

Astron Corporation Limited

ACN 154 924 553

Preliminary Final Report

Year ended 30 June 2012

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CORPORATE DIRECTORY

Astron Corporation Limited ACN 154 924 553

Directors

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

Company Secretary and Registered Office

McCabe Secretarial Service Limited
29th Floor, Wing-On-Centre, 111 Connaught Road Central, Hong Kong

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Telephone: 61 2 9375 2361
Fax: 61 2 9375 2121

China Business Office

c/- Yingkou Astron Mineral Resources Co Ltd
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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, Australia

Share Registrar

Computershare Investor Services Limited
Level 3, 60 Carrington Street
Sydney NSW 2001, Australia

Computershare Hong Kong Investor Services Limited
Hopewell Centre, 46th floor
183 Queen's Road East
Wan Chai, Hong Kong

Auditors

Grant Thornton Australia Limited
Level 19, 2 Market Street
Sydney NSW 2000, Australia

Grant Thornton Jingdu Tianhua
20th Floor Sunning Plaza
10 Hysan Avenue Causeway Bay Hong Kong

Internet Address

www.astronlimited.com

PRELIMINARY FINAL INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

ASTRON CORPORATION LIMITED

ACN

154 924 553

Reporting period

30 June 2012

Previous corresponding period

30 June 2011

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

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Astron Corporation Limited and its Subsidiaries

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Summary of results and commentary

For the Year Ended 30 June 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

OPERATIONAL HIGHLIGHTS

- Proven ore reserve issued for the Donald Project
- Purchase of rights to 7.0GL of water per annum
- Sign off by an expert that the zircon washing process is feasible and capable of reducing impurities in zircon from the Donald Project
- Appointment of CEO
- Appointment of EGM of the Donald Project
- Re-domiciliation to Hong Kong
- Investor relations program and fund raising for Donald Project commenced

FINANCIAL HIGHLIGHTS

Net asset value per share	Up	0.3%	to 162.4cps
Revenue from continuing operations	Up	2.5%	to \$20,993,003
Cash inflow from operating activities	Up	\$4,676,968	to \$3,181,178
Profit before tax from continuing operations attributable to members	Down	\$3,025,710	to \$71,019
Loss after tax attributable to members	Down	from a profit of \$882,651	to a loss of \$1,003,168
Total comprehensive profit for the year	Up	3,178,923	to \$266,424

Astron Corporation Limited and its Subsidiaries

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Summary of results and commentary

For the Year Ended 30 June 2012

COMMENTARY ON RESULTS

Overview

Astron Corporation Limited (Astron HK) is the group's holding company. Astron HK controls 100% of Astron Limited. Astron Limited in turn controls three wholly owned operating subsidiaries: Donald Mineral Sands (Pty) Limited (DMS), Yingkou Mineral Resources Company Limited (Resources) and Astron Titanium Yingkou Company Limited (Titanium). Donald holds the Donald mineral sands mining project (Donald Project). Resources and Titanium are Astron's Chinese operating companies.

Corporate

- In May 2012, Astron Limited entered into a scheme arrangement with its shareholders whereby Astron HK, an entity incorporated in Hong Kong, became the ultimate holding company of the Astron group (Group). Astron Limited shareholders received two Astron HK CHESS depository Interests (CDIs) or shares for every Astron Limited share held.
- In January 2012, Hayden Stockdale was appointed as the Group's Chief Executive Officer.

Financials

Income statement

- Total revenue comprising sales, interest received and other income increased from the prior year by 2.5% to \$20,993,003. The increase of 42% from the trading was offset by a reduction in interest received and in the comparative period, Astron received \$1,519,740 from Matilda Zircon for the settlement of a litigation matter.
- Gross margins from the trading business increased from 19% to 35% due to buying of stock at lower prices during the previous and current financial years.
- Administration expenditure increased by \$2,514,085. This increase can be explained by expenditure incurred on the re-domiciliation to Hong Kong, research expenditure incurred at Yingkou, China and the employment of three senior executives in Australia.
- Costs associated with Gambia litigation comprise legal fees and associated advisors' costs and costs pertaining to expert witnesses.

Balance sheet

- The increase in stock and creditors is attributed to the purchase of stock holdings to provide for an anticipated increase in sales activity in the 2013 financial year.
- Available for sale financial assets comprise shares in South American Iron & Steel, Altona Mining, Zambezi Resources and Greenpower Energy. The combined market value of these investments has decreased by \$1,019,483 from 30 June 2011. This decrease has been debited to the financial assets available-for-sale reserve in the balance sheet and impairment of available-for-sale financial assets expense account in the income statement.

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- The increase in property, plant and equipment arises from land purchases at the Donald Project, construction of facilities and construction of the zircon sponge plant at Yingkou, China.
- The increase in intangible assets arises from development expenditure capitalised in respect of the Donald and Niafarang Projects and the purchase of high security water rights for the Donald Project.
- Land use rights comprise 50 year land use leases. These leases are capitalised and amortised over the 50 year period.
- During the year Astron Limited repurchased 1,054,474 shares at an average price of 293 cps. These shares were repurchased prior to the re-domiciliation of the Group to Hong Kong.
- The share-based payment reserve represents the value of rights in terms of an executive service agreement with the Chief Executive Officer. \$125,250, relating to these rights, has been expensed to the consolidated statement of comprehensive income in terms of AASB 2.
- The marginal increase in the net asset value from 161.9cps at 30 June 2011 to 162.4cps at 30 June 2012 results from depreciation of the Australian Dollar against the Chinese Reminbi and the related conversion of the Chinese assets to Australian Dollars as at 30 June 2012.

Operations review

Donald

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

Regulatory

- The next stage in obtaining the right to mine is the completion of a work plan. A draft work plan has been submitted to the Department of Primary Industries. A Cultural Heritage Management Plan is required prior to obtaining an approved work plan. Stage 1 site surveys were undertaken and completed during the reporting period. A development plan for stage 2 has been completed and work continues.

Geology and mining

- Additional drilling and sampling was undertaken during the period on the Donald and Jackson mineral sands deposits.
- Further mine planning continued with the aim being to optimise the proposed mine path.
- In June 2012, an ore reserve classified in the proved category as defined by the JORC Code was issued.

Plant designs, processes and costs

- Engineering design for all plants was undertaken, along with revision of operational and capital costs.

Water

- DMS acquired an annual water allowance of 6,975 ML of water for a period 25 years from the Grampians Wimmera Mallee Water Authority (GMMW). DMS has the option, subject to the approval GMMW, to

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extend the term of the allowance for an additional 25 years. The total purchase consideration of the 6,975 ML allowance was \$17,937,500.

Land

- DMS purchased 573 acres of land for \$658,652. This block of land neighbours the mining licence.

Appointment of Donald Executive General Manager

- Allen Cauvin joined the Donald Project as Executive General Manager in May 2012. Allen was instrumental in bringing in Iluka's Jacinth Ambrosia project on time and under budget.

China operations

- Work at Yingkou continued with the construction of additional infrastructure, construction of the zircon sponge plant and the purchase of equipment for the laboratory.
- Astron received confirmation from technical consultants Mineral Engineering Technical Services Pty Ltd that its proposed zircon washing process is feasible and capable of reducing the impurities in the Donald zircon sand enabling the production of a premium zircon product.

Senegal

- Work continued on the components required to apply for the mining licence. The most significant of which are:
 - the environmental impact assessment;
 - sustainable development plan; and
 - the mining license feasibility study report.
- Astron commenced work on updating its reserve estimate for the Niafarang project.

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Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2012

	Year Ended 30 June 2012 \$	Year Ended 30 June 2011 \$
Sales revenue	13,591,574	9,571,095
Cost of sales	(8,794,386)	(7,705,360)
Gross profit	4,797,188	1,865,735
Interest income	7,261,191	8,599,756
Other income	140,238	2,317,709
Distribution expenses	(159,869)	(235,172)
Marketing expenses	(74,256)	(106,159)
Occupancy expenses	(180,945)	(80,222)
Administrative expenses	(7,504,600)	(4,990,615)
Write down of stock	(331,504)	-
Costs associated with project development expenditure	-	(321,856)
Impairment of available-for-sale financial assets	(169,803)	-
Impairment of capital works in progress	(88,475)	(1,463,461)
Costs associated with Gambian litigation	(3,323,866)	(2,177,140)
Finance costs	(30,964)	(36,806)
Other expenses	(263,316)	(275,040)
Profit before income tax expense	71,019	3,096,729
Income tax expense	(1,074,187)	(2,214,078)
(Loss)/profit from continuing operations	(1,003,168)	882,651
Net (loss)/profit for the year	(1,003,168)	882,651

Other comprehensive profit/ (loss)

Decrease/ (increase) in fair value of available-for-sale financial assets	(849,680)	1,814,331
Foreign currency translation differences	1,994,022	(5,609,481)
Increase in share-based payment reserve	125,250	-
Other comprehensive income/ (loss) for the year, net of tax	1,269,592	(3,795,150)

Total comprehensive profit/ (loss) for the year	266,424	(2,912,499)
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(Loss)/ profit for the year attributable to:

Owners of Astron Corporation Limited	(1,003,168)	882,651
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Total comprehensive profit/ (loss) for the year attributable to:

Owners of Astron Corporation Limited	266,424	(2,912,499)
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The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2012

	Year Ended 30 June 2012	Year Ended 30 June 2011
1. (LOSS)/EARNINGS PER SHARE		
For (loss)/ profit from continuing operations		
Basic (loss)/ earnings per share (cents per share)	(0.8)	0.7
Diluted (loss)/earnings per share (cents per share)	(0.8)	0.7
For (loss)/ profit for the year		
Basic (loss)/ earnings per share (cents per share)	(0.8)	0.7
Diluted (loss)/ earnings per share (cents per share)	(0.8)	0.7
2. COMPARISON OF HALF-YEAR RESULTS		
Consolidated profit after tax attributable to owners reported for the first half year	238,980	1,195,531
Consolidated loss after tax attributable to owners reported for the second half year	(1,242,148)	(312,880)
Total consolidated (loss)/ profit after tax for the year	(1,003,168)	882,651

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

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Consolidated Statement of Financial Position

As at 30 June 2012

	As at 30 June 2012	As at 30 June 2011
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	58,787,135	87,110,656
Term deposits greater than 90-days	62,370,546	60,333,837
Trade and other receivables	4,178,092	7,479,528
Inventories	5,090,733	3,685,640
Available-for-sale financial assets	1,983,776	2,480,042
Total current assets	132,410,282	161,089,703
Non-current assets		
Property, plant and equipment	16,705,390	12,386,037
Intangible assets	48,559,413	26,950,894
Land use rights	8,712,067	8,352,354
Total non-current assets	73,976,870	47,689,285
TOTAL ASSETS	206,387,152	208,778,988
LIABILITIES		
Current liabilities		
Trade and other payables	2,188,375	2,154,267
Current tax liabilities	221,023	221,518
Provisions	18,546	18,546
Total current liabilities	2,427,944	2,394,331
Non-current liabilities		
Deferred tax liabilities	4,978,199	4,574,409
Long-term provisions	40,000	40,000
Total non-current liabilities	5,018,199	4,614,409
TOTAL LIABILITIES	7,446,143	7,008,740
NET ASSETS	198,941,009	201,770,248
EQUITY		
Contributed equity	30,061,919	33,157,582
Reserves	2,950,851	1,681,259
Retained earnings	165,928,239	166,931,407
TOTAL EQUITY	198,941,009	201,770,248

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

Astron Corporation Limited and its Subsidiaries

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2012

	Contributed Equity	Retained Earnings	Share-based Payment Reserve	Financial Assets Available For Sale Reserve	Foreign Currency Translation Reserve	Total Equity
Year Ended 30 June 2012	\$	\$	\$	\$	\$	\$
Equity as at 1 July 2011	33,157,582	166,931,407	-	1,814,331	(133,072)	201,770,248
Loss for the year	-	(1,003,168)	-	-	-	(1,003,168)
Other comprehensive (loss)/ income						
Decrease in fair value of available-for-sale financial assets	-	-	-	(849,680)	-	(849,680)
Exchange differences on translation of foreign operations	-	-	-	-	1,994,022	1,994,022
Increase in share-based payments reserve	-	-	125,250	-	-	125,250
Total comprehensive profit for the year	-	(1,003,168)	125,250	(849,680)	1,994,022	266,424
Transactions with owners in their capacity as owners						
Shares repurchased during the year	(3,095,663)	-	-	-	-	(3,095,663)
Total of transactions with owners in their capacity as owners	(3,095,663)	-	-	-	-	(3,095,663)
Equity as at 30 June 2012	30,061,919	165,928,239	125,250	964,651	1,860,950	198,941,009

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

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2012

Year Ended 30 June 2011	Contributed Equity \$	Retained Earnings \$	Financial Assets Available For Sale Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Equity as at 1 July 2010	38,216,239	166,048,756	-	5,476,409	209,741,404
Profit for the year	-	882,651	-	-	882,651
Other comprehensive income					-
Increase in fair value of available-for-sale financial assets	-	-	1,814,331	-	1,814,331
Exchange differences on translation of foreign operations	-	-	-	(5,609,481)	(5,609,481)
Total comprehensive loss for the year	-	882,651	1,814,331	(5,609,481)	(2,912,499)
Transactions with owners in their capacity as owners					
Shares repurchased during the year	(5,058,657)	-	-	-	(5,058,657)
Total of transactions with owners in their capacity as owners	(5,058,657)	-	-	-	(5,058,657)
Equity as at 30 June 2011	33,157,582	166,931,407	1,814,331	(133,072)	201,770,248

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

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2012

	Year Ended 30 June 2012 \$	Year Ended 30 June 2011 \$
Cash flows from operating activities:		
Receipts from customers	15,331,526	9,184,860
Payments to suppliers and employees	(18,883,318)	(20,764,622)
Interest received	7,294,588	8,286,253
Interest paid	(30,964)	(36,806)
Income taxes paid	(670,892)	(480,184)
Other income	140,238	2,317,709
Net cash inflow/(outflow) from operating activities	3,181,178	(1,492,790)
Cash flows from investing activities:		
Investments in short term deposits	(2,036,709)	(7,588,929)
Refund for cancellation of acquisition of mining licence	500,000	-
Acquisition of available for sale investment	(523,216)	-
Acquisition of property, plant and equipment	(1,181,712)	(2,888,004)
Construction in works in progress	(2,923,938)	(2,211,935)
Purchase of computer software	(200,885)	-
Deferred exploration, evaluation expenditure and development costs	(3,450,724)	(5,204,948)
Acquisition of water rights	(17,958,613)	-
Net cash outflow from investing activities	(27,775,797)	(17,893,816)
Cash flows from financing activities:		
Payment for share buy back	(3,095,662)	(5,058,657)
Expenditure on re-domiciliation	(1,086,032)	-
Net cash outflow from financing activities	(4,181,694)	(5,058,657)
Net decrease in cash held	(28,776,313)	(24,445,263)
Cash and cash equivalents at beginning of the year	87,110,656	113,759,616
Net foreign exchange differences	452,792	(2,203,697)
Cash and cash equivalents at end of the year	58,787,135	87,110,656

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

Astron Corporation Limited and its Subsidiaries

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Additional Information

For the Year Ended 30 June 2012

1. DETAILS OF CONTROLLED ENTITIES

During the year the Astron Group re-domiciled to Hong Kong. In terms of a scheme arrangement between Astron Limited and its shareholders, on 21 May 2012 Astron Corporation Limited became the parent company of the Astron Group. Prior to the implementation of the scheme Astron Corporation Limited, which was incorporated on 6 December 2011, was a subsidiary of Astron Limited. In addition, Astron Senegal Holdings Pty Limited and Senegal Mineral Sands Limited were incorporated in Hong Kong on 12 April 2012 and 25 April 2012 respectively. Save for the above the Group did not gain or lose control of any entities.

2. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Group has no associates or joint venture entities.

3. DIVIDENDS

No dividends were paid or proposed for the years ended 30 June 2011 and 30 June 2012. There is no Dividend Reinvestment Plan in operation.

4. ACCOUNTING STANDARDS

Australian Accounting Standards and International Financial Reporting Standards have been used in preparing the information contained in this Appendix 4E.

5. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half-year report.

6. OTHER INFORMATION REGARDING THE PRELIMINARY REPORT

The information contained in this Appendix 4E is based on accounts which are in the process of being audited.

7. COMPARATIVE INFORMATION

The comparative financial information has been presented on a consistent basis with the prior year's audited financial statements, other than the calculation of shares on issue and weighted number of shares on issue which were adjusted on the assumption that the 2 for 1 share swap, as a result of the re-domiciliation, was implemented on 1 July 2010.

8. OTHER SIGNIFICANT INFORMATION

There is no other significant information requiring disclosure in the preliminary report.