

Astron Limited

ABN 97 000 285 272

Half Year Report

ended 31 December 2010

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Astron Limited – Half Year Report

CORPORATE DIRECTORY

Astron Limited ABN 97 000 285 272

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 Mark Nielsen

Registered Office

Level 19, 2 Market Street
Sydney 2000 Australia

Australian Business Office

Level 29, 2 Chifley Square
Sydney 2000 Australia
Telephone: 61 2 9375 2361
Fax: 61 2 9375 2121

China Business Office

Level 18, Building B, Fortune Plaza
53 Beizhan Road, Shenhe District, Shenyang
Liaoning Province, China 110016
Telephone: 86 24 3128 6222
Fax: 86 24 3128 6222

Bankers

Commonwealth Bank of Australia
48 Martin Place
Sydney NSW 2000

Share Registrar

Computershare Investor Services Limited
Level 3, 60 Carrington Street
Sydney NSW 2001
Telephone: 61 2 8234 5000

Auditors

BDO
Level 19, 2 Market Street
Sydney NSW 2000

Internet Address

www.astronlimited.com

Astron Limited – Half Year Report
Appendix 4D

HALF YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A

Name of entity

ASTRON LIMITED

ABN

97 000 285 272

Reporting period

Half Year ended 31 December 2010

Previous corresponding period

Half Year ended 31 December 2009

The information contained in this report should be read in conjunction with the most recent annual financial report.

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Total revenue from operations	Up	27%	to	\$10,710,935
Revenue from trading operations	Down	15%	to	\$4,504,036
Net profit before tax attributable to members	Up	92%	to	\$2,396,544
Net profit after tax attributable to members	Up	63%	to	\$1,195,531
Net tangible asset value per share	Down	3%	to	\$2.85

2. REVIEW OF OPERATIONS

A review of operations is included in the Directors' Report.

3. DETAILS OF CONTROLLED ENTITIES

During the period the Group did not gain or lose control of any entities.

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The group has no associates or joint venture entities.

5. DIVIDENDS

No dividend was paid or proposed for the period to 31 December 2010 or the comparative period.

6. AUDIT DISPUTES OR QUALIFICATIONS

There are no audit disputes or qualifications.

7. ACCOUNTING STANDARDS

Australian Accounting Standards have been used in complying the information contained in Appendix 4D.

Astron Limited and its Subsidiaries

ABN 97 000 285 272

Consolidated Financial Statements

For the Half Year Ended 31 December 2010

Astron Limited and its Subsidiaries

ABN 97 000 285 272

Consolidated Financial Statements

For the Period Ended 31 December 2010

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Astron Limited and its Subsidiaries

ABN 97 000 285 272

Directors' Report

31 December 2010

Your directors present their report on the consolidated entity consisting of Astron Limited and its subsidiaries (the Group) at the end of, or during, the half-year ended 31 December 2010.

1. DIRECTORS

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

Mr Gerard King

Mr Alexander Brown

Mr Robert Flew

Mr Ronald McCullough

Mdm Kang Rong

2. BUSINESS REVIEW

Overview

Astron Limited is the group's holding company. Astron has two wholly owned Australian operating subsidiaries, Donald Mineral Sands Pty Limited (DMS) and Sovereign Gold NL and two operating Chinese subsidiaries, Yingkou Mineral Resources Company Limited (Resources) and Astron Titanium Yingkou Company Limited (Titanium). DMS holds the Donald Mineral Sands mining project (Donald).

Review of financials

Income statement

Profit before tax for the period increased by 92% from \$1,249,767 to \$2,396,544.

Gross profit for the period from trading operations decreased from the previous period by \$1,212,289. This decrease arises from reduced trading activity and lower gross margins achieved during the current period.

Non-trading revenue for the six month period to 31 December 2010 increased by 129% to \$6,206,899. This increase is attributed to improved interest rates on cash and term deposits and proceeds from the settlement of the Matilda litigation.

Non-trading related operating expenses increased by \$1,199,550. This increase mainly related to legal expenses in respect of the Gambia and WIM 150 litigation matters.

Income tax expense represents current tax of \$305,345 and deferred tax of \$895,668. The significant increase in deferred tax provided corresponds with the increase in Donald's capitalised development expenditure.

Balance sheet

Cash

Cash and term deposits decreased by \$6,076,553 from 30 June 2010. The largest individual items of spend were development expenditure (\$2,892,917) and purchase of land (\$1,694,068) both at Donald.

Non-current assets

Before taking into account depreciation and any foreign exchange devaluation, property, plant and equipment increased by \$2,747,356. This increase is represented by land purchases for the Donald project and expenditure on the mineral separation plant and Yingkou factory in China. The increase in intangible assets from 30 June 2010 is as a result of the Donald development expenditure capitalised in terms of AASB6. The reduction in the Value of land use right arises from the amortisation over the 50 year life of the right and foreign exchange effect of

Astron Limited and its Subsidiaries

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Directors' Report

31 December 2010

the revaluing this China asset to Australian Dollars.

The decrease in the foreign currency translation reserve of \$4,952,439 arises from the impact of appreciation of the Australian Dollar relevant to the Yuan on the translating of the foreign operations.

The net asset value per share has decreased by 1% to \$3.24. This movement can mainly be attributed to decrease in the foreign currency reserve as explained above.

Review of operations

Donald Mining Project

The development of the Donald project continued during the period under review. Progress was made in the following areas:

- The mining licence (number ML5532) was approved in August 2010. The mining licence has a 20 year renewable term and has successfully had an environmental effects statement completed over the area.
- RJ Robbins has completed basic designs for all the main plants.
- Deep lead aquifer testing was undertaken. These tests are being extended to determine the availability of substantial saline water from this source.
- Contracts for three blocks of land in the Donald project area were settled during the period under review.
- Sovereign Gold
As was envisaged in the announcement of 23 December 2010, AirCore drilling commenced during January 2011 east of Rupanyup. The purpose of which is to test the geochemistry of the basement rocks, as well as determine their suitability (rock type, metamorphic grade and deformation) to host gold mineralisation.

Going forward

Astron currently is in the process of continuing discussions and negotiations with possible strategic equity partners to assist with the funding of the Donald project.

During the 2011 financial year a decision should be made on production levels, the location of the processing plants and product specifications. These items together with the revision of capital and operating costs, resolution of technical issues and forecast selling prices will enable the company to finalise its Definitive Feasibility Study. A final choice of funding methods and funders will also be made.

The overall economic situation for mineral sands is clearly improving with high current and high forecast product prices predicted.

There has been an increased interest in the rare earth sector. Export restrictions imposed by the Chinese government together with an increased demand could result in global shortages. As Astron has significant tonnage of rare earths contained in its mineral suite, the processing and sale of these minerals is also being considered by the Group.

3. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C is included on Page 10 to these half-year financial statements.

Signed in accordance with a resolution of the Board of Directors and is signed for and behalf of the Directors by:

Astron Limited and its Subsidiaries

ABN 97 000 285 272

Directors' Report

31 December 2010

Chairman:

A handwritten signature in black ink, appearing to read 'Gerard King', is positioned below the text 'Chairman:'. The signature is fluid and cursive.

Mr Gerard King

Dated this 18th day of February 2011

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

As lead auditor for the review of Astron Limited for the half-year ended 31 December 2010, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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



Jeff Abela
Director



BDO Audit (NSW-VIC) Pty Ltd

Sydney, 18 February 2011

Astron Limited and its Subsidiaries

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Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2010

		Half-Year Ended 31 December 2010 \$	Half-Year Ended 31 December 2009 \$
Revenue from continuing operations		4,504,036	5,317,182
Cost of sales		(4,116,292)	(3,717,149)
Gross profit		387,744	1,600,033
Other revenue		6,206,899	2,706,704
Distribution costs		(150,786)	(137,963)
Marketing costs		(47,656)	(118,900)
Occupancy costs		(39,407)	(106,667)
Administrative costs		(2,526,959)	(1,929,081)
Development costs		(38,787)	(203,813)
Impairment of available-for-sale financial assets		-	(247,840)
Costs associated with Gambian and Senegal Investments		(1,368,908)	(219,202)
Other expenses		(25,596)	(93,504)
Profit before income tax expense		2,396,544	1,249,767
Income tax expense		(1,201,013)	(518,524)
Net profit for the half year	2	1,195,531	731,243
Other comprehensive loss			
Exchange difference on translation of foreign operations		(4,952,439)	(3,046,485)
Increase in fair value of available-for-sale financial assets		1,851,242	-
Other comprehensive loss for the half year, net of tax		(3,101,197)	(3,046,485)
Total comprehensive loss for the half year		(1,905,666)	(2,315,242)
Profit for the half year is attributable to:			
Owners of Astron Limited		1,195,531	731,243
Total comprehensive loss for the half year is attributable to:			
Owners of Astron Limited		(1,905,666)	(2,315,242)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Astron Limited and its Subsidiaries

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Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2010

	Half-Year Ended 31 December 2010	Half-Year Ended 31 December 2009
Attributable to owners of Astron Limited		
Basic earnings per share (cents per share)	1.86	1.13
Diluted earnings per share (cents per share)	1.86	1.13
From profit from continuing operations attributable to owners of Astron Limited		
Basic earnings per share (cents per share)	1.86	1.13
Diluted earnings per share (cents per share)	1.86	1.13
From profit from discontinued operations attributable to owners of Astron Limited		
Basic earnings per share (cents per share)	-	-
Diluted earnings per share (cents per share)	-	-
Dividends		
Final dividend per share paid (cents)	-	-

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Astron Limited and its Subsidiaries

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Consolidated Statement of Financial Position

As at 31 December 2010

	Note	As at 31 December 2010 \$	As at 30 June 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		106,123,756	113,759,616
Term deposits greater than 90 days		54,304,215	52,744,908
Trade and other receivables		2,870,196	2,610,404
Inventories		1,663,961	1,283,123
Available-for-sale financial assets		2,726,373	665,710
Total current assets		167,688,501	171,063,761
Non-current assets			
Property, plant and equipment		12,601,421	11,421,853
Intangible assets		24,657,547	21,768,367
Land use rights		8,634,731	10,055,400
Total non-current assets		45,893,699	43,245,620
TOTAL ASSETS		213,582,200	214,309,381
LIABILITIES			
Current liabilities			
Trade and other payables		1,811,305	1,447,396
Current tax liabilities		251,108	153,872
Provisions		18,545	18,546
Total current liabilities		2,080,958	1,619,814
Non-current liabilities			
Deferred tax liabilities		3,803,831	2,908,163
Provisions		40,000	40,000
Total non-current liabilities		3,843,831	2,948,163
TOTAL LIABILITIES		5,924,789	4,567,977
NET ASSETS		207,657,411	209,741,404
EQUITY			
Share capital	6	38,037,912	38,216,239
Other reserves		2,375,212	5,476,409
Retained earnings		167,244,287	166,048,756
CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF ASTRON LIMITED		207,657,411	209,741,404
TOTAL EQUITY		207,657,411	209,741,404

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

Astron Limited and its Subsidiaries

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Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2010

	Ordinary Shares \$	Retained Earnings \$	Available For Sale Financial Assets Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Period Ended 31 December 2010					
Equity as at 1 July 2010	38,216,239	166,048,756	-	5,476,409	209,741,404
Profit for the half year	-	1,195,531	-	-	1,195,531
<i>Other comprehensive income</i>					
Increase in fair value of available-for-sale financial assets	-	-	1,851,242	-	1,851,242
Exchange differences on translation of foreign operations	-	-	-	(4,952,439)	(4,952,439)
Total comprehensive loss for the half year	-	1,195,531	1,851,242	(4,952,439)	(1,905,666)
Shares repurchased during the year	(178,327)	-	-	-	(178,327)
Transactions with owners in their capacity as owners	(178,327)	-	-	-	(178,327)
Equity as at 31 December 2010	38,037,912	167,244,287	1,851,242	523,970	207,657,411

	Ordinary Shares \$	Retained Earnings \$	Foreign Currency Translation Reserve \$	Total Equity \$
Period Ended 31 December 2009				
Equity as at 1 July 2009	39,376,051	164,858,470	6,931,567	211,166,088
Profit for the half year	-	731,243	-	731,243
<i>Other comprehensive income</i>				
Exchange differences on translation of foreign operations	-	-	(3,046,485)	(3,046,485)
Total comprehensive income for the half year	-	731,243	(3,046,485)	(2,315,242)
Shares repurchased during the year	(81,481)	-	-	(81,481)
Transactions with owners in their capacity as owners	(81,481)	-	-	(81,481)
Equity as at 31 December 2009	39,294,570	165,589,713	3,885,082	208,769,365

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

Astron Limited and its Subsidiaries

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Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2010

	Half-Year Ended 31 December 2010 \$	Half-Year Ended 31 December 2009 \$
Cash generated from operating activities		
Receipts from customers	4,612,330	6,281,569
Payments to suppliers and employees	(8,496,262)	(3,851,625)
Other receipts	1,160,623	-
Interest received	4,236,905	2,619,869
Interest paid	(17,343)	-
Income taxes paid	(208,109)	(987,819)
Net cash generated from operating activities	1,288,144	4,061,994
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,747,356)	(2,338,889)
Development expenditure	(2,892,917)	(318,649)
Investments in short term deposits	(1,559,307)	-
Net cash utilised by investing activities	(7,199,580)	(2,657,538)
Cash flows from financing activities		
Payments for the repurchase of shares	(178,327)	(81,481)
Net cash utilised by financing activities	(178,327)	(81,481)
Net (decrease)/increase in cash and cash equivalents	(6,089,763)	1,322,975
Cash and cash equivalents at beginning of period	113,759,616	168,816,405
Effect of exchange rates on cash held in foreign currencies at beginning of period	(1,546,097)	(1,077,676)
Cash and cash equivalents at end of period	106,123,756	169,061,704

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

Astron Limited and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2010

1 Statement of significant accounting policies

These general purpose financial statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the *Corporations Act 2001*.

The historical cost basis has been used, except for available-for-sale financial assets which have been measured at fair value.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Astron Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in these half-year financial statements as compared with the most recent annual financial statements.

2 Profit for the half year

	31 December 2010	31 December 2009
	\$	\$
The following significant revenue and expense items are relevant to explaining the financial performance		
<i>Continuing operations</i>		
Interest Revenue	4,316,349	2,655,754
Revenue from legal settlement	1,080,000	-
Foreign exchange gains	520,506	69,447
Impairment of fair value on available-for-sale financial assets	-	(247,840)
Impairment of capitalised development expenditure	(38,787)	(203,813)
Costs associated with Gambian and Senegal Investments	(1,368,908)	(219,202)
Interest paid	(17,343)	-

3 Dividends

Dividends paid for during the half year:

	31 December 2010	31 December 2009
	\$	\$
Final unfranked dividend of NIL (2009: NIL) per share	-	-

4 Seasonality and irregular trends

No seasonal or irregular trends were noted during the review period.

Astron Limited and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2010

5 Contingent liabilities and assets

Acquisition of the Business of WIM 150

In March 2010, Astron entered into an agreement to acquire the WIM 150 Project for \$5,000,000. \$500,000 of this amount has been paid as a refundable deposit which is included in prepayments. The sale was conditional upon transfer of the exploration licence from the seller to the Company. As at the date of signature of these financial statements this condition has not been met.

Payment for completion of Yingkou factory

In terms of the contract for construction of the factory at Yingkou the Group is still required to make final payment of RMB3,140,000 (\$467,290).

Impairment to mineral separation plant construction in progress

The final location of the processing plants is under consideration. If the plant is not located in China this could result in impairment in construction in progress balance estimated to be approximately \$2,000,000.

6 Issued share capital

	31 December	30 June
	2010	2010
	\$	\$
64,140,892 (2009: 64,232,223) Fully Paid Ordinary Shares	38,037,912	38,216,239

Issues and repurchases of Ordinary Shares during the half year

	31 December	30 June
	2010	2010
	No.	No.
At the beginning of reporting period	64,232,223	64,824,502
Shares issued during the period		
- Shares bought back during the period	(91,331)	(592,279)
At reporting date	64,140,892	64,232,223

7 Subsequent events

There were no material events subsequent to 31 December 2010.

8 Subsidiaries

During the current or the prior half year periods Astron did not acquire or dispose of any subsidiary companies.

Astron Limited and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2010

9 Segment information

(a) Business segments

The Group has adopted AASB 8 *Operating Segments* whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the managing director (chief operating decision maker) who monitors the segment performance based on the net profit before tax for the period. Operating segments have been determined on the basis of reports reviewed by the managing director who is considered to be the chief operating decision maker of the Group. The reportable segments are as follows:

- Astron Corporate: Group treasury and head office activities
- Donald Mineral Sands: development of the Donald Mineral Sands Mine
- Titanium: Development of mineral processing plant and mineral trading
- Mineral Resources: Mineral trading and construction of the mineral separation plant

Astron Limited and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2010

9 Segment information (cont)

(b) Segment information

Segment information provided to the managing director for the half-year ended 31 December 2010 is as follows:

31 December	Astron Corporate		Donald Mineral Sands		Mineral Resources		Titanium		Total of Continuing Operations		Consolidated	
	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09	Dec-10	Dec-09
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from external customers												
Sales	-	1,833	-	-	3,821,061	5,315,349	682,975	-	4,504,036	5,317,182	4,504,036	5,317,182
Interest revenue	4,272,312	2,648,703	2,732	76	4,872	6,975	36,433	-	4,316,349	2,655,754	4,316,349	2,655,754
Rent	-	-	5,922	5,928	-	-	-	-	5,922	5,928	5,922	5,928
Other income	1,289,422	33,540	-	-	74,700	11,482	520,506	-	1,884,628	45,022	1,884,628	45,022
Total revenue	5,561,734	2,684,076	8,654	6,004	3,900,633	5,333,806	1,239,914	-	10,710,935	8,023,886	10,710,935	8,023,886
Segment result												
Segment profit/(loss)	2,841,166	892,305	8,654	6,004	(765,247)	555,271	311,971	(203,813)	2,396,544	1,249,767	2,396,544	1,249,767
Intersegment elimination												
Profit before tax									2,396,544	1,249,767	2,396,544	1,249,767
Income tax expense									(1,201,013)	(518,524)	(1,201,013)	(518,524)
Net profit for the period									1,195,531	731,243	1,195,531	731,243

Astron Limited and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2010

(b) Segment information (cont)

2010	Astron Corporate		Donald Mineral Sands		Mineral Resources		Titanium		Total of Continuing Operations		Consolidated	
	31-Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets												
Segment assets	153,433,754	152,326,946	26,991,572	23,568,629	13,759,327	14,000,584	19,397,547	24,413,222	213,582,200	214,309,381	213,582,200	214,309,381
Total segment assets	153,433,754	152,326,946	26,991,572	23,568,629	13,759,327	14,000,584	19,397,547	24,413,222	213,582,200	214,309,381	213,582,200	214,309,381
Liabilities												
Segment liabilities	1,779,125	1,579,819	3,225,001	2,276,445	752,532	666,108	168,131	45,605	5,924,789	4,567,977	5,924,789	4,567,977
Total segment liabilities	1,779,125	1,579,819	3,225,001	2,276,445	752,532	666,108	168,131	45,605	5,924,789	4,567,977	5,924,789	4,567,977

Astron Limited and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2010

10 Discontinued Operations

During the half year periods to 31 December 2010 and 31 December 2009 no operations were discontinued.

11 Revisions of Estimates

During the half year period to 31 December 2010 there were no changes or revisions of estimates. During the comparative period, the estimate of depreciation on leasehold apartments in China has changed from 18 to 50 years. This revision is in line with the remaining term of the lease.

Astron Limited

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Declaration by Directors

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 11 to 21, are in accordance with the Corporations Act 2001 and:
 - (a) give a true and fair view of the financial position of the consolidated entity for the half year ended 31 December 2010 and of its performance; and
 - (b) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* for the half year ended on that date; and
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Chairman



Mr Gerard King

Dated 18th February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Astron Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Astron Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Astron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Astron Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Astron Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature of 'BDO' in black ink, written in a cursive style.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature of 'Jeff Abela' in black ink, written in a cursive style.

Jeff Abela
Director

Sydney, 18 February 2011