent events

Further to the announcement of 29 August 2007 Astron Limited has entered into an agreement to sell its China based zircon materials business to Imerys providing significant funding for Astron's forward strategies encompassing both mineral sands mining and processing and the downstream production of chemicals and metals.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or my significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

34 Company Details

(a) Registered office

The registered office of the public company is:
Astron Limited
C/ BDO KENDALLS
Level 19, 2 Market Street
Sydney NSW 2000

(b) Principal place of business

The principal place of business is:
Level 12, Royal International Building
19-1-12, Wenyi Road, Shenhe Dt
Shenyang China 110016

35 Segment Reporting

(a) Operations in one segment only

The Group operates predominately in one business and geographical segment being chemical manufacturing and mineral processing and trading in China.

35 Segment Reporting (cont'd)

(b) Primary reporting-Business segments

	Chemical Manufacturing and Mineral Processing		Unallocated (Deferred, evaluation and exploration expenditure)		Consolidated	
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $
REVENUE						
Revenue from external customers:						
Sales	**181,602,409**	150,731,069	-	-	**181,602,409**	150,731,069
Other revenue	**142,755**	431,604	-	-	**142,755**	431,604
Other income	**2,273,532**	782,894	-	-	**2,273,532**	782,894
Total revenue from external customers	**184,018,696**	151,945,567	-	-	**184,018,696**	151,945,567
Total revenue	**184,018,696**	151,945,567	-	-	**184,018,696**	151,945,567
RESULT						
Segment results	**15,092,376**	19,552,053	-	-	**15,092,376**	19,552,053
Segment results					-	-
Borrowing Costs	**(1,221,842)**	-	-	-	**(1,221,842)**	-
Income/loss from associates	**27,851**	-	-	-	**27,851**	-
	(1,193,991)	-	-	-	**(1,193,991)**	-
Income tax expense	**(2,466,564)**	1,036,771	-	-	**(2,466,564)**	1,036,771
Net profit for the year	**11,431,821**	20,588,824	-	-	**11,431,821**	20,588,824
ASSETS						
Segment assets	**120,238,085**	101,500,698	**24,620,042**	18,448,482	**144,858,857**	$119,949,180
Total assets	**120,238,085**	101,500,698	**24,620,042**	18,448,482	**161,014,020**	119,949,180
LIABILITIES						
Segment liabilities	**46,655,327**	25,246,395	**255,427**	-	**46,910,754**	25,246,395
Total liabilities	**46,655,327**	25,246,395	**255,427**	-	**46,910,754**	25,246,395

Notes to the Financial Statements

Continued

For the Year Ended 30 June 2007

35 Segment Reporting (cont'd)

(b) Primary reporting-Business segments Continued

	Chemical Manufacturing and Mineral Processing		Unallocated (Deferred, evaluation and exploration expenditure)		Consolidated	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**	**$**	**$**
OTHER						
Acquisition of non-current segment assets	**(4,236,938)**	(4,249,640)	**(5,831,822)**	(2,918,233)	**(10,068,760)**	(7,167,873)
Depreciation and amortisation of segment assets	**2,064,268**	1,767,211	**-**	-	**2,064,26**	1,767,211

Statement by Directors

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 62 to 101, are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company and the group;

2. The Chairman of Directors and the Chief Executive Officer have each declared that:

(a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

(b) the financial statements and notes for the financial year comply with the Accounting Standards; and

(c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Chairman of Directors ....

Chief Executive Officer ....

Dated: 29 October 2007

Independent Audit Report to the members of Astron Limited

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT

To the members of Astron Limited

We have audited the accompanying financial report of Astron Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' report. As permitted by the Corporations Regulations 2001, the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 Related Party Disclosures, under the heading "Remuneration Report" in pages 134 to 138 of the Directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report.

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

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

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

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

Independent Audit Report to the members of Astron Limited

BDO Kendalls

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Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was Made.

Auditor's Opinion on the Financial Report

In our opinion the financial report of Astron Limited is in accordance with the Corporations Act 2001, Including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors'Report
In our opinion the remuneration disclosures that are contained in pages 9 to 14 of the directors'report comply with Accounting Standard AASB 124.

BDO Kendalls

BDO Kendalls
Chartered Accountant

Wayne Basford
Partner

Sydney

Directors' Report

For the Year Ended 30 June 2007

Your directors present their report on the company and its subsidiaries for the financial year ended 30 June 2007.

1. General information

(a) Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Appointed/Resigned
Mr Gerard King	
Mr Alexander Brown	
Mr Robert Flew	
Mr Ronald McCullough	
Mdm Kang Rong	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

(b) Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Matthew Suttling, B.Ec CA was appointed Company Secretary of Astron Limited on 10 May 2004. He is a Chartered Accountant qualifying in 1996. His experience is broad based including clients ranging from multinationals to listed public companies, audit and other business financial and tax services. He is currently in Public Practice.

(c) Principal Activities

The principal activities of the Group during the financial year were:

- Zirconium and related chemical manufacturing

- Mineral sands processing and trading

There have been no significant changes in the nature of the Group's principal activities during the financial year.

2. Business review

(a) Operating Results

The consolidated profit of the Group after providing for income tax amounted to $ 11,431,821.

(b) Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

Ordinary dividend paid on 12 December 2006, as recommended in the 2006 Director's Report	$ 5,832,212
Ordinary dividend of $0.20 per share recommended by the Directors	$12,086,922

Directors' Report

For the Year Ended 30 June 2007

(c) Review of Operations

Revenue rose to $181.6 million from $150.7 million in 2006, up 20.5 per cent. Profit was $11.4 million, down from $20.6 million in 2006. As forecast the company again achieved new record revenues. These revenues reflected a strong performance for all divisions and in particular reflect a very strong growth in the sale of Titanium slag to Ti02 producers across China.

Net profit was lower than forecast reflecting:

* Softening of the zircon sand market in China resulting in lower margins from sale of zircon sand
* Lower margins from Traded Titanium products
* Strong increases in freight for export and domestic sales and increases in tonnages moved
  Increase in Chinese income tax rate applicable to Astron Chemical Co Ltd (principle trading entity)
  Consulting and advisory fees and other costs associated with proposed sale of four Chinese subsidiaries to Imerys.

The decrease in margins was due to difficulties in passing through raw material prices and the contribution of the TiO2 Slag business. Administrative expenses were controlled, however consulting and advisory fees had a negative impact on the results.

A dividend payment of 20 cents per share for the year will be made on the 12th of December 2007.

China's economy, once again provided a strong driving force for our business. Demand across most segments of the business, particularly manufactured products was strong. Sales volumes of manufactured fused and chemical products grew in line with China's ongoing demand growth.

Sales volumes of zircon flour increased which was very pleasing however margins continued to decline due to the Zircon sand price squeeze and ongoing changes to the market use such as the a decline of usage in TV glass applications offset by location of new markets.

Sales volumes of zircon sand increased due to our aggressive positioning in the market and our ability to acquire the Zircon. The continued influx of zircon concentrates (from smaller, mainly Indonesian producers), into the Chinese market placed significant price pressure on the margins achieved. This processing of concentrates changed the market dynamics from the end of 2006 and continued throughout the financial year.

As noted last year a significant development in 2006 was the market expansion of our partially stabilized zirconias, we are happy to report that volumes increased 200% and margins strengthened as we continue to develop our market share.

Through the audit process, the group brought to account adjustments to inventory valuations, the income tax provisions and foreign currency losses on group loans and as a result the profit of $11,431,821 has differed from that reported to the ASX on 31 August 2006 under listing rule 4. of $14,053,025.

Directors' Report

Continued

For the Year Ended 30 June 2007

3. Financial review

Financial Position

The net assets of the Group have increased to $97,947,373 an increase of $3,844,584 from 2006.

The net assets have been effected by:

- Profit from operating activities

- Dividends paid

- Currency translation from the Chinese Yuan Renminbi to the Australian Dollar

4. Other items

(a) Significant Changes in State of Affairs

No significant changes in the Group's state of affairs occurred during the financial year.

(b) After balance date events

Further to the announcement of 29 August 2007 Astron Limited has entered into a conditional agreement to sell its China based zircon materials business to Imerys providing significant funding for Astron's forward strategies encompassing both mineral sands mining and processing and the downstream production of chemicals and metals.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or my significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

(c) Future developments, Prospects and Business Strategies

Overall the quantity of zircon feedstock available to the business in 2007 was similar to 2006. The ongoing situation will be strengthened in 2008 due to our Gambia mining operation offtake and other ongoing supply contracts. The Donald project will provide further business expansion opportunities from 2009.

(d) Environmental Issues

The Group's principal operations are in China and are regulated by various laws in China. The Group continues to work closely with the local authorities to ensure high standards are maintained. In relation to the manufacturing processes in China, there were no exceptions noted by regular local government environmental testing and supervision.

The Group complied with all environmental regulations in relation to mining operations and there were no reportable environmental matters from the Gambian or Australian operations.

(e) Auditors Independence Declaration

The lead auditors independence declaration for the year ended has been received and can be found on page 140 of the financial report.

(f) Non audit services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

* all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

* the nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

The following fees for non audit services were paid/payable to BDO Kendalls the external auditors during the year ended:

	2007	2006
	$	$
Accounting advice on AIFRS implementation	-	15,755
Assistance with due diligence reviews and other	26,598	-
Secretarial services	2,830	1,937
Tax compliance and advice	11,800	10,150
	41,228	27,842

5. Director Information

(a) Information on Directors

Mr Gerard King	Chairman (Non executive)
Qualifications	LLB
Experience	-Board Member since 5 November 1985 -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
Interest in Shares and Options	1,088,250 Ordinary shares
Special Responsibilities	Mr King is a member of the Audit & Risk Committee and Remuneration & Nomination Committee
Directorships held in other listed entities	Mr King is not currently a Director in another listed company.
Mr Alexander Brown	Managing Director (Executive)
Qualifications	B.AgSc
Experience	-Board Member since 4 February 1988 -Wide commercial experience of over 30 years in construction, mining and exploration including developing the Horshoe 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 17 years his activities have focused in building the Astron business in China.
Interest in Shares and Options	41,416,189 Ordinary shares
Special Responsibilities	Mr Brown is the Managing Director and responsible for the operations of the economic entity.
Directorships held in other listed entities	Mr Brown is not currently a Director in another listed company.

Directors' Report
For the Year Ended 30 June 2007

Mr Robert Flew	(Non executive)
Qualifications	B Ec (Hons)
Experience	-Board Member since 19 March 2004 -Mr Flew brings to Astron in excess of 36 years experience in the resources sector. Mr Flew's experience includes holding the positions of Company Secretary and Vice President Investor Relations of BHP, the Group General Manager of Corporate Development BHP Copper, Group General Manager of International BHP and Group General Manager of BHP's coal business in Queensland. He is widely experienced in global issues, in particular the requirements of customers, partners, governments, industry associations, corporate governance and shareholders. He has had hands on experience in working with large multinational projects in the areas of finance, general corporate administration, governance and shareholder interaction
Interest in Shares and options	170,574 Ordinary shares
Special Responsibilities	Mr Flew is a member of the Audit & Risk Committee and Remuneration & Nomination Committee.
Directorships held in other listed entities	Mr Flew is currently a Director of the following listed companies Perseverance Resources Corporation Ltd (since 2007) Geodynamics Limited (since 2002) Formerly a Director of the following listed companies Bass Strait Oil Co Limited (2002 2006) MPI Mines Limited (2004 2005) Leviathan Resources Ltd (2005 2006)

Directors' Report

Continued

For the Year Ended 30 June 2007

Mr Ronald McCullough	(Non executive)
Qualifications	M.B.A., B.E. (Hons), FAustIMM
Experience	-Appointed to the Board 21 August 2006 -Ronald Hugh McCullough is an Honours graduate in Engineering from the University of Western Australia. He also completed a Master of Business Administration at UWA. Subsequently, Ron has been involved in civil engineering design, and the construction of various major engineering works in Western Australia, including water supply dams, major water reticulation and suburban infrastructure projects. Ron has extensive mining experience, including bauxite and coal mining. Ron has investigated the development of a private power station and the exploitation of coal bed methane deposits in the Gunnedah basin on NSW. While involved with the Maitland Main Collieries, which held an Authorisation to develop a large coal deposit at Glennies Creek, near Singleton, in the Hunter Valley, NSW Ron managed all necessary environmental impact studies, authority compliance requirements, mine construction and operation feasibility studies and then obtained a mining lease for the deposit. Ron became involved in the sand mining industry in Western Australia with the development, in 1994, and management until 2005 of a silica sand mining and exporting operation at Albany in Western Australia, on behalf of Japanese corporations.
Interest in Shares and Options	Nil
Special Responsibilities	Mr McCullough is a member of the Audit & Risk Committee and Remuneration & Nomination Committee.
Directorships held in other listed entities	Mr McCullough is not currently a Director in another listed company.

Mdm Kang Rong	(Executive)
Qualifications	B.E.(Chem)
Experience	-Appointed to the Board 21 August 2006 -Mdm Kang Rong worked as a Chemical Production Engineer at Shenyang Chemical Company (a major Chinese company based in Shenyang (Liaoning Province). She then moved to Hainan Island China and worked in sales and administration for the Japanese trading co. Nissei, Ltd. -She joined Astron in 1995 as marketing manager of Shenyang Astron Mining Industry. Since then she has overseen Astron's China operations and global sales for over 11 years and has been largely responsible for the growth and development of the Company.
Interest in Shares and Options	In accordance with the provisions of the Corporations Act Mdm Kang Rong has a deemed interest in shares shown for Mr Alexander Brown
Special Responsibilities	As Vice General Manager she has been in charge of all Astron's China operations and global sales for over 10 years.
Directorships held in other entities listed	Mdm Kang Rong is not currently a Director in another listed company.

(b) Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

			Committee Meetings			
	Directors' Meetings		Audit & Risk Committee		Remuneration & Nominating Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Gerard King	8	7	3	3	2	2
Mr Alexander Brown	8	8	3	3	2	2
Mr Robert Flew	8	7	3	3	2	2
Mr Ronald McCullough	8	8	3	3	2	2
Mdm Kang Rong	8	7	3	2	2	1

6. Remuneration Report

(a) Remuneration Report

This report details the nature and amount of remuneration for each director of Astron Limited, and for the executives receiving the highest remuneration.

(b) Remuneration policy

The remuneration policy of Astron Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The board of Astron Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount or remuneration for the board members and senior executives of the Group is as follows:

-The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the remuneration committee and approved by the board after seeking professional advice from an independent external consultant; and

-All executives receive a base salary (which is based on factors such as length of service and experience), other statutory benefits and performance incentives.

-The remuneration committee reviews executive packages annually by reference to the group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

From time to time shares are issued to executives to reflect achievements of performance criteria. There are presently no option based schemes in place.

Where payable the executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive.

The board policy is to remunerate non executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non executive directors are not linked to the performance of the Group. However, to align directors interests with shareholder interests, the directors are encouraged to hold shares in the Group.

(c) Performance based remuneration

As part of each executive director and executives remuneration package there is a performance based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with directors/executives to ensure buy in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas the board believes hold greater potential for group expansion and profit, covering financial and non financial as well as short and long term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the groups goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Astron Limited bases the assessment on audited figures, however, where the KPI involves comparison of the group or a division within the group to the market, independent reports are obtained from organisations such as Standard & Poors.

Bonuses are set as a percentage of base remuneration and paid as 0% to 100% of base package.

(d) Company performance, shareholder wealth and directors and executives remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by implementing performance based bonuses based on key performance indicators to encourage the alignment of personal and shareholder interests. The Group believes this policy to have been effective in increasing shareholder wealth over the past five years.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. Analysis of the actual figures shows continued year on year revenue growth, strong profitability and continuance of the dividend policy. The board is of the opinion that these results demonstrate the statements made above.

	2003	2004	2005	2006	2007
	'000s	'000s	'000s	'000s	'000s
Revenue	81,451	104,719	140,325	150,731	181,602
Net Profit	6,240	15,151	26,052	20,589	11,432
Share Price at Year-end	0.65	2.68	3.00	3.10	2.63
Dividends Paid	0	0	0	5,809	5,832

Directors' Report

Continued

For the Year Ended 30 June 2007

(e) Details of remuneration for year ended 30 June 2007

The remuneration for each director and each of the five executive officers of the group receiving the highest remuneration during the year was as follows:

	Short-term benefits			Post employment benefits			
	Salary, Fees and Commissions	Cash Bonus	Non-Cash Benefits	Super-annuation Contribution	Long Term	Share-based payments Equity	Total
	$	$	$	$	$	$	$
Directors - 30 June 2007							
Mr Gerard King	75,000	-	-	-	-	-	75,000
Mr Alexander Brown ^	244,845	244,845	-	-	-	-	489,690
Mr Robert Flew	50,000	-	-	-	-	-	50,000
Mr Ronald McCullough	96,000	-	-	-	-	-	96,000
Mdm Kang Rong ^	163,230	163,230	-	-	-	-	326,460
Total	629,075	408,075	-	-	-	-	1,037,150
Directors - 30 June 2006							
Mr Gerard King	67,500	-	-	-	-	-	67,500
Mr Alexander Brown ^	249,002	249,002	-	-	-	-	498,004
Mr Robert Flew	46,670	-	-	-	-	-	46,670
Total	363,172	249,002	-	-	-	-	612,174

(e) Details of remuneration for year ended 30 June 2007 Continued

	Short-term benefits		Other	Post employment benefits		Share-based payments	
	Salary, Fees and Commissions	Other Cash Bonus	Non-Cash Benefits	Super-annuation Contribution	Long Term	Equity	Total
	$	$	$	$	$	$	$
Specified Executives - 30 June 2007							
Mr Alan Guy	210,805	-	11,753	-	-	-	222,558
Mr Kim Hodierne	184,569	-	-	-	-	-	184,569
Mr Arno Kruger	135,945	-	-	11,207	-	-	147,152
Mr Robert Willerton	122,393	-	11,753	-	-	-	134,146
Mr Desmond Tan	111,126	-	3,918	-	-	-	115,044
Total	764,838	-	27,424	11,207	-	-	803,469
Specified Executives - 30 June 2006							
Mdm Kang Rong #	164,341	166,001	-	-	-	-	330,342
Mr Alan Guy	194,453	-	29,050	-	-	-	223,503
Mr Kim Hodierne	189,167	-	-	-	-	-	189,167
Mr Robert Willerton	112,325	6,686	29,050	-	-	-	148,061
Mr Arno Kruger	115,000	-	-	-	-	-	115,000
Total	775,286	172,687	58,100	-	-	-	1,006,073

During the financial year the executive noted did not receive remuneration as a Director of the company.

^ Bonuses were paid after consideration by the remuneration committee to these executives. The cash bonuses were paid during the year as 100% of base remuneration and reflected the committee's satisfaction of the overall performance of the respective executives.

The remuneration for each director and each of the five executive officers of the company receiving the highest remuneration during the year was as follows:

Directors' Report

Continued

For the Year Ended 30 June 2007

(e) Details of remuneration for year ended 30 June 2007 Continued

	Short-term benefits			Post employment benefits		Share-based payments	
	Salary, Fees and Commissions	Cash Bonus	Non-Cash Benefits	Super-annuation Contribution	Long Term	Equity	Total
	$	$	$	$	$	$	$
Directors - 30 June 2007							
Mr Gerard King	75,000	-	-	-	-	-	75,000
Mr Alexander Brown	244,845	244,845	-	-	-	-	489,690
Mr Robert Flew	50,000	-	-	-	-	-	50,000
Mr Ronald McCullough	50,000	-	-	-	-	-	50,000
Mdm Kang Rong	84,880	163,230	-	-	-	-	248,110
Total	504,725	408,075	-	-	-	-	912,800
Directors - 30 June 2006							
Mr Gerard King	67,500	-	-	-	-	-	67,500
Mr Alexander Brown	249,002	249,002	-	-	-	-	498,004
Mr Robert Flew	46,670	-	-	-	-	-	46,670
Total	363,172	249,002	-	-	-	-	612,174
Specified Executives - 30 June 2007							
Mr Alan Guy	210,805	-	-	-	-	-	210,805
Mr Matthew Suttling	75,800	-	-	-	-	-	75,800
Mr Desmond Tan	52,364	-	-	-	-	-	52,364
	338,969	-	-	-	-	-	338,969
Specified Executives - 30 June 2006							
Mdm Kang Rong	124,500	166,001	-	-	-	-	290,501
Mr Alan Guy	194,453	-	-	-	-	-	194,453
Mr Matthew Suttling	37,400	-	-	-	-	-	37,400
Mr Desmond Tan	32,742	-	-	-	-	-	32,742
	389,095	166,001	-	-	-	-	555,096

(f) Employment contracts of directors and senior executives

The employment conditions of the managing director, Mr Alexander Brown, the managing director and specified executives are documented in contracts or letters of engagement. Other than the managing director, all executives are permanent employees of Astron Group. Mr Alexander Brown is employed under a contract expiring May 2009, which ensures his continuing availability to the company. The period of notice required to terminate this contract is twelve months. Other than repayment of loans and management fees there is no further payment required to terminate this contract.

Employment contract arrangements were reviewed during the year by external consultants for consistency and appropriateness to Astron Limited's needs.

7. Indemnifying Officers or Auditors

Insurance premiums paid for directors

During the year Astron Limited paid a premium of $53,041 to insure the directors and officers of the company.

The company has paid the premium to insure each of the directors against certain liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. In accordance with common commercial practice the insurance policy prohibits disclosure of the nature of the liability insured.

8. Proceedings on Behalf of Company

(a) No Leave or proceedings

No person has applied for leave to the 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 those proceedings.

The company was not a party to any such proceedings during the year except the ongoing court proceedings in Malaysia which are continuing.

Signed in accordance with a resolution of the Board of Directors:

Director: ....

Mr Gerard King

Dated this 29th day of October 2007

BDO Kendalls

BDO Kendalls (NSW) Level 19,2 Market St Sydney NSW 2000
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www.bdo.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ASTRON LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDO Kendalls

Wayne Basford

Chartered Accountants
Level 19,2 Market Street
Sydney, NSW 2000

Astron Limited

ABN 97 000 285 272

Corporate Information

Directors
Mr Gerard King (Chairman)
Mr Alexander Brown (Managing Director)
Mr Robert Flew (Non-executive Director)
Mr Ronald McCullough (Non-executive Director)
Mdm Kang Rong (Executive Director)

Company Secretary
Mr Matthew Suttling

Registered Office
Level 19, 2 Market Street
Sydney NSW 2000

Australian Business Office
105 Howard Avenue
Dee Why NSW 2099

Mailing Address
P O Box 1035
Dee Why NSW 2099

Principal Place of Business
c/– Shenyang Astron
Level 12, Royal Plaza Building 19–1–12, Wenyi Rd.,
Shenhe Dt., Shenyang, Liaoning Province, China 110016
Telephone: 86 24 8396 2901
Fax: 86 24 8396 2910

Solicitors
Phillips Fox
255 Elizabeth Street
Sydney NSW 2000

Bankers
Commonwealth Bank of Australia
48 Martin Place
Sydney NSW 2000

Share Register
Computershare Investor Services Limited
Level 3, 60 Carrington Street
Sydney NSW 2001
Telephone No. 61 2 8234 5000

Auditors
BDO Kendalls
Level 19, 2 Market Street
Sydney NSW 2000

Internet Address
www.astronchem.com

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