



ASTRON

**Astron Limited**

ABN 97 000 285 272



2009 ANNUAL REPORT



## The Ginkgo Tree

As part of Astron's philosophy in developing new projects the group realises that attention must be given to producing technologies that are not only financially viable but also preserve the environment. We focus a large amount of our feasibility work in ensuring that this is achieved.

Within our business and projects Astron strives for the longevity and sustainability of the Ginkgo tree. We also strive to overcome the hurdles that present themselves through our tenacity and strength.

The Ginkgo tree is also referred to by the older Chinese name silver fruit 銀果 yínguǒ. The most usual names today are 白果 báiguǒ (white fruit) and ぎんなん (ginnan) in Japanese.

Ginkgo trees are very large trees normally reaching a height of about 35 metres, with some specimens in China being over 50 metres high. The Ginkgo tree has an angular crown and long, somewhat erratic branches and is usually deep rooted and resistant to wind and snow damage. Young trees are often tall and slender and sparsely branched and the crown becomes broader as the tree ages. During autumn, the leaves turn a bright yellow, then fall, sometimes within a short space of time. A combination of resistance to disease, insect-resistant wood and the ability to form aerial roots and sprouts makes Ginkgos long-lived, with some specimens claimed to be more than 2,500 years old.

For centuries the Ginkgo tree was thought to have been made extinct. The tree is now known to grow in at least two small areas in Zhejiang province in Eastern China, in the Tian Mu Shan Reserve. Studies indicate high genetic uniformity among Ginkgo trees from these areas, arguing against a natural origin of these groups of trees and suggesting that the Ginkgo trees in these areas may have been planted, nurtured and preserved by Chinese monks over a period of about 1000 years.

An example of the Ginkgo's tenacity may be seen in Hiroshima, Japan, where four trees growing within 2kms from the 1945 bomb explosion were among the few living things in the area to survive the blast. While almost all other plants and animals in the area were destroyed, the Ginkgos, though charred, survived and were soon healthy again. These particular trees are alive to this day.

Astron will continue to reinvent itself through new technologies and ideas. Astron like the Ginkgo tree is adaptable and resilient to change in the environments of which it forms part.



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## 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 the Astron Group 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 results to differ materially from those currently projected.





# CHAIRMAN'S LETTER



Dear Shareholder,

Firstly, thank you for your support during the current year. 2009 has been a very trying year for all of us. Hopefully, the worst of the crisis is over and now is the time to take Astron to its next stage of development. What is positive is the continued performance of Chinese economy relative to other economies. Given Astron's positioning in China this can only be of benefit to the Group.

After the sale of the China Zircon Group to Imerys, the Astron Group was required to rebuild its infrastructure and re-align its operations to take into account the changed environment in which we now find ourselves.

The focus of Astron during this year has been to rebuild and enhance its reporting and control infrastructure, update its feasibility studies for its Donald Mineral Sands project and downstream applications. In China, we have enhanced our research and development capability to identify new technologies in the titanium and zirconium space. We are completing the drawings and designs for our factory at Yingkou.



In respect of Donald, we were awarded environmental approval to mine mineral sands. This was a significant milestone and culmination of many months of work.

The Group currently has \$169 million of cash on our balance sheet. Given the revisiting of the various feasibility studies and R&D projects in progress, the Group is currently assessing its future funding requirements. Once this process has been completed we will determine the required levels of cash for the Group.

Astron will continue to leverage off its strong cash position and relationships in China. This will include working with Chinese partners for the developing and unlocking value in respect of its asset base and concluding suitable acquisitions. We look forward to bringing our new technologies and associated projects to fruition in the future.

I would like to take this opportunity to thank my fellow directors and the employees of Astron for their efforts during 2009.



**Gerard King**

Chairman

6 October 2009



# MANAGING DIRECTOR'S REPORT



## OVERVIEW OF THE ASTRON GROUP

Astron Limited is the group's holding company. Astron has three wholly owned operating subsidiaries, namely: Donald Mineral Sands Pty Limited (Donald), Yingkou Mineral Resources Company Limited (Resources) and Astron Titanium (Yingkou) Company Limited (Titanium). Donald holds the Donald Mineral Sands mining project. Resources and Titanium are Astron's Chinese operating companies.

Based in China over the last 22 years, the group was built up to become the largest zirconium chemical producer in world with sales branches across China and globally. In 2008 Astron sold its China Zircon business and its infrastructure to Imerys. Subsequent to this disposal, Astron has needed to consolidate its remaining business, rebuild its infrastructure and reinvent its strategic direction. This has been the main objective of the 2009 financial year.

## OPERATIONAL UPDATE

During the year under review Astron received Commonwealth Government environmental approval, to mine and process fine grade mineral sands, for the Donald Mineral Sands project.

As result of the global financial crisis Astron is revising and updating the feasibility studies of current projects, including, the Donald Mineral Sands project and the Zirconium oxychloride (ZOC) and Zirpaque processes. After the completion of updated feasibility studies, the next stage in the development is the completion of the definitive engineering compilation and the setting up of a trial mining site as part of the Donald project. This will generate feedstock to be utilised in trials.

During the year, through Astron's research and development capability, work continued on the development of Zircon, Ilmenite, Rutile and related products. These processes could provide significant potential for new business opportunities. Astron has furthered its development of new technologies to produce titanium metal.



In China we are in the process of completing environmental approvals applications for a plant for the manufacture of TiO<sub>2</sub>. The TiO<sub>2</sub> pigment project will be first to use overseas technologies. We are also constructing a mineral separation plant to produce Zircon.

Astron will utilise its strong relationships in China to assist the Group in providing the necessary funding to develop and bring its projects to fruition.

## FINANCIAL UPDATE

Given that the majority of the Group's infrastructure was sold to Imerys during 2008, Astron's internal systems, controls and reporting systems in both Australia and China need to be reinvented. In addition to replacing the previous systems, enhancements have been made including the setting up internal audit processes, weekly treasury reporting and other reporting and governance procedures.

## COMMENTARY ON ANNUAL FINANCIAL STATEMENTS

### Balance Sheet

#### *Current assets*

As at 30 June 2009, the Group has \$169 million of cash on its balance sheet. During the year under review, cash was utilised to, inter alia, pay a dividend of 10 cents per share to shareholders, settlement of the indemnification warranty in respect of the sale to Imerys, the repurchase Astron shares and the construction of the mineral separation plant.

Receivables have decreased during the year due to strong collections and improved debtor management. Stock has been revalued and stated at the lower of cost and net realisable value.

During the year Astron invested in three companies: South American Iron & Steel, Universal Resources and Zambezi Resources. These investments are shown as available-for-sale financial assets. These equity positions were

acquired with the intention of Astron acquiring larger interests in these companies. This intention did not come to fruition. These investments are shown at market values as at 30 June 2009.

#### *Non-current assets*

Property, plant and equipment includes work-in-progress relating to the mineral separation plant.

The Donald Mineral Sands project is accounted for in terms of AASB 6 - Exploration for and Evaluation of Mineral Resources. This asset is accordingly shown as cost with expenditure incurred capitalised.

Titanium continues to hold the land use rights to the property in Yingkou which will be used as the site to develop Astron's titanium metal and TiO<sub>2</sub> projects.

Investments in Senegal and Gambia have been provided for in full given the status of the Gambian mining rights.

### *Liabilities*

Trade and other payables include creditors and accruals in respect of metals processing. Deferred Taxation in the main relates to an underprovision in prior years.

### **Income Statement**

Sales revenue comprises sales of Zircon, Rutile and Titanium products. Interest received decreased due to a fall in interest rates and Astron retaining a prudent approach to investing its cash resources.

In addition to administration expenses, expenses include the impairment of Astron's investments in its Senegal operations and its available for sale share investments. Astron has incurred expenditure in relation to financing its legal claims in respect of its damages claim from the Gambian government for the expropriation of its mining rights.

The gain on discontinued operations represents the overprovision of indemnification provisions in respect of the disposal to Imerys.

Astron has not declared a dividend during this period as we are currently determining our cash requirements as part of the process of updating our feasibility studies.

### **Net asset value per share**

As at 30 June 2009, Astron's net asset value per share was 325cps (2008: 327cps). Cash and cash equivalents per share were 261cps (2008: 287cps).

### **THE WAY FORWARD**

Our objective is to create long term value through the developing and acquiring technologies that give us the opportunity to produce industrial metals and minerals competitively.

A summary of the Group's strategy going forward is as follows:

- To provide an integrated chain from mining of mineral sands through to selling product to intermediary and end user markets
- Astron will focus its efforts on the development and acquisition of new technologies that allow Astron to produce specialty metals and chemicals at a competitive cost
- Ensure that technologies are not destructive to the environments in which they operate



- To develop its mining, manufacturing and other infrastructure, together with its own balance sheet and with funding from Chinese partners
- Secure feedstock for its production facilities through its own sources, acquisitions and supply contracts
- Through joint venture arrangements, or independently, create the platform in China to trade Astron and third party produced product

### **DELIVERING ON THE STRATEGY**

With the building blocks in place we are continuing the work needed to unlock the value inherent in our projects and technologies. This includes:

- Identifying and raising funding through possible joint venture partners for Donald. Simultaneously with this process, updating feasibility studies and thereafter commencing the pilot plant operation
- Continued development of our downstream applications including the ZOC and Zirpaque processes
- In respect of Titanium, continue laboratory and pilot plant trials. This technology could enable the Group to produce titanium at a competitive cost
- We are in discussions with Chinese partners regarding possible metal trading relationships. This will allow us to gain access to these markets
- Achieving finality in respect of the Gambia and Senegal situations
- Identify and conclude appropriate acquisitions that are in line with the Group's strategy

With the global economy starting to resurrect itself, our position in the Chinese market, our strong balance sheet and our strategy plan in place we look forward to another exciting year at Astron.



**Alex Brown**  
Managing Director  
6 October 2009



# SUSTAINABLE DEVELOPMENT

Astron's sustainable development encompasses our commitment and policy towards our employees, local communities, health and safety and the environment.

## **Employees and other stakeholders**

Astron Group currently has 50 employees. Our responsibility for our Human Resources Policies and the HR Department is important to us.

Astron's HR policies include care and concern for its staff, training and development as well as care and concern for its customers, suppliers and shareholders.

In Astron, salaries are based on competitiveness within the local market environment. Additionally, 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 Group performance and team contribution are paid according to policy.

Astron's programs are designed to encourage a young generation of local managers to gain experience quickly and provide real prospects of a satisfying and rewarding management position quickly. Accordingly Astron is a young person's company – dynamic, vibrant, and enthusiastic.

## **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. We encourage and facilitate employees volunteering for fund raising in support of local community organisations.

## **Health and safety**

Employee health and safety is managed according to our ISO18001 system, which includes rigorous procedures to identify and eliminate health hazards.

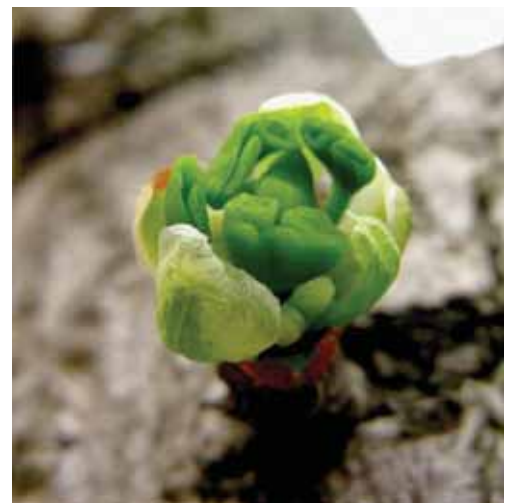
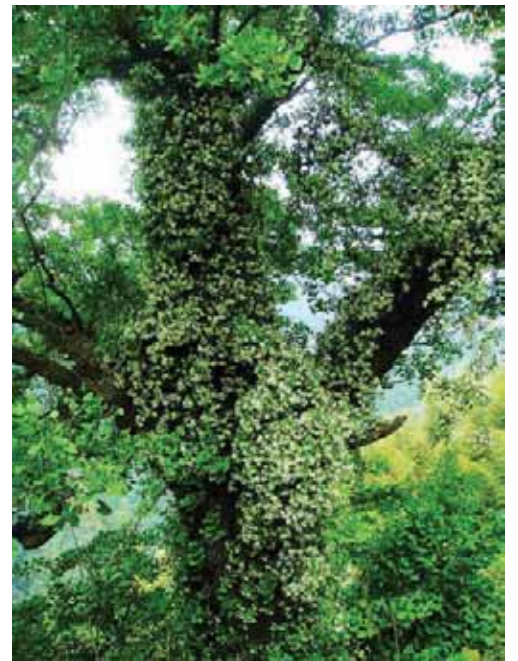
## **Environment**

Astron strives to best in class performance in all aspects of environmental management. Compliance with all applicable legal requirements and legal codes of practice is seen as a minimum standard and we work to prudently reduce emissions and waste.

Particular emphasis is placed on management's role under our ISO14001 system.

The Group is totally committed to continuing vigilance and improved systems, controls and results in areas such as minimization of all kind of waste from processes.







# CORPORATE GOVERNANCE

## The Board of Directors

The Board of Directors of Astron Limited is responsible for the corporate governance of the consolidated entity and is committed to achieving a high standard of corporate governance.

The Board of Directors at the time of issue of this report comprises:

- Gerard (Gerry) King (Chairman of Directors (Non-Executive))
- Robert (Bob) John Flew (Non-Executive)
- Ronald (Ron) McCullough (Non-Executive)
- Alexander (Alex) Brown (Managing Director)
- Mdm Kang Rong (Executive)

Detail of qualifications and experience of each the above Directors is set out on the Directors' report.

Gerard King, Robert Flew and Ronald McCullough are independent Directors in accordance with the guidelines laid out in the ASX guidelines. Further information about the Directors is set out in the Directors' Report.

## Corporate Governance Policy

Astron Limited is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council ("the Council") in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance. However, it does not consider that all the practices are appropriate for the Company due to the size and scale of the Company's operations.

### 1. Board of Directors

#### 1.1 *Role of the Board*

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board will be responsible for regularly reviewing the performance of its senior management.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

#### 1.2 *Composition of the Board*

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and



scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr. Gerard King, Mr. Robert Flew and Mr. Ron McCullough are Non-Executive Directors. Mr. Gerard King is the Chairman. All Non-Executive Directors are independent Directors as they meet the following criteria for independence adopted by the Company:

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

### *1.3 Responsibilities of the Board*

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.

- Company Finances: approving expenses and approving and monitoring acquisitions, divestures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Managing Director as well as reviewing his performance and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

#### 1.4 Board Policies

##### 1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company;
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest; and
- if a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

##### 1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

##### 1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

##### 1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

In addition each Director of the Company must provide the Company Secretary with details of any interest notifiable to ASX in accordance with Listing Rule 3.19A including:

- any relevant interest (within the meaning of section 9 of the Corporations Act) in securities of the Company or a related body Corporate; and
- any interest in contracts to which the Director is a party or under which the Director is entitled to benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company of a related body corporate.

This information must be provided to the Company Secretary as soon as the Director becomes aware of the circumstances referred to above.

### 1.5 *Education and Induction*

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

### 1.6 *Independent Professional Advice*

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities, subject to the prior approval of the Chairman whose approval will not be unreasonably withheld.

### 1.7 *Related Party Transactions*

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

### 1.8 *Shareholder Communication*

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and

- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

### *1.9 Trading in Company Shares*

Due to the size of the Company, the Board does not consider it appropriate to implement a Share Trading Policy. Rather, it reminds Directors, officers and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information".

### *1.10 Performance Review/Evaluation*

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation will be to provide best practice corporate governance to the Company.

### *1.11 Attestations by Chairman and Non-Executive Director*

It is the Board's policy, that one of the Non-Executive Directors will be appointed to make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report.

## **2. Board Committees**

### *2.1 Audit and Finance Committee*

Due to the size and scale of operations of the Company the Non-Executive Directors undertake the role of the Audit and Finance Committee. Below is a summary of the role and responsibilities of an Audit and Finance Committee.

#### *2.1.1 Role*

The Audit and Finance Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

#### *2.1.2 Responsibilities*

The Audit and Finance Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit and Finance Committee each year reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

The Audit and Finance Committee is also responsible for establishing policies on risk oversight and management.

#### *2.1.3 Risk Management Policies*

The Board is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of five (5) members, the Company does not have a separate Risk Management Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.



## 2.2 Code of Conduct

The Company has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and practices necessary to maintain confidence in the Group's integrity.

The Directors require that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the spirit of the law and company policies.

The Code requires employees who are aware of unethical practices within the Group or breaches of the Company's trading policy to report these using the Company's whistleblower program. This can be done anonymously.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

## 2.3 Remuneration Committee

### 2.3.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

Due to the size and scale of operations of the Company the Non-Executive Directors undertake the role of the remuneration committee.

### 2.3.2 Responsibilities

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Managing Director's performance, including, setting with the Managing Director goals and reviewing progress in achieving those goals.

### 2.3.3 Remuneration Policy

Directors' Remuneration for the majority of Directors is approved at a Board meeting from time to time.

#### 2.3.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executives may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders; and
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

#### *2.3.3.2 Non-Executive Director Remuneration Policy*

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

#### *2.3.4 Current Director Remuneration*

Full details regarding the remuneration of Directors, is included in the Directors' Report.

### *2.4 Nomination Committee*

#### *2.4.1 Role*

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of five (5) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

#### *2.4.2 Responsibilities*

The responsibilities of a Nomination Committee include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans and evaluates the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

#### *2.4.3 Criteria for selection of Directors*

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least two Directors with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.



# INVESTOR INFORMATION

## 2009/10 Financial Calendar (on or before)

Release of quarterly report	30th October 2009
2009 Annual general meeting	26th November 2009
Release of quarterly report	29th January 2010
Release of half year report	26th February 2010
Release of quarterly report	30th April 2010
Release of Appendix 4E	31st August 2010

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 6 October 2009.

## Shareholders' interests

### (a) Distribution of equity securities

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

Range	Total holders	Shares	% of Issued Capital
1 - 1,000	234	123 885	0.19
1,001 - 5,000	323	861 385	1.33
5,001 - 10,000	99	732 500	1.13
10,001 - 100,000	116	3 071 478	4.73
100,001 - 9,999,999,999	31	60 128 889	92.62
Total	<b>803</b>	<b>64 918 137</b>	<b>100.00</b>

## Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 2.25 per unit	223	51	5 891

*Note: Included in the total issued share capital are shares cancelled after 6 October 2009.*



## (b) Twenty largest shareholders

The twenty largest shareholders are as follows:

Rank	Name	Shares	% of Issued Capital
1	FIRBACK FINANCE LIMITED	27 866 296	42.93
2	P T ARAFUA MINING LIMITED	16 180 972	24.93
3	FSC INVESTMENT HOLDINGS LTD	3 718 546	5.73
4	JUHUA INTERNATIONAL LIMITED	2 000 000	3.08
5	GCC ASSET HOLDINGS PTY LTD	1 442 250	2.22
6	COMBINED OIL & GAS PTY LTD	1 000 000	1.54
7	QUERION PTY LTD	1 613 408	2.49
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	865 222	1.33
9	FORTIS CLEARING NOMINEES P/L	490 357	0.76
10	J P MORGAN NOMINEES AUSTRALIA LIMITED	488 345	0.75
11	MR DARRELL MANTON + MRS VERONICA MANTON	466 682	0.72
12	ELLROCK PTY LTD	431 884	0.67
13	MR DONALD ALEXANDER BLACK	392 271	0.60
14	FYLPANE PTY LTD	326 995	0.50
15	NATIONAL NOMINEES LIMITED	307 269	0.47
16	MR ADRIAN NIJMAN + MRS JENNY NIJMAN	250 000	0.39
17	CITICORP NOMINEES PTY LIMITED	223 370	0.34
18	SUN FOODS PTY LTD	214 355	0.33
19	NITCO PTY LIMITED	208 304	0.32
20	COGNITION AUSTRALIA PTY LTD	190 734	0.29

### **(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

### **Information policy**

It is the policy of the Company to conform with the highest reporting and information standards to its shareholders. 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 the financial community, investors and shareholders.

During the year, the Company held one shareholder meeting and at the meeting active discussions took place and questions were answered.

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.astronlimited.com](http://www.astronlimited.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 on +61 2 9375 2361

## Salient financials

	2009	2008	2007	2006	2005	2004	2003
Share price	1.8	1.7	2.6	3.1	3.0	2.7	0.6
EPS (Overall)	-3.9	178.0	0.2	0.4	0.5	0.3	-0.1
Price Earning Ratio	n/a	n/a	13.7	8.9	6.6	8.9	-4.4
Interest Cover	n/a	115.0	12.6	n/a	135.0	26.7	10.3
<b>Profit and Loss</b>							
Revenue	10.6	204.2	184.0	151.9	140.7	104.9	81.5
Costs	9.9	-87.4	-166.8	-130.5	-112.4	-87.8	-73.5
<b>EBITDA</b>	0.7	116.8	17.2	21.4	28.3	17.1	8.0
Depreciation & Amortisation	0.3	-2.9	-2.1	-1.8	-1.3	-1.1	-0.8
<b>EBIT</b>	0.4	113.9	15.1	19.6	27.0	16.0	7.2
Borrowing Costs	-	-1.0	-1.2	-	-0.2	-0.6	-0.7
<b>NPBT</b>	0.4	112.9	13.9	19.6	26.8	15.4	6.5
Income tax expenses	-2.9	-1.0	-2.5	1.0	-0.7	-0.2	-0.3
<b>NPAT</b>	-2.5	111.9	11.4	20.6	26.1	15.2	6.2
<b>Balance Sheet</b>							
Cash	168.8	185.6	15.9	20.8	13.4	15.6	5.3
Receivables	2.5	8.4	29.7	21.5	16.7	12.4	10.6
Inventories	2.9	3.4	50.0	28.6	25.9	20.3	20.5
Other Financial Assets	1.1	-	6.1	8.3	-	-	-
Total Current Assets	175.3	197.4	95.6	79.2	56.0	48.3	36.4
Property, Plant & Equipment	9.0	6.6	21.7	21.1	14.9	12.6	8.7
Investments	-	-	2.2	-	6.6	14.1	-
Intangible	20.4	19.9	24.6	18.3	15.4	-	-
Land use rights	10.8	9.0	-	0.3	0.5	1.9	3.1
Deferred Tax Assets	-	-	0.7	1.1	-	-	-
<b>Total Non-Current Assets</b>	40.2	35.5	49.2	40.8	37.4	28.6	11.8
<b>TOTAL ASSETS</b>	215.5	232.9	144.8	120.0	93.4	77.0	48.2
Payables	1.8	21.0	31.9	20.6	20.2	17.5	18.1
Borrowings	-	-	13.6	3.5	-	9.1	14.6
Tax Liabilities	0.9	-	0.3	0.1	1.4	1.4	1.3
Total Current Liabilities	2.7	21.0	45.8	24.2	21.6	28.1	34.0
Deferred Tax	1.6	-	1.1	1.1	-	-	-
<b>Total Non-Current Liabilities</b>	1.6	-	1.1	1.1	-	-	-
<b>Total liabilities</b>	4.3	21.0	46.9	25.3	21.6	-	-
<b>NET ASSETS</b>	211.2	211.9	97.9	94.7	71.8	48.9	14.2
<b>Cash flows</b>							
Operating Activities	0.8	27.3	-6.5	15.0	19.5	17.7	-2.9
Investment Activities	-13.5	157.6	-12.7	-7.2	-12.6	-6.0	-1.6
Financing Activities	-6.2	-8.9	9.9	-1.0	-8.3	-1.5	5.7



# ANNUAL FINANCIAL STATEMENTS

The directors of Astron Limited present their report on the consolidated entity (Group), consisting of Astron Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2009.

## Directors

The following persons were directors of Astron Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

## Names

Mr. Gerard King

Mr. Alexander Brown

Mr. Robert Flew

Mr. Ronald McCullough

Mdm Kang Rong

## Principal Activities

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

- Evaluation and development of the Donald mineral sands processing project (Donald)
- Evaluation and development of downstream applications for mineral sands
- Research into competitive titanium manufacturing processes
- Zircon and titanium trading

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

## Financial Position

The net assets of the Group have decreased to \$211,166,088 a decrease of \$754,510 from 2008.

The net assets have been affected by:

- Impairment of:
  - o The Group's Senegal assets
  - o Astron's investments in other entities in accordance with AASB 139
  - o Stock due to changes in market prices of products
- The Dividend paid on 15 December 2008 being 10c per ordinary share

# FINANCIAL STATEMENTS

## Directors' Report

30 June 2009

### Dividends

A final dividend of \$6,490,237 on ordinary shares for the year ended 30 June 2008 was paid on 15 December 2008.

No final dividend was proposed for the financial year ended 30 June 2009.

### Review of Operations

During the year under review the Group received Commonwealth Government Environmental approval for Donald to mine and process fine grade mineral sands.

As a result of the global financial crisis and structural changes in the market, Astron is revising and completing the feasibility studies of its current projects, including Donald and the Zirconium oxychloride and Zirpaque processes. After the completion of updated feasibility studies, the next stage in the development will be the completion of the definitive engineering compilation and the setting up of a trial mining site as part of the Donald. This should generate feedstock to be utilised in trials.

During the year, through Astron's research and development capability, work continued on the development of zircon, ilmenite, rutile and related products. These processes could provide significant potential for new business opportunities. Astron has continued its research work on its processes for the cost effective production of titanium metal. In China we are in the process of completing environmental approval applications for a plant for the manufacture of titanium dioxide (TiO<sub>2</sub>). The TiO<sub>2</sub> pigment project will be first in China to use overseas technologies. We are also planning to construct a mineral separation plant (MSP) to separate heavy minerals concentrate into its titanium, zircon and other materials. Some components for the MSP have been purchased.

Given that most of the Group's infrastructure was sold to Imerys, Astron's internal systems, controls and reporting systems in both Australia and China needed to be re-established. In addition to replacing the previous systems, enhancements have been made, including improving internal control processes, weekly treasury reporting and other reporting and governance procedures.

### Significant Changes in State of Affairs

There have been no significant changes in the Group's state of affairs during the financial year.

### Matter Subsequent to the end of the Financial Year

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

### Likely Developments

Other than information disclosed elsewhere in this annual report, information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this directors' report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.



## Environmental Regulation

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 proposed manufacturing processes in China, there were no exceptions noted by regular local government environmental testing and supervision. Further the development projects will be implemented with best practice standards carefully monitored by the local authorities.

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

To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the directors' report.

## Director Information

<b>Mr. Gerard King</b>	Chairman (Non-executive)
Qualifications	LLB
Experience	<ul style="list-style-type: none"> <li>- Board Member since 5 November 1985</li> <li>- 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</li> </ul>
Interest in Shares and Options	274,519 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 a Director of Green Power Energy Limited (appointed 4 November 1985) which was listed on 5 March 2008.
<b>Mr. Alexander Brown</b>	Managing Director (Executive)
Qualifications	B.AgSc
Experience	<ul style="list-style-type: none"> <li>- Board Member since 4 February 1988</li> <li>- Wide commercial experience of over 30 years in construction, mining and exploration including developing the Horseshoe Lights Gold Mine at Meekathara W.A., expanding the Gunnedah Coal Mine, in NSW, and successfully drilling for oil and gas in Thailand and USA.</li> <li>- 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 18 years his activities have focused in building the Astron business in China.</li> </ul>



# FINANCIAL STATEMENTS

## Directors' Report

30 June 2009

Interest in Shares and Options 44,079,651 Ordinary shares

Special Responsibilities Mr. Brown is the Managing Director and responsible for the operations of the group

Directorships held in other listed entities Mr. Brown is not currently a Director of another listed company.

### **Mr. Robert Flew**

(Non-executive)

Qualifications

B Ec (Hons)

Experience

- Board Member since 19 March 2004
- Mr. Flew brings to Astron in excess of 37 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 not currently a Director of another listed company.



**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

4,000 Ordinary shares

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 a Director of Green Power Energy Limited (appointed 26 October 1994) which was listed on 5 March 2008.

**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



# FINANCIAL STATEMENTS

## Directors' Report

30 June 2009

overseen Astron's China operations and global sales for over 12 years and has been largely responsible for the growth and development of the Company.

Interest in Shares and Options	2,000,000 Ordinary Shares
Special Responsibilities	As Vice General Manager she has been in charge of all Astron's China operations and global sales for over 12 years.
Directorships held in other listed entities	Mdm Kang Rong is not currently a Director of another listed company.

<b>Mr. Matthew Suttling</b>	Company Secretary
Qualifications	B.Ec CA
Experience	<ul style="list-style-type: none"> <li>- Appointed Company Secretary of Astron Limited on 10 May 2004.</li> <li>- 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 and Company Secretary of Green Power Energy Limited.</li> </ul>

### Meetings of Directors

During the financial year, six meetings of directors (excluding committees of directors) were held. Attendances by each director at directors' meeting, audit and risk committee and remuneration and nominating committee meetings during the year were as follows:

	Committee Meetings					
	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Gerard King	6	6	2	2	2	2
Mr Alexander Brown	6	6	-	-	-	-
Mr Robert Flew	6	6	2	2	2	2
Mr Ronald McCullough	6	6	2	2	2	2
Mdm Kang Rong	6	6	-	-	-	-



## Options

No options over issued shares or interests in the Group or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## Remuneration Report - Audited

### 1. Policy for determining the nature and amount of Key Management Personnel remuneration

The remuneration policy of the Group has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering potential 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 of remuneration for the board members and senior executives of the Group is as follows:

- The remuneration policy 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 potential 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 are linked to the performance of the individual and are discretionary. The objective is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

At the discretion of the Committee from time to time shares are issued to executives to reflect their achievements. There are presently no option based schemes in place.

Where applicable 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. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Shares given to directors and executives are valued at the market price of those shares.

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 director's interests with shareholder interests, the directors are encouraged to hold shares in the Group.

# FINANCIAL STATEMENTS

## Directors' Report

30 June 2009

### Performance based remuneration

As part of each executive director and executives remuneration package there is a discretionary bonus element. The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders.

In determining whether or not each executive director and executive's bonus is due, the remuneration committee bases the assessment on audited figures and independent reports where appropriate.

The remuneration committee reserves the right to award bonuses where performance expectation has prima facie not been met but it is considered in the interests of the Group to continue to reward that individual.

Bonuses are set as a percentage of base remuneration ranging from 0% to 100% of base salary package.

### 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 awarding discretionary bonuses to encourage the alignment of personal and shareholder interests. The Group believes this policy to have been effective in increasing shareholder wealth and the Group's balance sheet 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. The successful sale of the Zircon group in 2008 allowed the Directors to pass back to shareholders through ongoing dividends. The board is of the opinion that these results clearly demonstrate the statements made above.

	2005	2006	2007	2008	2009
	'000s	'000s	'000s	'000s	'000s
Revenue	140,675	151,946	184,019	90,818	10,657
Net Profit/(Loss)	26,052	20,589	11,432	111,887	(2,498)
Share Price at Year-end	3.00	3.10	2.63	2.05	1.75
Dividends Paid	0	5,809	5,832	12,087	6,490

All share buy backs were on-market buy backs at market share prices. No premium was returned to shareholders on the shares bought back.



## 2. Key Management Personnel

The following persons were key management personnel of Astron Limited Group during the financial year:

	Position Held
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	Executive Director- Vice General Manager China
Mr Mark Nielsen	Finance Director- Appointed 23 February 2009
Mr Wang Xuedong	Vice President-China Operations- Appointed 1 April 2009
Mr Jerry Ng	Group Financial Controller- Appointed 22 November 2008
Mr Boris Matveev	Exploration Manager- Appointed 25 February 2009
Mr Simon Peters	Project Manager
Ms Emma Vogel	DMS-Development Manager- Mining
Mr Song Hongxing	President-China Operations - Resigned 1 July 2009
Mr Alan Guy	Vice General Manage - Resigned 30 September 2008

Save for Mr Matthew Suttling who is the Company Secretary, there are no additional persons not disclosed above that are among the five highest remunerated Group executives.



# FINANCIAL STATEMENTS

## Directors' Report

30 June 2009

Year ended 30 June 2009

	Short term benefits		Post employment benefits	
	Cash, salary & commissions	Non-cash Benefits	Superannuation	Total
	\$	\$	\$	\$
<b>Directors</b>				
Mr Gerard King	120,000	-	-	120,000
Mr Alexander Brown	350,000	-	-	350,000
Mr Robert Flew	55,044	-	4,956	60,000
Mr Ronald McCullough	106,000	-	-	106,000
Mdm Kang Rong	250,000	-	-	250,000
<b>Key management personnel</b>				
<b>Group executives</b>				
Mr Mark Nielsen*	45,798	-	17,611	63,409
Mr Jerry Ng*	46,276	1,196	31,700	79,172
Mr Boris Matveev*	42,840	-	4,081	46,921
Mr Simon Peters	122,936	-	11,064	134,000
Ms Emma Vogel	122,936	-	11,064	134,000
Mr Song Hongxing	298,935	5,979	-	304,914
Mr Wang Xuedong	49,823	797	1,214	51,834
Mr Alan Guy	29,216	-	-	29,216
<b>Other executives</b>				
Mr Matthew Suttling*	84,000	-	-	84,000
	<b>1,723,804</b>	<b>7,972</b>	<b>81,690</b>	<b>1,813,466</b>

\*Denotes Company executive

There are no Group or Company executives other than set out above

No other payments including share based payments were paid to the above employees during the year

None of the above payments were performance related



Year ended 30 June 2008

	Short-term benefits			Post employment benefits	Share based payments	Total
	Cash, salary & commissions \$	Cash Bonus \$	Non-cash Benefits \$	Super-annuation \$	Equity \$	
<b>Directors</b>						
Mr Gerard King	75,000	75,000	-	-	-	150,000
Mr Alexander Brown	350,000	600,000	-	-	-	950,000
Mr Robert Flew	45,872	45,872	-	8,256	-	100,000
Mr Ronald McCullough	96,000	50,000	-	-	-	146,000
Mdm Kang Rong	250,000	500,000	-	-	-	750,000
<b>Key management personnel</b>						
<b>Group executives</b>						
Mr Alan Guy	164,017	-	11,809	-	-	175,826
Mr Song Hongxing (1)	156,929	-	-	-	-	156,929
Mr Kim Hodierna (2)	107,419	-	-	-	70,500	177,919
Mr Arno Kruger (3)	111,149	-	-	9,139	-	120,288
Mr Robert Willerton (4)	80,519	-	7,686	-	70,500	158,705
Mr Desmond Tan (5)	52,364	-	1,959	-	-	54,323
Ms Emma Vogel	113,534	-	-	15,218	16,500	145,252
Mr Simon Peters	113,534	-	-	15,218	16,500	145,252
<b>Other executives</b>						
Mr Matthew Suttling*	126,000	-	-	-	-	126,000
<b>*Denotes Company executive</b>	<b>1,842,337</b>	<b>1,270,872</b>	<b>21,454</b>	<b>47,831</b>	<b>174,000</b>	<b>3,356,494</b>

No share options were issued during the year

None of the above payments were performance related

**Note reference:**

1. Appointed 21 April 2008
2. Transferred to Imerys 4 February 2008
3. Resigned 29 February 2008
4. Resigned 31 March 2008
5. Resigned 31 December 2007



# FINANCIAL STATEMENTS

## Directors' Report

30 June 2009

### 3. Cash Bonuses

No bonuses were paid during the year ended 30 June 2009.

During the year ended 30 June 2008 cash bonuses were paid after consideration by the remuneration committee to these executives. The Directors bonuses were brought to account on 30 June 2008 as 100% of base remuneration (except Alex Brown and Kang Rong who were awarded additional discretionary bonuses reflecting their efforts in completing the sale of the China Zircon Group to the Imerys Group) and reflected the committee's satisfaction of the overall performance of the respective executives and that of the Group.

No performance or service criteria were attached to this cash bonus.

### 4. Share Based Payment Bonuses

No share equity bonuses were paid during the year ended 30 June 2009.

During the year ended 30 June 2008 share equity bonuses were paid, after consideration by the remuneration committee, to certain executives. The bonuses reflected the committee's satisfaction of the overall performance of the respective executives and that of the Group. The bonuses therefore vested 100% during the financial year ended 30 June 2008. No performance or service criteria were attached to this bonus.

No options were issued during the year.

### 5. Service Contracts

Service contracts (or letters of engagement) have been entered into by the Group, or are in the process of being entered into, with all key management personnel and executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations. The Managing Director, Alexander Brown who has a 3 year service contract, expiring May 2012, 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.

All other key management personnel have ongoing contracts with a notice period of three months. There are no non-standard termination clauses in any of these contracts.

Employment contract arrangements were reviewed in the 2007 year by external consultants for consistency and appropriateness to the Group's needs. The Remuneration Committee considered that this was appropriate for 2009. A review will be undertaken during the 2010 financial year.



## End of audited remuneration report

### Indemnifying Officers or Auditors

#### *Insurance premiums paid for directors*

During the year Astron Limited paid a premium of \$38,324 (2008: \$38,726) in respect of a contract insuring directors, secretaries and executive officers of the company and its controlled entities against a liability incurred as director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

### Non-audit services

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDO Kendalls, or their related practices:

	2009 \$	2008 \$
<b>Audit related services</b>		
Due diligence assistance	<b>13,739</b>	77,195
<b>Other Services</b>		
- Taxation services	<b>117,813</b>	17,400
- Taxation advice relating to China Zircon group sale	<b>29,706</b>	-
- Other services	<b>368</b>	1,040

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

On the advice of the audit committee, the directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

### Auditors' Independence Declaration

The lead auditors' independence declaration for the year ended 30 June 2009 has been received and can be found on page 35 of the annual report.

# FINANCIAL STATEMENTS

## Directors' Report

30 June 2009

### Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Signed in accordance with a resolution of Directors:

Chairman:



Mr. Gerard King

Dated this 25th day of September 2009



## DECLARATION OF INDEPENDENCE BY JEFF ABELA TO THE DIRECTORS OF ASTRON LIMITED

As lead auditor of Astron Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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



Jeff Abela  
Director



BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd  
Chartered Accountants

Dated Sydney this 25<sup>th</sup> day of September 2009



# FINANCIAL STATEMENTS

## Income Statements

For The Year Ended 30 June 2009

	Note	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
Sales revenue	5	3,777,286	10,627,126	-	-
Cost of sales		(3,412,730)	(10,008,930)	-	-
<b>Gross profit</b>		<b>364,556</b>	<b>618,196</b>	<b>-</b>	<b>-</b>
Other revenue	5	6,879,891	5,897,298	6,719,101	22,468,178
Other income	5	76,102	10,093,358	1,533,708	10,084,380
Distribution expenses		(694,145)	(367,988)	-	-
Marketing expenses		(65,082)	(36,988)	(19,302)	-
Occupancy expenses		(227,222)	(4,426)	(15,377)	-
Administrative expenses		(5,989,244)	(4,301,905)	(3,388,414)	(2,313,117)
Finance costs		-	(260,332)	-	(260,332)
Costs associated to Gambia investment	14(d)	(1,851,719)	-	(1,434,402)	-
Write down of stock		(962,036)	-	-	-
Impairment of capitalised development expenditure		(583,683)	(6,848,818)	(29,216)	(4,559,680)
Reversal/(Impairment) of subsidiary investment		-	-	1,902,623	(10,000,000)
Impairment of available-for-sale investments		(812,350)	-	(812,350)	-
Impairment of Gambian equity investment		-	(6,041,978)	-	-
Impairment of Senegal development expenditure		(539,787)	-	-	-
Other expenses		(217,792)	(286,795)	-	(1,425,912)
Share of net loss of associates	14(b)	-	(296,779)	-	-
Share of net losses of joint ventures		(52,660)	(9,028)	-	-
<b>(Loss)/Profit before income tax</b>		<b>(4,675,171)</b>	<b>(1,846,185)</b>	<b>4,456,371</b>	<b>13,993,517</b>
Income tax expense	7	(2,882,700)	(729,330)	(958,377)	(729,330)
<b>(Loss)/Profit from continuing operations</b>		<b>(7,557,871)</b>	<b>(2,575,515)</b>	<b>3,497,994</b>	<b>13,264,187</b>
Profit from discontinued operations	8	5,059,069	114,462,802	5,620,841	140,059,503
<b>(Loss)/Profit attributable to members</b>		<b>(2,498,802)</b>	<b>111,887,287</b>	<b>9,118,835</b>	<b>153,323,690</b>
<b>Earnings Per Share:</b>	9				
<b>Overall operations:</b>					
Basic earnings (cents per share)		(3.86)	177.97	-	-
Diluted earnings (cents per share)		(3.86)	177.97	-	-
<b>Continuing operations:</b>					
Basic earnings (cents per share)		(11.67)	(4.10)	-	-
Diluted earnings (cents per share)		(11.67)	(4.10)	-	-
<b>Discontinued operations:</b>					
Basic earnings (cents per share)		7.81	182.07	-	-
Diluted earnings (cents per share)		7.81	182.07	-	-
Dividends per share (cents)		10.00	20.00	-	-

The accompanying notes form part of the financial statements



# FINANCIAL STATEMENTS

## Balance Sheets

As At 30 June 2009



	Note	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	<b>168,816,405</b>	185,656,025	<b>158,867,679</b>	179,041,872
Trade and other receivables	12	<b>2,463,960</b>	8,423,480	<b>7,641,653</b>	7,508,542
Inventories	13	<b>2,884,393</b>	3,357,587	-	-
Available-for-sale financial assets	16	<b>1,099,736</b>	-	<b>1,099,736</b>	-
<b>Total current assets</b>		<b>175,264,494</b>	197,437,092	<b>167,609,068</b>	186,550,414
<b>Non-current assets</b>					
Other financial assets	17	-	-	<b>45,766,924</b>	37,249,574
Property, plant and equipment	19	<b>8,998,671</b>	6,639,252	<b>1,620</b>	-
Deferred tax assets	24(a)	-	-	<b>623,150</b>	-
Intangible assets	20	<b>20,471,305</b>	19,898,255	-	-
Land use rights	21	<b>10,770,472</b>	9,009,128	-	-
<b>Total non-current assets</b>		<b>40,240,448</b>	35,546,635	<b>46,391,694</b>	37,249,574
<b>TOTAL ASSETS</b>		<b>215,504,942</b>	232,983,727	<b>214,000,762</b>	223,799,988
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	22	<b>1,664,573</b>	6,868,781	<b>7,139,215</b>	6,606,217
Current tax liabilities	24(a)	<b>920,986</b>	-	<b>920,986</b>	-
Provisions	23	<b>100,000</b>	14,154,348	<b>100,000</b>	14,154,348
<b>Total current liabilities</b>		<b>2,685,559</b>	21,023,129	<b>8,160,201</b>	20,760,565
<b>Non-current liabilities</b>					
Deferred tax liabilities	24(a)	<b>1,613,295</b>	-	-	-
Long-term provisions	23	<b>40,000</b>	40,000	-	-
<b>Total non-current liabilities</b>		<b>1,653,295</b>	40,000	-	-
<b>TOTAL LIABILITIES</b>		<b>4,338,854</b>	21,063,129	<b>8,160,201</b>	20,760,565
<b>NET ASSETS</b>		<b>211,166,088</b>	211,920,598	<b>205,840,561</b>	203,039,423
<b>EQUITY</b>					
Contributed equity	25	<b>39,376,051</b>	39,203,511	<b>39,376,051</b>	39,203,511
Reserves	26	<b>6,931,567</b>	86,436	-	-
Retained earnings		<b>164,858,470</b>	172,630,651	<b>166,464,510</b>	163,835,912
<b>TOTAL EQUITY</b>		<b>211,166,088</b>	211,920,598	<b>205,840,561</b>	203,039,423

The accompanying notes form part of the financial statements



# FINANCIAL STATEMENTS

## Statement Of Changes In Equity

For The Year Ended 30 June 2009

	2009 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	39,203,511	172,630,651	(1,130,423)	-	1,216,859	211,920,598
Exchange differences on translation of foreign operations	-	-	8,061,990	-	-	8,061,990
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	-	1,216,859	8,061,990	-	(1,216,859)	8,061,990
Loss for the year	-	(2,498,802)	-	-	-	(2,498,802)
Total income and expense for the year	-	(2,498,802)	-	-	-	(2,498,802)
Shares issued during the year	793,765	-	-	-	-	793,765
Transaction costs	(3,635)	-	-	-	-	(3,635)
Shares bought back during the year	(617,590)	-	-	-	-	(617,590)
Dividends paid or provided for	-	(6,490,238)	-	-	-	(6,490,238)
Equity as at 30 June 2009	39,376,051	164,858,470	6,931,567	-	-	211,166,088

*The accompanying notes form part of the financial statements*



# FINANCIAL STATEMENTS

## Statement Of Changes In Equity

For The Year Ended 30 June 2009



	2008 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	29,619,643	72,830,286	(7,421,185)	1,701,770	1,216,859	97,947,373
Exchange differences on translation of foreign operations	-	-	619,933	-	-	619,933
Exchange differences recycled on sale of China business	-	-	5,670,829	-	-	5,670,829
Gains on disposal of available-for-sale financial assets credited to Income Statement	-	-	-	(1,701,770)	-	(1,701,770)
Total income and expense for the year recognised directly in equity	-	-	6,290,762	(1,701,770)	-	4,588,992
Profit for the year	-	111,887,287	-	-	-	111,887,287
Total income and expense for the year	-	111,887,287	-	-	-	111,887,287
Shares issued during the year	10,082,565	-	-	-	-	10,082,565
Transaction costs	(19,456)	-	-	-	-	(19,456)
Shares bought back during the year	(479,241)	-	-	-	-	(479,241)
Dividends paid or provided for	-	(12,086,922)	-	-	-	(12,086,922)
Equity as at 30 June 2008	39,203,511	172,630,651	(1,130,423)	-	1,216,859	211,920,598

The accompanying notes form part of the financial statements



## FINANCIAL STATEMENTS

### Statement Of Changes In Equity

For The Year Ended 30 June 2009

2009 Parent				
	Ordinary Shares \$	Retained Earnings \$	Available-for- sale financial Assets Reserve \$	Total \$
Equity as at beginning of period	<b>39,203,511</b>	<b>163,835,912</b>	-	<b>203,039,423</b>
Profit for the year	-	<b>9,118,835</b>	-	<b>9,118,835</b>
Shares issued during the year	<b>793,765</b>	-	-	<b>793,765</b>
Transaction costs	<b>(3,635)</b>	-	-	<b>(3,635)</b>
Shares bought back during the year	<b>(617,590)</b>	-	-	<b>(617,590)</b>
Dividends paid or provided for	-	<b>(6,490,237)</b>	-	<b>(6,490,237)</b>
Equity at 30 June 2009	<b>39,376,051</b>	<b>166,464,510</b>	-	<b>205,840,561</b>

2008 Parent				
	Ordinary Shares \$	Retained Earnings \$	Available-for- sale financial Assets Reserve \$	Total \$
Equity as at beginning of period	29,619,643	22,599,144	1,701,770	53,920,557
Net loss of available-for-sale financial assets	-	-	(1,701,770)	(1,701,770)
Total income and expense for the year recognised directly in equity	-	-	(1,701,770)	(1,701,770)
Profit for the year	-	153,323,690	-	153,323,690
Total income and expense for the year	-	153,323,690	-	153,323,690
Shares issued during the year	10,082,565	-	-	10,082,565
Transaction costs	(19,456)	-	-	(19,456)
Shares bought back during the year	(479,241)	-	-	(479,241)
Dividends paid or provided for	-	(12,086,922)	-	(12,086,922)
Equity at 30 June 2008	39,203,511	163,835,912	-	203,039,423

*The accompanying notes form part of the financial statements*



# FINANCIAL STATEMENTS

## Cash Flow Statements

For The Year Ended 30 June 2009



	Consolidated		Parent	
Note	2009 \$	2008 \$	2009 \$	2008 \$
<b>Cash flows from operating activities:</b>				
Receipts from customers	10,765,773	92,754,254	559,763	-
Payments to suppliers and employees	(16,436,469)	(77,632,471)	(7,367,277)	(1,345,905)
Dividends received	-	-	-	3,449,692
Interest received	6,840,857	5,917,372	6,719,101	5,871,726
Interest paid	-	(825,647)	-	-
Proceeds from hedge gain	-	7,159,906	-	7,159,906
Income taxes paid	(348,235)	(97,664)	(348,235)	-
Other income	62,476	-	-	-
<b>Net cash provided by/(used in) operating activities</b>	<b>884,402</b>	<b>27,275,750</b>	<b>(436,648)</b>	<b>15,135,419</b>
31(a)				
<b>Cash flows from investing activities:</b>				
Proceeds from sale of available-for-sale investment	-	6,302,498	-	6,302,498
(Payments)/receipts arising from disposal of subsidiaries	(8,385,308)	175,768,439	(8,385,308)	182,764,482
Costs - disposal of subsidiaries	-	(7,354,253)	-	(7,354,253)
Acquisition of property, plant and equipment	19 (411,901)	(14,966,943)	(1,681)	-
Construction in works in progress	19 (1,133,964)	-	-	-
Investment in subsidiaries	31(e) -	-	(6,614,729)	(12,500,000)
Loans to Joint Venture entities	-	(46,027)	-	-
Payment for purchase of equity securities	(1,912,086)	-	(1,912,086)	-
Acquisition of subsidiary	(50,000)	-	-	-
Deferred exploration, evaluation expenditure and development costs	20 (1,605,742)	(2,127,031)	(29,216)	(124,134)
<b>Net cash (used in) /provided by investing activities</b>	<b>(13,499,001)</b>	<b>157,576,683</b>	<b>(16,943,020)</b>	<b>169,088,593</b>
<b>Cash flows from financing activities:</b>				
Payment for share buy-back	(544,040)	(498,696)	(544,040)	(498,696)
(Repayments)/Proceeds of borrowings	-	(6,092,512)	4,768,596	(2,724,539)
Dividends paid to company shareholders	(5,700,107)	(2,265,351)	(5,700,107)	(2,265,351)
<b>Net cash (used in)/provided by financing activities</b>	<b>(6,244,147)</b>	<b>(8,856,559)</b>	<b>(1,475,551)</b>	<b>(5,488,586)</b>
<b>Net (decrease)/increase in cash held</b>	<b>(18,858,746)</b>	<b>175,995,874</b>	<b>(18,855,219)</b>	<b>178,735,426</b>
Cash and cash equivalents at beginning of year	185,656,025	9,784,235	179,041,872	306,446
Effect of exchange rates on cash held in foreign currencies - beginning of the year	2,019,126	(124,084)	(1,318,974)	-
<b>Cash and cash equivalents at end of financial year</b>	<b>168,816,405</b>	<b>185,656,025</b>	<b>158,867,679</b>	<b>179,041,872</b>
31(b)				

The accompanying notes form part of the financial statements



# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

### 1. Corporate Information

The financial report of Astron Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 25 September 2009 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 financial report is presented in Australian dollars.

Astron Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

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

Compliance with AIFRS ensures that the consolidated financial statements and notes complies with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical cost basis, except for investment properties, land and buildings, plant and equipment deemed to be at fair value on transition to AIFRS, derivatives, available-for-sale financial assets and held for trading investments that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal groups held for sale are measured at the lower of carrying amounts and fair value less costs to sell.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

#### (b) Basis of Consolidation

##### *Subsidiaries*

The consolidated financial statements comprise the financial statements of Astron Limited and its subsidiaries at 30 June each year ("the Group"). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.



# FINANCIAL STATEMENTS

Notes to the Financial Statements

For The Year Ended 30 June 2009



Subsidiaries are accounted for in the parent entity financial statements at cost. A list of subsidiary entities is contained in Note 18 to the financial statements. All subsidiary entities have a June financial year end and are accounted for in the Parent entity financial statements at cost.

## *Associates*

Associates are entities over which the Group has significant influence but not control. Associates are accounted for in the parent entity financial statements at cost and the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the consolidated income statement reflects the Group's share of associates' post acquisition profits or losses and the consolidated balance sheet reflects the Group's share of post acquisition movements in reserves or equity. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are not 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.

## *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 15.

## *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 14.

## **(c) Foreign Currency Translation**

The functional and presentation currency of Astron Limited and its Australian subsidiaries is Australian dollars (A\$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.



# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is primarily Chinese Renminbi. At reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Astron Limited at the closing rate at balance sheet date and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### (d) Revenue Recognition

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

#### *Sale of goods*

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

#### *Rendering of services*

Revenue from the rendering of services such as management fees are recognised upon the rendering of the service to the customers in accordance with the agreements.

#### *Interest*

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

#### *Rental income*

Rental income is accounted for on a straight line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

### (e) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial



# FINANCIAL STATEMENTS

Notes to the Financial Statements

For The Year Ended 30 June 2009



recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Astron Limited and its wholly owned Australian subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Astron Limited is the head entity in the tax consolidated group. The stand alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax balances to wholly owned subsidiaries that form part of the tax consolidated group. Astron Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax installments. These amounts are recognised as current intercompany receivables or payables.

## (f) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

## (g) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

## (h) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 0 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be



# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 180 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the de-recognition of the original instrument.

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

### (i) Inventories

*Raw materials, works in progress and finished goods*

Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

### (j) Non-current Assets Classified as Held For Sale

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These assets are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised. Interest expense continues to be recognised on liabilities of a disposal group classified as held for sale.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for subsequent increases in fair value less costs to sell of an asset but not exceeding any cumulative impairment losses previously recognised.

A discontinued operation is a component of the group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

### (k) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.



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For The Year Ended 30 June 2009



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 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.

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.

### *Available-for-sale financial assets*

Investments in subsidiaries, associates and joint venture entities are accounted for in the consolidated financial statements as described in note 2(b) and in the parent entity financial statements at cost in accordance with the cost alternative permitted in separate financial statements under AASB 127 Consolidated and Separate Financial Statements.

### *Loans and receivables*

Non-current loans and receivables include loans due from related parties repayable within 366 days of balance sheet date. These are interest bearing using a market rate of interest for a similar instrument with a similar credit rating. In the case of loans and receivables, objective evidence of impairment includes confirmation that the company will not be able to collect all amounts due according to the original terms.

## **(l) Fair Values**

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at balance sheet date. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

## **(m) Property, Plant and Equipment**

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

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.



# FINANCIAL STATEMENTS

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For The Year Ended 30 June 2009

Land is not depreciated. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation on other assets is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of Asset	
Leasehold Buildings	50 years
Freehold Land	Indefinite
Plant and Equipment	3-20 Years

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

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is de-recognised.

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.

### (n) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

### (o) Land Use Rights

The upfront prepayments made for land use rights are expensed in the income statement on a straight line basis over the period of the lease or, when there is impairment, it is recognised immediately. The period of the lease is 50 years.

### (p) 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 the carrying value. The project is in the development phase and hence no amortisation has been brought to account. An amortisation policy has yet to be determined.

## **(q) 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.

## **(r) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30 to 90 day payment terms.

Payables to related parties are carried at the principal amount.

## **(s) Interest Bearing Liabilities**

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the loans and borrowings using the effective interest method.



# FINANCIAL STATEMENTS

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For The Year Ended 30 June 2009

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### (t) 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 the income statement in the period in which they are incurred.

### (u) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### (v) Employee Benefit Provisions

*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of balance sheet date are recognised in respect of employees' services rendered up to balance sheet date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries and annual leave are included as part of Other Payables.

*Bonus plan*

The Group recognises an expense and a liability for bonuses when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

*Retirement benefit obligations*

The Group contributes to employee superannuation funds in accordance with its statutory obligations. Contributions are recognised as expenses as they become payable.

### (w) Contributed Equity

Ordinary shares are classified as equity.

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



# FINANCIAL STATEMENTS

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For The Year Ended 30 June 2009



## (x) Share Based Payments

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares ("equity settled transactions"). To date share based payments have been undertaken at the discretion of the Remuneration Committee. For shares issued to employees as remuneration, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity. There is not an Employee Share Option Plan (ESOP) in operation.

## (y) Dividends

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.

## (z) Segment Reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions. Segment assets and liabilities do not include income taxes.

## (aa) 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 ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

## (bb) Goods and Services Tax (GST)

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.



# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

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

### (cc) Change in Accounting Policy

The accounting policies adopted are consistent with those of the previous financial year

### (dd) 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.

The directors of Astron Limited have assessed the impact that these standards will have on the parent and group 30 June 2010 financial report. The result of this assessment is set out below:

AASB reference	Title of Affected Standard	Application date	Impact on Initial Application
AASB 8 (Issued Feb 2007)	Operating Segments	Financial year ending 30 June 2010	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).
AASB 101 (Revised Sep 2007)	Presentation of Financial Statements	Financial year ending 30 June 2010	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way the financial statements are presented and various changes to names of individual financial statements.
AASB 2008-7 (issued July 2008)	Amendment to Australian Accounting Standards – Cost of an Investment in a Subsidiary  [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]	Financial year ending 30 June 2010	Any pre-acquisition dividends received after 1 July 2009 may result in additional impairment charges on investments in subsidiaries. This is because such amounts are currently written off directly against the cost of the investment, whereas in future they will be recognised as revenue which may result in the investment being stated at an amount exceeding recoverable amount.



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Notes to the Financial Statements

For The Year Ended 30 June 2009



AASB reference	Title of Affected Standard	Application date	Impact on Initial Application
AASB 3 (reissued March 2008)	Business Combinations	Where the acquisition date is on or after the beginning of the financial year ending 30 June 2010	<p>As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.</p> <p>However, due to the nature of some of the changes in the revised standard, business combinations that the company should decide to undertake after 1 July 2009 may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill. Specific changes in respect of step acquisitions or sell downs, should the company decide to undertake any of these in the future, may introduce situations whereby adopting the revised standard may improve profitability. Also, potential deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, would be recognised as a credit to the income statement and there would be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.</p>

### 3. 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 based on current trends and economic data, obtained both externally and within the group.



# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

### (a) 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.

Impairment has been recognised in respect of the Group's costs incurred in developing the Senegal project (refer note 20 (e)) and the TiO<sub>2</sub> project (note 20 (e)), the impairment to the carrying value of stock (note 13) and the impairment to available-for sale investments in terms of the relevant accounting standards (note 16).

### (b) Capitalisation of Exploration and Evaluation Assets

The Group has continued to capitalise expenditure, in terms of AASB 6, incurred on the exploration and evaluation of the Donald Mineral Sands project in Victoria, Australia. This has been done as the technical feasibility and economic viability of extracting the mineral resources is not demonstrable. The Group has assessed that the balances capitalised will be recoverable through the projects successful development (refer note 20 for further details).

### (c) Deferred Tax Assets

Deferred tax assets have not been created from capital losses and China revenue losses as the utilisation of these losses is not considered probable at this stage.

### (d) Available-for sale Financial Assets

Available-for-sale financial assets have been classified as current assets as it is the Group's intention to dispose of these assets within one year.

## 4. Segment Reporting

### (a) Business Segments

The Group operates in two segments, mineral trading and processing and evaluation and exploration.



# FINANCIAL STATEMENTS

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## (b) Primary Reporting: Business Segments

	Mineral Trading		Evaluation and Exploration expenditure		Head Office / Unallocated		Total of Continuing Operations		Discontinued Operations Chemical Manufacturing and Mineral Processing		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue from external customers</b>												
Sales	3,777,286	10,627,126	-	-	-	-	3,777,286	10,627,126	-	78,562,551	3,777,286	89,189,677
Other revenue/Other income	106,103	31,727	40,323	2,822	6,809,567	15,956,107	6,955,993	15,990,656	5,059,069	270,571	12,015,062	16,261,227
<b>Total segment revenue/income</b>	<b>3,883,389</b>	<b>10,658,853</b>	<b>40,323</b>	<b>2,822</b>	<b>6,809,567</b>	<b>15,956,107</b>	<b>10,733,279</b>	<b>26,617,782</b>	<b>5,059,069</b>	<b>78,833,122</b>	<b>15,792,348</b>	<b>105,450,904</b>
Intersegment elimination	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated revenue	3,883,389	10,658,853	40,323	2,822	6,809,567	15,956,107	10,733,279	26,617,782	5,059,069	78,833,122	15,792,348	105,450,904
<b>Segment result</b>												
Segment result	(5,784,773)	(8,670,912)	40,323	(6,344,963)	1,069,279	13,169,690	(4,675,171)	(1,846,185)	5,059,069	114,719,239	383,898	112,873,054
Intersegment elimination	-	-	-	-	-	-	-	-	-	-	-	-
Profit before income tax	-	-	-	-	-	-	(4,675,171)	(1,846,185)	5,059,069	114,719,239	383,898	112,873,054
Income tax expense	-	-	-	-	-	-	(2,882,700)	(729,330)	-	(256,437)	(2,882,700)	(965,767)
Net (loss)/profit for the year	-	-	-	-	-	-	(7,557,871)	(2,575,515)	5,059,069	114,462,802	(2,498,802)	111,887,287

# FINANCIAL STATEMENTS

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For The Year Ended 30 June 2009

	Mineral Trading		Evaluation and Exploration expenditure		Head Office / Unallocated		Total of Continuing Operations		Discontinued Operations Chemical Manufacturing and Mineral Processing		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>												
Segment assets	<b>34,682,868</b>	32,459,265	<b>20,471,305</b>	20,578,898	<b>160,350,769</b>	179,945,564	<b>215,504,942</b>	232,983,727	-	-	<b>215,504,944</b>	232,983,727
Total assets	<b>34,682,868</b>	32,459,265	<b>20,471,305</b>	20,578,898	<b>160,350,769</b>	179,945,564	<b>215,504,942</b>	232,983,727	-	-	<b>215,504,944</b>	232,983,727
<b>Liabilities</b>												
Segment liabilities	<b>999,938</b>	2,329,533	<b>100,259</b>	267,801	<b>3,238,657</b>	18,465,795	<b>4,338,854</b>	21,063,129	-	-	<b>4,338,854</b>	21,063,129
Total liabilities	<b>999,938</b>	2,329,533	<b>100,259</b>	267,801	<b>3,238,657</b>	18,465,795	<b>4,338,854</b>	21,063,129	-	-	<b>4,338,854</b>	21,063,129
<b>Other Segment Information</b>												
Share of profit from associates	-	-	-	(296,779)	-	-	-	(296,779)	-	-	-	(296,779)
Share of loss from joint ventures	-	-	(52,660)	(9,028)	-	-	(52,660)	(9,028)	-	-	(52,660)	(9,028)
Profit on sale of China Zircon Group	-	-	-	-	-	-	-	-	<b>5,059,069</b>	114,699,506	<b>5,059,069</b>	114,699,506
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	<b>1,510,794</b>	12,411,526	<b>1,625,057</b>	1,693,520	<b>1,681</b>	-	<b>3,137,532</b>	14,105,046	-	4,449,459	<b>3,137,532</b>	18,554,505
Depreciation and amortisation	<b>347,583</b>	107,903	-	-	<b>61</b>	36	<b>347,644</b>	107,939	-	2,774,131	<b>347,644</b>	2,882,070

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	Mineral Trading		Evaluation and Exploration expenditure		Head Office / Unallocated		Total of Continuing Operations		Discontinued Operations Chemical Manufacturing and Mineral Processing		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Impairment losses	962,036	6,848,818	1,123,470	6,041,978	812,350	-	2,897,856	12,890,796	-	-	2,897,856	12,890,796
Non-cash expenses other than depreciation	-	501,270	-	-	-	900,211	-	1,401,481	-	600,000	-	2,001,481

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### (c) Geographical Segments

Although the consolidated entity is managed globally, it operates in the following main geographical areas:

#### *Australia*

The home country of the parent entity and one of the subsidiaries which performs evaluation and exploration activities.

#### *China*

The home country of subsidiaries which operate in the mineral trading and processing segment.

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Australia	-	-	<b>181,348,092</b>	199,981,427	<b>1,019,850</b>	1,693,520
China	<b>3,644,426</b>	88,890,960	<b>33,988,169</b>	32,310,873	<b>2,117,197</b>	16,860,985
Other countries	<b>132,860</b>	298,716	<b>168,681</b>	691,427	-	-
<b>Total</b>	<b>3,777,286</b>	89,189,676	<b>215,504,942</b>	232,983,727	<b>3,137,532</b>	18,554,505

### 5. Revenue and Other Income

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Continuing operations</b>				
Revenue				
- sale of goods	<b>3,777,286</b>	10,627,126	-	-
- rental revenue	<b>39,034</b>	1,500	-	-
- interest income	<b>6,840,857</b>	5,895,798	<b>6,719,101</b>	5,871,726
- dividend income	-	-	-	16,596,452
<b>Total revenue: continuing</b>	<b>10,657,177</b>	16,524,424	<b>6,719,101</b>	22,468,178



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For The Year Ended 30 June 2009



## Discontinued operations

### Revenue

- sale of goods	-	78,562,551	-	-
- interest income	-	21,574	-	-
<b>Total revenue: discontinued</b>	-	<b>78,584,125</b>	-	-

### Other income: continuing operations

- Net gain on disposal of available-for-sale financial assets	-	2,534,292	-	2,534,292
- gains on foreign exchange	-	92,332	<b>1,495,974</b>	99,768
- hedge gain	<b>30,323</b>	7,159,906	-	7,159,906
- other income	<b>45,779</b>	306,828	<b>37,734</b>	290,414
<b>Total other income: continuing</b>	<b>76,102</b>	<b>10,093,358</b>	<b>1,533,708</b>	<b>10,084,380</b>

Consolidated		Parent	
2009	2008	2009	2008
\$	\$	\$	\$

### Other income: discontinued

- Net gain on disposal of subsidiaries (note 8)	<b>5,059,069</b>	-	<b>5,620,841</b>	140,059,503
- other income	-	248,997	-	-
<b>Total other income: discontinued</b>	<b>5,059,069</b>	<b>248,997</b>	<b>5,620,841</b>	<b>140,059,503</b>



# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

### 6. (Loss)/Profit Before Income Tax

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

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Interest Paid	-	990,636	-	260,332
Foreign currency translation losses/(gains)	<b>1,318,974</b>	(92,332)	<b>1,318,974</b>	(99,767)
Gain on foreign currency hedge transaction	<b>30,323</b>	(7,159,906)	-	(7,159,906)
Bad and doubtful debts-trade receivables	-	11,139	-	-
Premises-contractual amounts	<b>227,222</b>	230,965	-	-
Research and development costs	<b>15,373</b>	250,477	-	212,968
Depreciation and amortisation	<b>347,644</b>	2,882,070	<b>61</b>	-
Superannuation	<b>114,081</b>	131,729	<b>76,225</b>	-
Employee benefits	<b>1,176,407</b>	3,562,331	<b>390,206</b>	2,015,962
Share based payment expenses	-	260,994	-	260,994
Impairment of capitalised development expenditure (note 20 (e))	<b>583,683</b>	6,848,818	<b>29,216</b>	4,559,680
Impairment of available-for sale investments (note 16)	<b>812,350</b>	-	<b>812,350</b>	-
Costs associated to Gambia investment (note 14(d))	<b>1,851,719</b>	-	<b>1,434,402</b>	-
Impairment of Gambian equity investment	-	6,041,978	-	-
Impairment of Senegal exploration expenditure (note 20 (e))	<b>539,787</b>	-	-	-
Impairment of subsidiary	-	-	<b>(1,902,621)</b>	10,000,000
Loss - liquidation of subsidiary	-	-	-	1,212,945
Write down of stock (note 13)	<b>962,036</b>	-	-	-

This note reflects expenses for both continuing and discontinued operations.



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For The Year Ended 30 June 2009



(b) *Gains on disposal of assets*

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Available-for-sale financial assets	-	2,534,292	-	2,534,292
<b>Total</b>	-	2,534,292	-	2,534,292

## 7. Income Tax Expense

(a) The components of tax expense comprise:

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Current tax expense in respect of current year	<b>920,300</b>	603,756	<b>1,233,509</b>	-
Adjustments recognised in the current year in relation to the prior year	<b>349,104</b>	-	<b>348,018</b>	-
Recognition/(reversal) of deferred tax liability/(asset)	<b>1,613,296</b>	382,011	<b>(623,150)</b>	729,330
<b>Total</b>	<b>2,882,700</b>	985,767	<b>958,377</b>	729,330
<b>Attributable to:</b>				
Continuing operations	<b>2,882,700</b>	729,330	<b>958,377</b>	729,330
Discontinued operations	-	256,437	-	-
<b>Total</b>	<b>2,882,700</b>	985,767	<b>958,377</b>	729,330



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

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Prima facie tax payable on (loss)/profit 30% (2008: 30%)				
- continuing operations	<b>(1,402,552)</b>	(553,856)	<b>1,336,911</b>	4,198,055
- discontinued operations	<b>1,517,721</b>	34,415,772	<b>1,686,252</b>	42,017,851
	<b>115,169</b>	33,861,916	<b>3,023,163</b>	46,215,906
Add/(Less) Tax effect of:				
- deferred tax asset not brought to account	<b>243,705</b>	2,071,266	<b>243,705</b>	5,799,033
- underprovision for deferred tax	<b>1,922,999</b>	-	-	-
- gain on sale not assessable	<b>(1,686,252)</b>	(34,415,772)	<b>(1,686,252)</b>	(42,017,851)
- benefit arising from previously unrecognised tax losses/timing differences	<b>(490,409)</b>	(551,143)	<b>(1,509,964)</b>	(4,308,322)
- non deductible items	<b>540,535</b>	19,500	<b>539,707</b>	19,500
- items not assessable for tax purposes	-	-	-	(4,978,936)
- deferred tax asset not recognized for China losses and timing differences	<b>1,583,207</b>	-	-	-
- under provision for income tax in prior year	<b>337,104</b>	-	<b>348,018</b>	-
- Impact of overseas tax differential	<b>316,642</b>	-	-	-
Income tax attributable to entity	<b>2,882,700</b>	985,767	<b>958,377</b>	729,330
The applicable weighted average effective tax rates are as follows:	<b>750%</b>	3%	<b>10%</b>	2%

The increase in the weighted average effective consolidated tax rate for 2009 is in the main a result of deferred taxation raised on prior year capitalised expenditure.



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## (c) *Income tax rates*

### *Australia*

In accordance with the Australian Income Tax Act, Astron Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group, tax funding or sharing agreements have been entered into. 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 from Chinese subsidiaries are non assessable under current Australian Income Tax Legislation.

### *China*

Astron Limited's subsidiaries in China and are subject to Chinese income tax laws.

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.

## 8. **Discontinued Operations**

On 30 November 2007, Astron Limited announced its intention to sell its China Zircon Group to Imerys. The division was sold with effect from 4 February 2008 and was reported as a discontinued operation in 2008.

During the financial year the final settlements were obtained resulting in further revenue for the Group which related primarily to the settlement of warranty and indemnification provisions. Financial information relating to the discontinued operation for the period to 4 February 2008 is set out below. Further information is set out in note 4 - Segment Information.



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For The Year Ended 30 June 2009

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Revenue and other income	-	78,833,122	-	-
Expenses	-	(78,813,389)	-	-
Profit before income tax	-	19,733	-	-
Income tax expense	-	(256,437)	-	-
Loss attributable to members of the parent entity	-	(236,704)	-	-
Profit on sale of China Zircon Group before income tax	<b>5,059,069</b>	114,699,506	<b>5,620,841</b>	140,059,503
Profit on sale after income tax	<b>5,059,069</b>	114,462,802	<b>5,620,841</b>	140,059,503
Net cash inflow from operating activities	-	14,971,827	-	-
Net cash (outflow)/ inflow from investing activities	<b>(8,385,308)</b>	164,009,223	<b>(8,385,308)</b>	182,764,482
Net cash outflow from financing activities	-	(3,826,926)	-	(7,354,253)
Net (decrease)/increase in cash generated by the discontinued operation	<b>(8,385,308)</b>	175,154,124	<b>(8,385,308)</b>	175,410,229

The assets and liabilities of the discontinued China Zircon Group as at 4 February 2008 (2008 column) were as follows:

	2009 \$	2008 \$
Property, plant and equipment	-	21,331,095
Cash	-	6,996,043
Inventory	-	32,925,949
Trade & other receivables	-	21,284,847
<b>Total assets</b>	-	<b>82,537,934</b>
Trade & other creditors	-	(39,116,912)



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Tax liabilities	-	(1,145,393)
<b>Total liabilities</b>	-	<b>(40,262,305)</b>
<b>Net assets</b>	-	<b>42,275,629</b>

The gain on sale of the China Zircon Group has been calculated as follows:

	2009 \$	2008 \$
Consideration received-cash	-	182,764,378
Carrying amount of net assets sold and other costs	-	(42,275,629)
<b>Gain on sale</b>	-	<b>140,488,749</b>
Over-provision/ (costs) directly attributable to sale of business	<b>5,059,069</b>	(21,737,280)
Recycling of foreign exchange reserve in respect of disposal of foreign subsidiaries	-	(5,670,829)
Net forgiveness of intercompany balances	-	1,618,866
<b>Gain on sale after income tax</b>	<b>5,059,069</b>	<b>114,699,506</b>

In the event that that Zircon Group achieves certain performance criteria during the two years subsequent to completion, an additional cash consideration is due as specified in the earn out clause in the sale agreement. This amount has not been recognised in the consideration receivable and the profit on sale of the division as the earn out amount cannot be reliably measured at this stage.

## 9. Earnings Per Share

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

	Consolidated	
	2009 \$	2008 \$
(Loss)/Profit attributable to members	<b>(2,498,802)</b>	111,887,287
(Loss)/Earnings used to calculate basic EPS	<b>(2,498,802)</b>	111,887,287
(Loss)/ Earnings used in calculation of dilutive EPS	<b>(2,498,802)</b>	111,887,287
Loss from continuing operations	<b>(7,557,871)</b>	(2,575,515)
Loss used to calculate basic EPS from continuing operations	<b>(7,557,871)</b>	(2,575,515)
Loss used in the calculation of dilutive EPS from continuing operations	<b>(7,557,871)</b>	(2,575,515)



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Profit from discontinued operations	<b>5,059,069</b>	114,462,802
Earnings used to calculated basic EPS from discontinued operations	<b>5,059,069</b>	114,462,802

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

	Consolidated	
	2009 \$	2009 \$
Weighted average number of ordinary shares outstanding during the year		
- used in calculating basic EPS	<b>64,757,109</b>	62,868,809
Weighted average number of ordinary shares outstanding during the year		
- used in calculating dilutive EPS	<b>64,757,109</b>	62,868,809

(c) *Dilutive shares*

There were no shares issued under escrow at or post year end.

## 10. Auditors' Remuneration

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Remuneration of the auditor</b>				
BDO Kendalls				
- auditing or reviewing the financial report	<b>175,535</b>	342,275	<b>175,535</b>	242,275
Other audit firms	<b>23,914</b>	-	-	-
<b>Other services – BDO Kendalls</b>				
- taxation services	<b>117,813</b>	17,400	<b>117,813</b>	17,400
- taxation advice relating to China Zircon Group sale	<b>29,706</b>	-	<b>29,706</b>	-
- due diligence assistance	<b>13,739</b>	77,195	<b>13,739</b>	77,195
- other services	<b>368</b>	1,040	<b>368</b>	1,040



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## 11. Cash assets

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Cash on hand	3,396	57,428	-	-
Bank balances	18,021,688	185,405,129	8,282,372	179,041,872
Short-term deposits	150,791,321	193,468	150,585,307	-
	<b>168,816,405</b>	185,656,025	<b>158,867,679</b>	179,041,872

Cash on hand is non interest bearing. Bank balances and deposits at call bear floating interest rates between 0.0% and 3.52% (2008: 0.72% and 7.75%). Deposits have an average maturity of 60 days. Bank balances included letter of credit deposits of \$203,533 as at 30 June 2009.

### (a) Geographic concentration of risk

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Australia	159,073,793	179,235,340	158,867,679	179,041,872
China	9,677,906	6,344,523	-	-
United Kingdom	58,512	32,500	-	-
Senegal	6,194	43,662	-	-
<b>Total</b>	<b>168,816,405</b>	185,656,025	<b>158,867,679</b>	179,041,872



# FINANCIAL STATEMENTS

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For The Year Ended 30 June 2009

	2009 \$	2008 \$
<b>Australia</b>		
Commonwealth Bank-S&P rating of AA- (2008:AA)	150,789,467	4,754,570
Goldman Sachs JB Were-unrated	1,159,502	174,454,839
Bank of China-S&P rating of A-	7,089,643	3,456
Other Australian banks	35,181	22,536
	<b>159,073,793</b>	<b>179,235,401</b>
<b>China</b>		
Bank of China-S&P rating of A-	6,473,596	4,913,542
Construction Bank-S&P rating of A-	2,764,564	1,213,617
Other Chinese banks	439,746	217,364
	<b>9,677,906</b>	<b>6,344,523</b>

## 12. Trade and Other Receivables

	Note	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
<b>Current</b>					
Trade receivables	12(b)	328,883	1,300,388	-	-
Drafts and other receivables	12(a)	2,135,077	7,123,092	381,734	903,692
Amounts receivable from:					
- wholly-owned subsidiaries	12(e)	-	-	8,560,806	7,905,737
- provision for impairment of receivable from wholly-owned subsidiaries	12(e)	-	-	(1,300,887)	(1,300,887)
- joint venture entity receivable	29(c)	-	3,975,639	-	-
- provision for impairment of receivables from joint venture entity	14(d)	-	(3,975,639)	-	-
<b>Total</b>		<b>2,463,960</b>	<b>8,423,480</b>	<b>7,641,653</b>	<b>7,508,542</b>



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(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 practice in China. All the drafts are with the counterparties in China. There is no industry concentration of risk in respect to these drafts.

(b) *Ageing analysis*

The ageing analysis of trade receivables is as follows:

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
0-30 days (not past due)	175,639	489,809	-	-
31-60 days (not past due)	35,936	706,984	-	-
61-90 days (past due not impaired)	37,596	74,142	-	-
91+ days (past due not impaired)	79,712	29,453	-	-
<b>Total</b>	<b>328,883</b>	<b>1,300,388</b>	-	-

At year end the Group's trade debtors are predominantly receivable from Chinese trading partners. The Group considers that its history of trading indicates that there are no impairment indicators at balance date. The Chinese debtors are regularly reviewed and as is common practice in China the terms may be extended without which there would be overdue balances, however, the Group is satisfied that payment will be received in full.

It is the Group's policy that where possible that sales are made in exchange for notes (guaranteed by a Chinese bank) ensuring that the Group does not have an impairment issue.

(c) *Analysis of allowance for trade debtors*

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Opening balance	-	350,134	-	-
Receivables transferred on disposal of subsidiary	-	(350,134)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# FINANCIAL STATEMENTS

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(d) *Analysis of allowance for other debtors*

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Opening balance	3,975,639	-	1,300,887	1,300,887
Elimination on gaining control of joint venture	(3,975,639)	-	-	-
Provision for receivables from joint venture entity	-	3,975,639	-	-
<b>Total</b>	<b>-</b>	<b>3,975,639</b>	<b>1,300,887</b>	<b>1,300,887</b>

(e) *Impairment of loans from wholly-owned subsidiaries*

The loans are repayable at call. Except for the balance due from Sovereign Gold NL of \$1,300,887 which is fully provided for, the other loans are not considered impaired after reviewing the underlying assets of the subsidiaries.

### 13. Inventories

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Raw materials-at cost	-	1,153,334	-	-
Raw Materials-at net realisable value	-	157,960	-	-
Raw Materials	-	1,311,294	-	-
Works in progress	343,086	2,026,784	-	-
Finished goods – at cost	1,016,523	19,509	-	-
Finished goods – at net realisable value	1,524,784	-	-	-
Finished goods	2,541,307	19,509	-	-
<b>Total</b>	<b>2,884,393</b>	<b>3,357,587</b>	<b>-</b>	<b>-</b>

Write downs of inventories to net realisable value during the current financial year amounted to \$962,036 (2008 \$501,270).



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## 14. Investments in Joint Venture Entity - Carnegie

### (a) Interest in joint venture entity

On 22 December 2008, the Group paid \$50,000 to acquire Coast Resources Limited which holds a 50% interest in Carnegie Minerals (Gambia) Limited (Carnegie) and the Senegal Joint Venture.

This resulted in the Group acquiring the remaining 50% of Joint Venture Entity Carnegie Minerals (Gambia) Limited and this becoming a 100% subsidiary of Astron Limited for the sum of \$1 as all assets of the company have been impaired. This acquisition was transacted to simplify the process of the Group pursuing its legal rights under that mining lease (if it chooses to do so) in an endeavour to recover the operation or damages for its loss.

Carnegie was incorporated to commence mining activities in The Gambia. (Note that at 30 June 2008 the investments and receivables associated with the company have been impaired in full, refer Note 14(d)).

The original agreement prior to the seizure of the assets was that Astron Limited had an obligation to fund the development and operating costs of the mine by way of loans (refer Note 29(c) for further details).

Name	Principal Activities	Country	Reporting Date	2009 %	2008 %
Carnegie	Mining mineral sands	The Gambia	31 December	100.00*	50.00

\*Carnegie became a subsidiary company during the year (refer note 18)

	Revenues \$	Loss \$	Share of Joint Venture Entities net loss recognised \$	Total Assets \$	Total Liabilities \$	Net assets as reported \$	Share of Joint Venture assets equity accounted \$
2009	-	-	-	-	-	-	-
2008							
Carnegie	-	(593,558)	(296,779)	-	-	-	-



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For The Year Ended 30 June 2009

(b) *Carrying amount of investment in joint venture entity*

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Opening balance	-	2,171,730	-	-
- share of joint venture's profit after income tax	-	(296,779)	-	-
- Impairment adjustment	-	(1,992,086)	-	-
- additional investments made during the year	-	117,135	-	-
Closing balance	-	-	-	-

(c) *Impairment*

Gambian mining assets have been impaired after the assets were seized by the Gambian government and any recoverability is uncertain.

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Investment in joint venture entity	-	1,992,086	-	-
Loans provided	-	3,975,639	-	-
<b>Interest</b>	-	5,967,725	-	-
Total Impairment	-	5,967,725	-	-
<b>Total</b>	-	-	-	-

(d) *Gambia costs*

Included in the loss before taxation are expenses of \$1,851,719, including legal fees and consultants fees relating to the Gambia project and the related legal claim.



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## 15. Joint Ventures Operations - Senegal

### *Interest in joint venture operations*

As set out in 14(a) the Group acquired Coast Resources Limited which holds a 50% interest in Carnegie Minerals (Gambia) Limited and the Senegal Joint Venture.

The Senegal Joint Venture's principal activity is the exploration and evaluation of mineral sands in Senegal. The Group now has a 100% interest in the venture and will be entitled to 100% of the output. The following amounts have been recognised in the consolidated balance sheet relating to assets and liabilities of the Senegal Joint Venture. Comparative information for 2009 has not been presented as during the year this entity become a subsidiary of the Group.

	Consolidated	Parent
	2008	2008
	\$	\$
<b>Current assets</b>		
Cash	43,662	-
Receivables	3,024	-
Total current assets	46,686	-
<b>Non-current assets</b>		
Property, plant and equipment	6,534	-
Exploration, evaluation and development costs	489,815	-
Total non-current Assets	496,349	-
Total assets	543,035	-
<b>Liabilities</b>	-	-
Net assets	543,035	-
<b>Income statement</b>		
Loss for year	(9,028)	-
Income tax expense	-	-
Loss after income tax	(9,028)	-

At 30 June 2008 there were no impairment losses.



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#### 16. Available-For-Sale Financial Assets

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Current listed investments, at fair value				
Shares in listed corporations	<b>1,099,736</b>	-	<b>1,099,736</b>	-
<b>Total available-for-sale financial assets</b>	<b>1,099,736</b>	-	<b>1,099,736</b>	-

Available-for-sale financial assets comprise of investment in the ordinary issued capital of three publically listed companies. The cost of these investments was \$1,912,086. There are no fixed returns or fixed maturity date attached to these investments. An amount of \$812,350 has been recorded in the profit and loss account as relating to an impairment under AASB 139.

There will be no capital gains tax payable on the sale of these assets due to existing capital losses carried forward.

#### 17. Other Financial Assets

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Shares in subsidiaries: unlisted	-	-	54,815,505	47,962,785
Less: impairment provision	-	-	(9,048,581)	(10,713,211)
<b>Total</b>	-	-	<b>45,766,924</b>	<b>37,249,574</b>



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## 18. Subsidiaries

		Percentage Owned Ordinary Shares 2009	Percentage Owned Ordinary Shares 2008
<b>Parent entity</b>			
Astron Limited	Australia		
<b>Subsidiaries of parent entity</b>			
Astron Advanced Materials Limited	UK	100	100
Astron Titanium (Yingkou) Co Ltd	China	100	100
Carnegie Minerals (Gambia) Limited	The Gambia	100	50
Coast Resources Limited	Isle of Man	100	-
Dickson & Johnson Pty Limited	Australia	100	100
Donald Mineral Sands Pty Ltd	Australia	100	100
Sovereign Gold NL	Australia	100	100
Yingkou Astron Mineral Resources Co Ltd	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 22 December 2008 Astron Limited paid \$50,000 to acquire Coast Resources Limited which holds a 50% interest in Carnegie Minerals (Gambia) Limited. This acquisition was transacted to simplify the process of Astron pursuing its legal rights under that mining lease (if it chooses to do so) in an endeavour to recover the operation or damages for its loss.



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Details of the net assets acquired and goodwill in respect of the transaction are as follows:

	Gambia	Senegal	Total
Cash paid	1	49,999	50,000
Fair value of net identifiable assets acquired (see below)	-	49,999	49,999
Goodwill (Discount on acquisition)	1	-	1

Further to the above, Astron acquired the remaining 50% of the Senegal joint venture for the sum of \$49,999. The assets arising from the acquisition are as follows:

	Acquiree's carrying value	Fair value
Cash	26,175	26,175
Capitalised exploration costs	520,472	19,315
Plant and equipment	4,509	4,509
Net identifiable assets acquired	551,156	49,999

The acquired businesses contributed no revenue and no profits to the Group from acquisition date to 30 June 2009. If the acquisition had occurred on 1 July 2008 consolidated revenue and profit would have been unchanged. There were no other new subsidiaries incorporated or acquired.

#### (c) *Disposal of controlled entities*

During the year there were no subsidiaries disposed or wound up.

On 4 February 2008, The Group disposed of its 100% interest in Astron Chemical Co Limited, Astron New Materials Co Limited, Tai Cang Astron Mining Products Co Limited and Zibo Astron Advanced Materials Co Limited. A profit on disposal of \$114,699,506 after income tax was attributable to the members from the disposal. No remaining interest in the entity was held by any member of the Group.



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## 19. Property, Plant and Equipment

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Land and buildings</b>				
Land				
At cost	<b>537,981</b>	534,870	-	-
Total land	<b>537,981</b>	534,870	-	-
Leasehold buildings				
At cost	<b>2,530,929</b>	2,064,807	-	-
Less accumulated depreciation	<b>(182,442)</b>	(44,760)	-	-
Total leasehold buildings	<b>2,348,487</b>	2,020,047	-	-
<b>Total land and buildings</b>	<b>2,886,468</b>	2,554,917	-	-
<b>Plant and equipment and works in progress</b>				
Capital works in progress				
At cost	<b>5,494,137</b>	3,664,922	-	-
Total capital works in progress	<b>5,494,137</b>	3,664,922	-	-
Plant and equipment				
At cost	<b>908,277</b>	545,446	<b>1,681</b>	-
Less accumulated depreciation	<b>(290,211)</b>	(126,032)	<b>(61)</b>	-
Total plant and equipment	<b>618,066</b>	419,414	<b>1,620</b>	-
<b>Total plant and equipment and works in progress</b>	<b>6,112,203</b>	4,084,336	<b>1,620</b>	-
<b>Total property, plant and equipment</b>	<b>8,998,671</b>	6,639,253	<b>1,620</b>	-

(a) *Assets pledged as security*

As at 30 June 2009 there were no mortgages granted as security over bank loans.

(b) *Capital works in progress*

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



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(c) *Movements in carrying amounts*

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Consolidated				
	Capital works in progress \$	Land \$	Buildings \$	Plant and equipment \$	Total \$
<b>Year ended 30 June 2009</b>					
Balance at the beginning of year	3,664,922	534,870	2,020,047	419,413	6,639,252
Additions	1,133,964	3,111	-	408,790	1,545,865
Depreciation expense	-	-	(128,783)	(189,055)	(317,838)
Foreign exchange movements	695,251	-	457,223	(21,083)	1,131,392
Carrying amount at the end of year	<b>5,494,137</b>	<b>537,981</b>	<b>2,348,487</b>	<b>618,066</b>	<b>8,998,671</b>
<b>Year ended 30 June 2008</b>					
Balance at the beginning of year	480,858	534,870	8,317,025	9,932,959	19,265,711
Additions	4,587,926	-	242,349	3,616,259	8,446,534
Disposals	(1,400,913)	-	(8,157,041)	(10,609,414)	(20,167,368)
Transfers	-	-	2,020,047	-	2,020,047
Depreciation expense	-	-	(364,772)	(2,475,320)	(2,840,092)
Foreign exchange movements	(2,949)	-	(37,561)	(45,070)	(85,580)
Carrying amount at the end of year	3,664,922	534,870	2,020,047	419,414	6,639,252



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	Parent	
	Plant and Equipment \$	Total \$
<b>Year ended 30 June 2009</b>		
Balance at the beginning of year	-	-
Acquisition	1,681	1,681
Depreciation	(61)	(61)
Carrying amount at the end of year	1,620	1,620
<b>Year ended 30 June 2008</b>		
Balance at the beginning of year	36	36
Depreciation expense	(36)	(36)
Carrying amount at the end of year	-	-

## 20. Intangible Assets

	Note	Consolidated		Parent	
		2009 \$	2008 \$	2009 \$	2008 \$
Development costs					
Cost	20(b)	8,615,359	7,532,348	4,588,896	4,559,680
Accumulated impairment loss		(8,345,851)	(6,817,721)	(4,588,896)	(4,599,680)
Net carrying value		269,508	714,627	-	-
Exploration expenditure capitalised					
Exploration and evaluation phases	20(a)(c)	20,201,797	19,183,628	-	-
Net carrying value		20,201,797	19,183,628	-	-
Total Intangibles		20,471,305	19,898,255	-	-



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(a) *Intangible assets*

Movements during the year ended 30 June 2009 in intangible assets represent additions and impairment adjustments only. No amortisation has been brought to account. For capital expenditure commitments refer note 30(b).

(b) *Development costs*

These costs relate to the development of the mineral projects in Senegal and TiO<sub>2</sub> project (both fully impaired refer (e) below). The remaining balance of \$269,508 relates to capitalised testing and design fees for the MSP.

(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 2009. 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.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the area of interest.

	Consolidated		
	Exploration and Evaluation Phase \$	Development costs \$	Total \$
<b>Year ended 30 June 2009</b>			
Opening balance	19,183,628	714,627	19,898,255
Acquired - business combination	-	19,315	19,315
Additions	1,018,169	587,573	1,605,742
Impairment loss	-	(1,123,470)	(1,123,470)
Foreign exchange movements	-	71,463	71,463
<b>Balance at 30 June 2009</b>	<b>20,201,797</b>	<b>269,508</b>	<b>20,471,305</b>
<b>Year ended 30 June 2008</b>			
Opening balance	17,491,236	7,128,806	24,620,042
Additions	1,692,392	637,170	2,329,562
Impairment loss	-	(6,848,818)	(6,848,818)
Foreign exchange movements	-	(202,531)	(202,531)
<b>Balance at 30 June 2008</b>	<b>19,183,628</b>	<b>714,627</b>	<b>19,898,255</b>



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	Parent		
	Exploration and Evaluation Phase \$	Development costs \$	Total \$
<b>Year ended 30 June 2009</b>			
Opening balance	-	-	-
Additions	-	29,216	29,216
Impairment loss	-	(29,216)	(29,216)
<b>Balance at 30 June 2009</b>	-	-	-
<b>Year ended 30 June 2008</b>			
Opening balance	-	4,435,546	4,435,546
Additions	-	124,134	124,134
Impairment loss	-	(4,559,680)	(4,559,680)
<b>Balance at 30 June 2008</b>	-	-	-

(d) *Finite lives*

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

(e) *Impairment*

In accordance with the provisions of AASB 136 impairment adjustments against the capitalised TiO<sub>2</sub> development project have been made on the basis that the environmental approvals have been delayed. The Group is currently awaiting China government environmental development approvals. Furthermore, an impairment loss of \$539,787 has been recognized in relation to Senegal development costs on the basis that the future of the project is currently uncertain.



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## 21. Land Use Rights

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Land use rights	<b>10,770,472</b>	9,009,128	-	-
	<b>10,770,472</b>	9,009,128	-	-

### (a) Reconciliation

#### Year ended 30 June 2009

Opening balance	9,009,128
Amortisation	(29,806)
Foreign exchange movements	1,791,150
<b>Balance as at 30 June 2009</b>	<b>10,770,472</b>

#### Year ended 30 June 2008

Opening balance	2,476,206
Additions	7,778,410
Disposals	(1,163,727)
Amortisation	(41,978)
Foreign exchange movements	(39,783)
<b>Balance as at 30 June 2008</b>	<b>9,009,128</b>



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## 22. Trade and Other Payables

	Consolidated		Parent		
	Note	2009 \$	2008 \$	2009 \$	2008 \$
Unsecured liabilities					
Trade payables		<b>737,502</b>	1,205,111	<b>395,268</b>	176,393
Other payables		<b>877,295</b>	1,841,863	<b>159,318</b>	313,247
Amount payable to:					
- wholly-owned subsidiaries	29(c)	-	-	<b>6,534,853</b>	2,294,770
- other related parties (Director related entity)		<b>49,776</b>	3,821,807	<b>49,776</b>	3,821,807
		<b>1,664,573</b>	6,868,781	<b>7,139,215</b>	6,606,217

## 23. Provisions

	Consolidated		Parent		
	Note	2009 \$	2008 \$	2009 \$	2008 \$
<b>Current</b>					
Provision for indemnification on discontinued operations	23(a)	<b>100,000</b>	14,154,348	<b>100,000</b>	14,154,348
		<b>100,000</b>	14,154,348	<b>100,000</b>	14,154,348
<b>Non-current</b>					
Environmental rehabilitation	23(a)	<b>40,000</b>	40,000	-	-
		<b>40,000</b>	40,000	-	-



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(a) *Movement in carrying amounts*

	Consolidated		
	Environmental rehabilitation	Indemnification	Total
	\$	\$	\$
<b>Opening balance at 1 July 2008</b>	<b>40,000</b>	<b>14,154,348</b>	<b>14,194,348</b>
Amounts used	-	(8,385,308)	(8,385,308)
Unused amounts reversed	-	(5,669,040)	(5,669,040)
<b>Balance at 30 June 2009</b>	<b>40,000</b>	<b>100,000</b>	<b>140,000</b>

	Parent	
	Indemnification	Total
	\$	\$
<b>Opening balance at 1 July 2008</b>	<b>14,154,348</b>	<b>14,154,348</b>
Amounts used	(8,385,308)	(8,385,308)
Unused amounts reversed	(5,669,040)	(5,669,040)
<b>Balance at 30 June 2009</b>	<b>100,000</b>	<b>100,000</b>

(b) *Provision for indemnification on discontinued operations*

As part of the sale of the China Zircon Group, Astron Limited provided an indemnification to Imerys for potential liabilities. A provision has been recognised representing the Group's best estimate of amounts due to the purchaser as a result of the indemnification given.

(c) *Provision for environmental rehabilitation*

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



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## 24. Taxation

### (a) Liabilities

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Current tax liability	<b>920,986</b>	-	<b>920,986</b>	-
Deferred tax liability/(asset) arises from the following:				
Capitalised expenditure	<b>2,256,776</b>	-	-	-
Provisions	<b>(26,526)</b>	-	<b>(6,196)</b>	-
Unrealised foreign exchange losses	<b>(395,007)</b>	-	<b>53,762</b>	-
Tax losses available for set off against future tax income taxes	<b>(221,947)</b>	-	<b>(670,716)</b>	-
	<b>1,613,296</b>	-	<b>(623,150)</b>	-

### (b) 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 2(e) occur.

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
temporary differences unrecognised tax losses:	<b>1,376,669</b>	2,071,266	<b>1,376,669</b>	5,799,033
- Revenue losses (China)*	<b>1,124,365</b>	-	-	-
- capital losses	<b>15,046,174</b>	14,802,469	<b>17,702,245</b>	14,802,469

\* In 2008, revenue tax losses in China could not be reasonably determined.



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## 25. Issued Capital

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
64,824,502 (2008: 64,667,538) Fully Paid Ordinary Shares	<b>39,376,051</b>	39,203,511	<b>39,376,051</b>	39,203,511
<b>Total</b>	<b>39,376,051</b>	39,203,511	<b>39,376,051</b>	39,203,511

### (a) Reconciliation of ordinary shares (number)

	Note	Consolidated		Parent	
		2009	2008	2009	2008
At the beginning of reporting year		<b>64,667,538</b>	60,434,610	<b>64,667,538</b>	60,434,610
Shares issued during the year					
- On 12 December 2008 and 15 December 2007 shares issued in accordance with the dividend reinvestment plan		<b>518,832</b>	4,345,800	<b>518,832</b>	4,345,800
- Shares issued as remuneration	25(e)	-	121,962	-	121,962
- Shares bought back during the year		<b>(361,868)</b>	(234,834)	<b>(361,868)</b>	(234,834)
At reporting date		<b>64,824,502</b>	64,667,538	<b>64,824,502</b>	64,667,538



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(b) *Reconciliation of ordinary shares (value)*

	Consolidated		Parent	
	2009	2008	2009	2008
Note	\$	\$	\$	\$
At the beginning of the year	<b>39,203,511</b>	29,619,643	<b>39,203,511</b>	29,619,643
<b>Shares issued during the year</b>				
- On 12 December 2008 and 15 December 2007 shares issued in accordance with the dividend reinvestment plan	<b>793,764</b>	9,821,571	<b>793,764</b>	9,821,571
- Shares issued as remuneration	25(e) -	260,994	-	260,994
- Shares bought back during the year	<b>(617,588)</b>	(479,241)	<b>(617,588)</b>	(479,241)
- Costs of share issues	<b>(3,635)</b>	(19,456)	<b>(3,635)</b>	(19,456)
<b>Total</b>	<b>39,376,052</b>	39,203,511	<b>39,376,052</b>	39,203,511

(c) *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.

(d) *Capital risk management*

The Group considers its capital to comprise its ordinary share capital, reserves, accumulated retained earnings and net debt.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and dividends. In order to achieve this objective, the Group has made decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or share buy backs, the Group considers not only its short term position but also its long term operational and strategic objectives.

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Net debt	<b>49,776</b>	3,821,807	<b>6,584,629</b>	6,116,577
Total equity	<b>211,166,088</b>	211,920,598	<b>205,840,561</b>	203,039,423

The decrease in debt has been brought about by the repayment of related party loans facilitated by the sale of the Chinese subsidiaries for cash and subsequent transfer of debt to the acquirer in 2008. There have been no other significant changes to the Group's capital



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management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

(e) *Share based payments*

During the year no bonuses were paid to employees.

During 2008 share based payments were paid to employees at market value and were issued at the discretion of the Remuneration Committee as follows:

	2009 No	2008 No
Bonus shares issued at \$2.26	-	97,962
Bonus shares issued at \$1.65	-	24,000
<b>Total</b>	-	121,962

No share based payment expense (2008: \$260,994) has been recognised during the financial year.

## 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.



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(c) *Reconciliation of reserves*

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Foreign currency translation reserve</b>				
As at beginning of period	(1,130,423)	(7,421,185)	-	-
Exchange differences on translation of foreign operations	8,061,990	619,933	-	-
Exchange differences recycled on sale on China Zircon Group	-	5,670,829	-	-
<b>Total</b>	<b>6,931,567</b>	<b>(1,130,423)</b>	<b>-</b>	<b>-</b>
<b>Share of contributions by other joint venture party in investments accounted for using the equity method</b>				
As at beginning of period	1,216,859	1,216,859	-	-
Transfer to retained earnings	(1,216,859)	-	-	-
<b>Total</b>	<b>-</b>	<b>1,216,859</b>	<b>-</b>	<b>-</b>
<b>Reserves</b>				
Foreign currency translation reserve	6,931,567	(1,130,423)	-	-
Equity investment reserve	-	1,216,859	-	-
<b>Total</b>	<b>6,931,567</b>	<b>86,436</b>	<b>-</b>	<b>-</b>
<b>Available-for-sale financial assets reserve</b>				
As at beginning of period	-	1,701,770	-	1,701,770
Gain on disposal of available-for-sale financial assets credited to Income Statement	-	(1,701,770)	-	(1,701,770)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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### 27. Dividends

#### *Distributions paid*

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Final unfranked dividend of 10c paid 12 December 2008 (2008: 20c paid 15 December 2007) per share	<b>6,490,237</b>	12,086,922	<b>6,490,237</b>	12,086,922
<b>Total</b>	<b>6,490,237</b>	12,086,922	<b>6,490,237</b>	12,086,922

#### Proposed dividends

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Proposed final unfranked ordinary dividend of Nil cents (2008: 10 cents) per share	-	6,466,754	-	6,466,754
<b>Total</b>	-	6,466,754	-	6,466,754

### 28. Key Management Personnel Disclosures

#### *(a) Key management personnel compensation*

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Short-term employee benefits	<b>1,647,776</b>	3,008,663	<b>962,370</b>	2,162,700
Post-employment benefits	<b>81,690</b>	47,831	<b>58,348</b>	8,256
Share-based payments	-	174,000	-	174,000
<b>Total</b>	<b>1,729,466</b>	3,230,494	<b>1,020,718</b>	2,344,956

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report.



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## (b) Shareholdings

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

30 June 2009	Balance 1/07/2008	Received as Remuneration	Dividend Reinvestment	Net Change*/ Other	Balance 30/06/2009
<b>Key Management Personnel</b>					
Mr Gerard King	274,519	-	-	-	274,519
Mr Alexander Brown	45,079,651	-	-	-	45,079,651
Mr Robert Flew	170,574	-	-	-	170,574
Mr Ronald McCullough	-	-	-	-	-
Mdm Kang Rong	-	-	-	-	-
Mr Mark Nielsen	-	-	-	10,000	10,000
Mr Wang Xuedong	-	-	-	-	-
Mr Jerry Ng	-	-	-	-	-
Mr Boris Matveev	-	-	-	-	-
Mr Simon Peters	10,000	-	-	5,950	15,950
Ms Emma Vogal	10,000	-	-	4,700	14,700
Mr Song Hongxing	-	-	-	-	-
Mr Alan Guy	92,991	-	-	(92,991)	-
	<b>45,637,735</b>	<b>-</b>	<b>-</b>	<b>(72,341)</b>	<b>45,565,394</b>

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

30 June 2008	Balance 1/07/2007	Received as Remuneration	Dividend Reinvestment	Net Change* Other	Balance 30/06/2008
<b>Key Management Personnel</b>					
Mr Gerard King	1,088,250	-	56,780	(870,511)	274,519
Mr Alexander Brown	41,416,189	-	3,663,462	-	45,079,651
Mr Robert Flew	170,574	-	-	-	170,574
Mr Ronald McCullough	-	-	-	-	-
Mdm Kang Rong	-	-	-	-	-
Mr Alan Guy	207,423	-	-	(114,432)	92,991
Mr Kim Hodierne	-	30,000	2,654	(32,654)	-
Mr Song Hongxing	-	-	-	-	-
Mr Robert Willerton	-	30,000	2,654	(32,654)	-
Mr Simon Peters	-	10,000	-	-	10,000
Ms Emma Vogel	-	10,000	-	-	10,000
<b>Total</b>	<b>42,882,436</b>	<b>80,000</b>	<b>3,725,550</b>	<b>(1,050,251)</b>	<b>45,637,735</b>



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(c) *Loans to/from key management personnel*

The parent entity, Astron Limited has received a loan from a Director related entity Firback Finance Limited of \$49,776 repaid in full in July 2009 (2008: \$3,821,807 repaid in full in July 2008).

During the year interest there was no interest paid on loans (2008: \$260,331 and was calculated at 7.5%pa accrued monthly).

No other loans were provided to Key Management Personnel during the year.

(d) *Other transactions and balances*

*Consultancy services*

A member of the company's Board of Directors, serves as a consultant to the company on Donald. Fees paid to his company for these services were \$ 46,000 for the year ended 30 June 2009 (2008 \$46,000). The amount owed at the end of the year was \$11,500 (2008: \$6,500).

## 29. Related party transactions

(a) *Parent entity*

Astron Limited is the parent entity of the Group.

(b) *Subsidiaries*

Interests in subsidiaries are disclosed in note 18.

(c) *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.

- Dickson & Johnson Pty Ltd \$2,267,946 (2008 \$2,267,946)
- Yingkou Astron Mineral Resources Co Ltd \$3,927,764 (2008 \$438,425)
- Zirtanium Pty Ltd \$26,824 (2008 \$26,824)

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

- Donald Mineral Sands Pty Ltd \$7,259,919 (2008 \$6,166,425)
- Sovereign Gold NL \$1,300,887 (2008 \$1,300,887) which is fully provided



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- (ii) The group had provided interest free loans to Carnegie Minerals (Gambia) Limited of which the Group had a 50% ownership until 22 December 2008. The loan related to the funding of the Gambian mining venture which was to be repaid through the mineral off-take agreement. During 2008 through actions taken by The Gambian government the receivable from Carnegie Minerals (Gambia) Limited was valued at \$Nil (2008: \$Nil) after impairment of \$3,975,639. Following the acquisition of the remaining 50% of Carnegie, the loan is now 100% within the group and is therefore eliminated on consolidation.

(d) *Management services provided*

Administrative services are provided at no cost to subsidiaries.

(e) *Dividends*

During the year the parent entity, Astron Limited received dividends from subsidiaries as follows:

- Astron Chemical Co Limited of \$Nil (2008 \$16,596,452)

(f) *Tax consolidation*

	2009 \$	2008 \$
Current tax payable assumed from wholly-owned tax consolidated entities	-	-
Tax losses assumed from wholly-owned tax consolidated entities during the year	<b>312,523</b>	792,536

## 30. Capital and Leasing Commitments

(a) *Operating lease commitments*

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

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Payable-minimum lease payments				
- not later than 12 months	-	-	-	-
- between 12 months and 5 years	-	-	-	-
	-	-	-	-



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### (b) Capital expenditure commitments

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Capital expenditure commitments contracted for:				
TiO2 plant designs	-	202,682	-	-
Chinese capital projects	-	1,386,913	-	-
Chinese subsidiary capitalisation	<b>4,987,500</b>	4,667,826	-	-
Donald Mineral Sands	<b>50,000</b>	170,933	-	-
	<b>5,037,500</b>	6,428,354	-	-
Payable:				
-not later than 12 months	<b>5,037,500</b>	6,428,354	-	-
	<b>5,037,500</b>	6,428,354	-	-

### (c) Other commitments and contingencies

#### Land

In June 2008 the Group acquired an industrial land site from the Chinese Government. Retention of the full land parcel required the Group to complete development of Phase 1 of the site by 30 December 2009. Astron plans to do this by combining its own investments and complementary investments by third parties. This deadline is subject to the land having an environmental impact assessment approved by the Yingkou Government, due to delays in this approval the contract dates are expected to be updated however a final date has not been determined as yet.

If the Group fails to develop the land the Chinese Government has an option to re acquire the land with a penalty of up to 20% of the purchase price and/or a penalty fee equivalent of 0.1% of the land transfer fee will be imposed for each day delayed. The potential liability is estimated to be \$1,555,682.



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## 31. Cash Flow Information

(a) Reconciliation of cash provided by operating activities with (loss)/profit attributable to members

	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Net (loss)/ income for the period	<b>(2,498,802)</b>	111,887,287	<b>9,118,835</b>	153,323,690
Non-cash flows in profit from ordinary activities				
Depreciation and amortization	<b>347,644</b>	2,882,070	<b>61</b>	-
Impairment of capitalised development expenditure	<b>583,683</b>	-	<b>29,216</b>	-
Impairment of Senegal development expenditure	<b>539,787</b>	-	-	-
Remuneration-accrued in related party borrowings	-	1,500,211	-	1,500,211
Share based payment expenses	-	260,994	-	260,994
Remuneration-non cash	<b>128,454</b>	-	<b>69,332</b>	-
Net foreign currency loss/ (gain)	<b>1,352,583</b>	(96,563)	<b>(176,928)</b>	(96,563)
Net gain on disposal of available-for-sale assets	-	(2,534,292)	-	(2,534,292)
Net gain on disposal of subsidiaries	<b>(5,059,069)</b>	(114,462,802)	<b>(5,669,040)</b>	(140,059,503)
Write-downs to recoverable amount	-	-	-	1,212,945
Dividends received	-	-	-	(15,591,488)
Impairment loss/(gain)	-	12,890,796	<b>(1,902,623)</b>	14,559,680
Stock impairment loss	<b>962,036</b>	501,270	-	-
Interest-accrued in related party borrowings	-	260,332	-	260,332
Impairment of available-for-sale assets	<b>812,350</b>	-	<b>812,350</b>	-
Decrease/(increase) in trade and other receivables	<b>6,988,487</b>	(475,604)	<b>521,958</b>	(30,327)
Decrease in inventories	<b>139,823</b>	12,827,400	-	-
(Decrease)/increase in trade payables and accruals	<b>(5,946,855)</b>	1,333,925	<b>(3,537,645)</b>	2,329,740
Increase in income taxes payable	<b>920,986</b>	500,726	<b>920,986</b>	-
Increase in deferred tax liabilities/(assets)	<b>1,613,295</b>	-	<b>(623,150)</b>	-
	<b>884,402</b>	27,275,750	<b>(436,648)</b>	15,135,419



# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

(b) *Reconciliation of cash*

	Consolidated		Parent	
	2009	2008	2009	2008
Note	\$	\$	\$	\$
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	<b>3,296</b>	57,428	-	-
Bank balances	<b>18,021,688</b>	185,405,129	<b>8,282,372</b>	179,041,872
Short-term deposits	31(g) <b>150,791,321</b>	193,468	<b>150,585,307</b>	-
	<b>168,816,405</b>	185,656,025	<b>158,867,679</b>	179,041,872

(c) *Loan facilities*

As at 30 June 2009 the Group does not have any loan facilities. All facilities were transferred to Imerys in the disposal of the four Chinese subsidiaries.

(d) *Non cash financing and investing activities*

During the year dividends of \$518,832 (2008:4,345,800) were paid by the issue of shares under the dividend reinvestment plan.

(e) *Acquisition of entities*

During the year Astron Limited invested \$6,614,729 (2008: \$12,500,000) into Chinese subsidiaries, no new subsidiaries were incorporated. Astron also acquired 100% of Coast Resources Limited, (refer note 18 (b)).

(f) *Disposal of entities*

There were no disposals of entities in the 2009 financial year.

On 4 February 2008 the group disposed of the Zircon group comprising four Chinese subsidiaries being Astron Chemical Co Limited, Tai Cang Astron Mining Products Co Ltd, Zibo Astron Advanced Materials Co Limited and Astron Advanced Materials Limited, Bradford Metal Industries Limited and Dalian Bradford Limited were wound up.



# FINANCIAL STATEMENTS

Notes to the Financial Statements  
For The Year Ended 30 June 2009



	Consolidated		Parent	
	2009 \$	2008 \$	2009 \$	2008 \$
Disposal price	-	182,764,378	-	182,764,378
Cash consideration	-	182,764,378	-	182,764,378
Less Assets and liabilities held at disposal date:				
Investment in controlled entity	-	-	-	18,816,151
Cash	-	6,996,043	-	-
Receivables	-	21,284,847	-	4,625,486
Inventories	-	32,925,949	-	-
Property, plant and equipment	-	21,331,095	-	-
Payables	-	(40,262,305)	-	(2,474,042)
	-	42,275,629	-	20,967,595
Net profit before other disposal costs	-	140,488,749	-	161,796,783
Disposal costs	-	(21,737,280)	-	(21,737,280)
Recycling of foreign exchange reserve in respect of disposal of foreign subsidiaries	-	(5,670,829)	-	-
Net forgiveness off of intercompany balances	-	1,618,866	-	-
Net gain on disposal	-	114,699,506	-	140,059,503

(g) *Restrictions on cash*

The short term deposits include \$50,000 of cash backed Bank Guarantees for the operations of the Donald Mineral Sands project.

Bank balances also include letter of credit deposits of \$203,533 at 30 June 2009. These are pledged as collateral for letters of credit and are therefore not available for drawdown.

## 32. Employee Benefit Obligations

As at 30 June 2009, 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.



# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

### 33. Subsequent events

The financial report was authorised for issue on 25 September 2009 by the board of directors.

There are no other matters or circumstances have arisen since the end of the financial year which significantly affected or may 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. Financial Instruments

#### (a) *General objectives, policies and processes*

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The principal financial instruments from which financial instrument risk arises are cash at bank and trade receivables and payables.

The disposal of the Chinese subsidiaries in 2008 resulted in substantial scale down of both imports and exports to and from China which significantly reduced the Group's exposure to foreign currency risk. This disposal of the Zircon businesses allowed borrowings to be assumed by the purchaser reducing the Group's exposure to interest rate risk.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Group has significant experience in its principal markets which provides the Directors with assurance as to the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group engages a number of external professionals to ensure compliance with best practise principles.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### (b) *Credit risk*

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

In respect of cash investments the majority of cash and cash equivalents are held with institutions with a AA-to A-credit rating.



## FINANCIAL STATEMENTS

Notes to the Financial Statements

For The Year Ended 30 June 2009



In respect of trade receivables, there is no concentration of credit risk as the Group has a large number of customers. Group policy is that sales are only made to customers that are credit worthy. Trade receivables are predominantly situated in China.

In respect of the parent entity, credit risk also incorporates the potential exposure of the Parent to amounts owing to it by its subsidiaries.

Credit risk is managed on a group basis and reviewed regularly by management and Audit & Risk Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The maximum exposure to credit risk at reporting date in terms of receivables is the carrying amount of the receivables net of any provision (refer note 11(a)).

### (c) *Liquidity risk*

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. As at the year end the Group had cash of \$168,816,405 (2008: \$185,656,025).



# FINANCIAL STATEMENTS

Notes to the Financial Statements  
For The Year Ended 30 June 2009

## Maturity analysis

	Consolidated					Parent		
	Carrying Amount	Contractual Cash flows	< 6 months	6-12 months	Carrying Amount	Contractual Cash flows	< 6 months	6-12 months
Note	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2009</b>								
Trade payables	22	737,502	737,502	-	395,268	395,268	395,268	-
Other payables and accruals	22	799,296	799,296	-	90,003	90,003	90,003	-
Amounts payable to other related parties		49,776	49,776	-	49,776	49,776	49,776	-
Amounts payable to subsidiaries	22	-	-	-	6,534,853	6,584,853	-	6,584,853
<b>Total Non-interest bearing liabilities</b>		<b>1,586,574</b>	<b>1,586,574</b>	<b>1,586,574</b>	<b>7,069,900</b>	<b>7,069,900</b>	<b>535,047</b>	<b>6,584,853</b>
<b>Total liabilities</b>		<b>1,586,574</b>	<b>1,586,574</b>	<b>1,586,574</b>	<b>7,069,900</b>	<b>7,069,900</b>	<b>535,047</b>	<b>6,584,853</b>
<b>Year ended 30 June 2008</b>								
Trade payables	22	1,205,111	1,205,111	-	176,393	176,393	176,393	-
Other payables and accruals	22	1,709,198	1,709,198	-	313,247	313,247	313,247	-
Amounts payable to subsidiaries	22	-	-	-	2,294,770	2,294,770	-	2,294,770
<b>Total Non-interest bearing liabilities</b>		<b>2,914,309</b>	<b>2,914,309</b>	<b>2,914,309</b>	<b>2,784,410</b>	<b>2,784,410</b>	<b>489,640</b>	<b>2,294,770</b>
Amounts payable to other related parties		3,821,807	3,821,807	-	3,821,807	3,821,807	3,821,807	-
<b>Total liabilities</b>		<b>6,736,116</b>	<b>6,736,116</b>	<b>6,736,116</b>	<b>6,606,217</b>	<b>6,606,217</b>	<b>4,311,447</b>	<b>2,294,770</b>

## FINANCIAL STATEMENTS

Notes to the Financial Statements

For The Year Ended 30 June 2009



### (d) *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 2009 the aggregate fair values and carrying amounts of financial assets and financial liabilities approximate their carrying amounts.

### (e) *Interest rate risk*

The Group manages its interest rate risk by continuously monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held with institutions with a AA-to A- credit rating.



## FINANCIAL STATEMENTS

Notes to the Financial Statements  
For The Year Ended 30 June 2009

The Groups' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing within 1 Year		Non-interest Bearing		Total	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
<b>Financial Assets:</b>										
Cash and cash equivalents	3.07	7.41	168,403,462	185,405,129	206,114	193,468	206,829	57,428	168,816,405	185,656,025
Receivables	-	-	-	-	-	-	1,627,332	6,936,791	1,627,332	6,936,791
Available-for-sale investments	-	-	-	-	-	-	1,099,736	-	1,099,736	-
<b>Total Financial Assets</b>			<b>168,403,462</b>	<b>185,405,129</b>	<b>206,114</b>	<b>193,468</b>	<b>2,933,897</b>	<b>6,994,219</b>	<b>171,543,473</b>	<b>192,592,816</b>
<b>Financial Liabilities:</b>										
Trade and sundry payables	-	-	-	-	-	-	1,536,798	2,914,309	1,536,798	2,914,309
Amounts payable to related parties	-	7.50	-	3,821,807	-	-	49,776	-	49,776	3,821,807
<b>Total Financial Liabilities</b>			<b>-</b>	<b>3,821,807</b>	<b>-</b>	<b>-</b>	<b>1,586,574</b>	<b>2,914,309</b>	<b>1,586,574</b>	<b>6,736,116</b>

## FINANCIAL STATEMENTS

Notes to the Financial Statements  
For The Year Ended 30 June 2009

The Parent's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing within 1 Year		Non-interest Bearing		Total	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
<b>Financial Assets:</b>										
Cash and cash equivalents	3.05	7.4	158,867,679	179,041,872	-	-	-	-	158,867,679	179,041,872
Receivables	-	-	-	-	-	-	7,550,334	6,911,773	7,550,334	6,911,773
Available-for-sale investments	-	-	-	-	-	-	1,099,736	-	1,099,736	-
<b>Total Financial Assets</b>			<b>158,867,679</b>	<b>179,041,872</b>	<b>-</b>	<b>-</b>	<b>8,650,070</b>	<b>6,911,773</b>	<b>168,517,479</b>	<b>185,953,645</b>
<b>Financial Liabilities:</b>										
Trade and sundry payables	-	-	-	-	-	-	7,069,900	2,784,410	-	2,784,410
Amounts payable to related parties	-	7.5	-	3,821,807	-	-	49,776	-	49,776	3,821,807
<b>Total Financial Liabilities</b>			<b>-</b>	<b>3,821,807</b>	<b>-</b>	<b>-</b>	<b>7,119,676</b>	<b>2,784,410</b>	<b>49,776</b>	<b>6,606,217</b>

### Sensitivity analysis

The following table shows the movements in profit due to higher/lower interest costs from variable interest rate financial instruments in Australia and China.

	Consolidated				Parent	
	+ 1% (100 basis points)	- 1% (100 basis points)	+ 1% (100 basis points)	- 1% (100 basis points)	2009 \$	2008 \$
Cash at bank	1,686,096	927,026	(1,686,096)	(927,026)	1,588,677	895,209
Floating rate payable to other related parties	-	(19,109)	-	19,109	-	(19,109)
Tax charge of 30%	(505,829)	(272,375)	505,829	272,375	(476,603)	(262,830)
<b>Total</b>	<b>1,180,267</b>	<b>635,542</b>	<b>(1,180,267)</b>	<b>(635,542)</b>	<b>1,112,074</b>	<b>613,270</b>
					<b>(1,588,677)</b>	<b>(895,206)</b>
					<b>476,603</b>	<b>19,109</b>
					<b>(476,603)</b>	<b>262,830</b>
					<b>(1,112,074)</b>	<b>(613,267)</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements

For The Year Ended 30 June 2009

(f) *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, however, this exposure has reduced following the scale down of operations after the sale of the Zircon group. 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 Reminbi which is pegged to the USD. Current trading terms ensure that foreign currency risk is reduced by not trading on terms but cash on delivery.

The parent company does have receivables/ payables not denominated in the measurement currency being loans to subsidiaries. These loans are subject to fluctuation is the AUD/Reminbi exchange rate. The table below shows the impact on the parent company assuming a 10% increase and decrease in the AUD/Reminbi exchange rate:

	Appreciation of AUD by 10%		Depreciation of AUD by 10%	
	2009	2008	2009	2008
	\$	\$	\$	\$
(Decrease)/increase in profit *	<b>(1,561,043)</b>	-	<b>1,561,043</b>	-

The Group holds the majority of its cash investments in Australian Dollars.

\* These loans were denominated in AUD in the prior year, therefore were not exposed to foreign currency risk.

(g) *Price risk*

Given that price movements are not considered material to the Group, the Group does not have a risk management policy for price risk. However, the Group's management regularly review the risks associated with fluctuating input and output prices.

## 35. Company Details

(a) Registered office

Astron Limited  
C/ BDO Kendalls (NSW VIC) Pty Ltd  
Level 19, 2 Market Street  
Sydney NSW 2000

(b) Principal places of business

**China**

Room 2105, Fortune Plaza Building E  
No 59 Beizhen Road, Shenhe District  
Shenyang China 110013

**Australia**

Level 29  
2 Chifley Square  
Sydney NSW 2000



# Astron Limited

ABN 97 000 285 272

## Declaration by Directors

The directors of the Group declare that:

1. The financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, 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 2009 and of the performance for the year ended on that date of the company and the group;
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in pages 7 to 11 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2009, comply with section 300A of the Corporations Act 2001.
4. The directors have been given the declarations by the managing director and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

GA King



AG Brown



25 September 2009



## INDEPENDENT AUDITOR'S REPORT

ABN 17 114 673 540

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 2009, 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.

### *Directors' Responsibility for the Financial 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 controls 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. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### *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.

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

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

#### *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*

In our opinion:

- (a) the financial report of Astron Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Auditor's Opinion*

In our opinion, the Remuneration Report of Astron Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.



BDO Kendall's Audit & Assurance (NSW-VIC) Pty Ltd



**Jeff Abela**  
Director

Dated Sydney this 25<sup>th</sup> day of September 2009



**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

### Mailing Address

Level 29, 2 Chifley Square  
Sydney NSW 2000

### Principal Places of Business

C/- Yingkou Astron Mineral Resources Co Ltd  
Suite 2105, Building E, Fortune Plaza  
59 Beizhan Road, Shenhe District, Shenyang,  
Liaoning Province,  
P.R.China 110013

Level 29  
2 Chifley Square  
Sydney NSW 2000

### Bankers

Commonwealth Bank of Australia  
Level 24, 20 Sussex Street  
Sydney NSW 2000

### Share Register

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

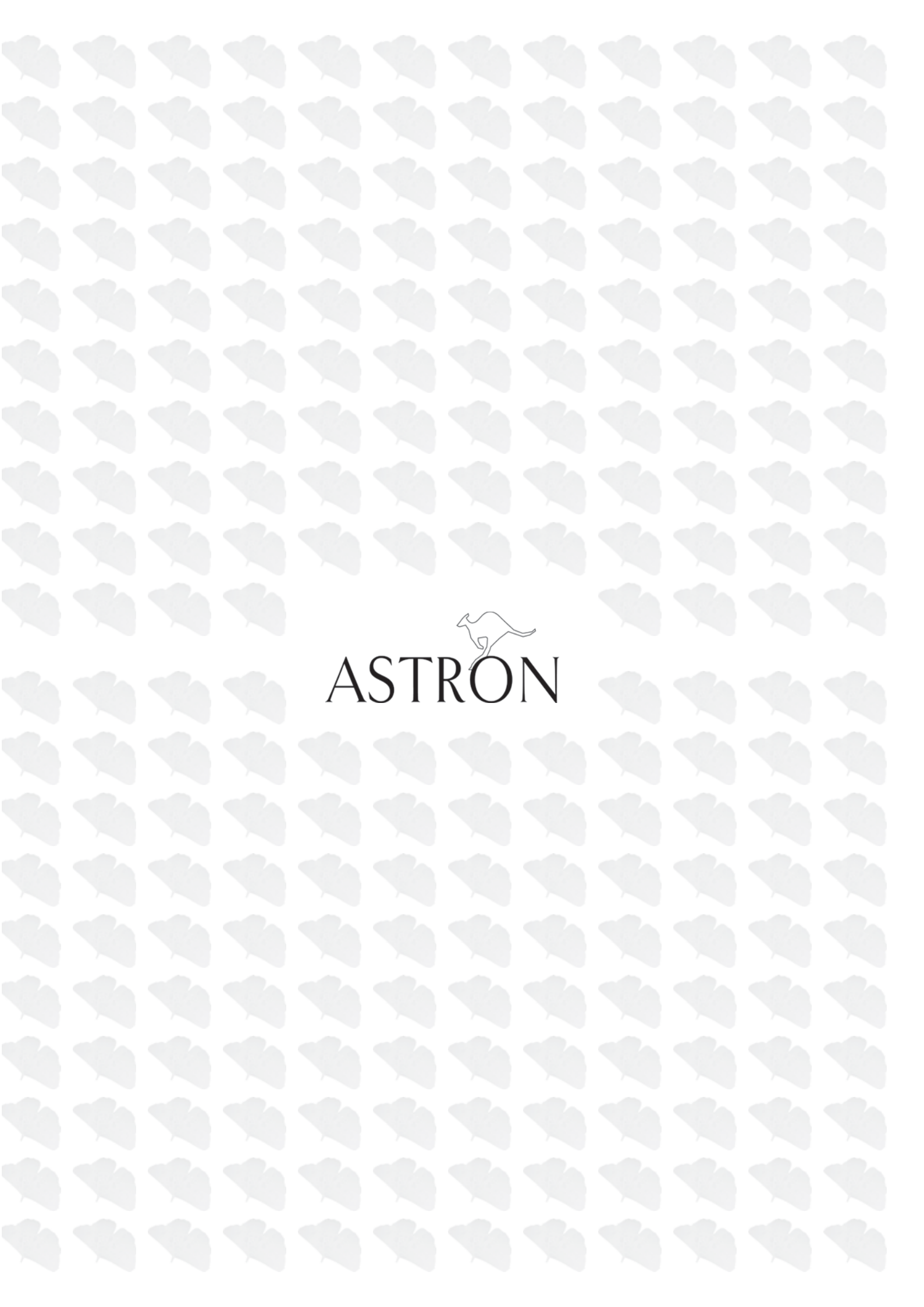
### Auditors

BDO Kendalls  
Level 19, 2 Market Street  
Sydney NSW 2000

### Internet address

[www.astronlimited.com](http://www.astronlimited.com)





ASTRON



**ASTRON**  
**Astron Limited**  
ABN 97 000 285 272

