

# **Astron Corporation Limited**

**ARBN 154 924 553**

## **Preliminary Final Report**

**Year ended 30 June 2013**

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- Consolidated Financial Statements

## CORPORATE DIRECTORY

### 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 and Registered Office

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

### Australian Corporate Offices

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

### China Business Office

c/- Yingkou Astron Mineral Resources Co Ltd  
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, Australia

### Share Registrar

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

Computershare Hong Kong Investor Services Limited  
Hopewell Centre, 46<sup>th</sup> 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](http://www.astronlimited.com)

# Astron Corporation Limited and its Subsidiaries

ARBN 154 924 553

Summary of results and commentary

For the Year Ended 30 June 2013

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

Name of entity

ASTRON CORPORATION LIMITED

ARBN

154 924 553

Reporting period

30 June 2013

Previous corresponding period

30 June 2012

*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

ARBN 154 924 553

Summary of results and commentary

For the Year Ended 30 June 2013

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

### OPERATIONAL HIGHLIGHTS

- Proven ore reserve issued for the Donald Project, including the finalisation of the definitive feasibility study for the Donald Project
- Sign off by an expert that the zircon washing process is feasible and capable of reducing impurities in zircon from the Donald Project and further research and development on the zircon washing process
- Further land purchases in respect of land for the Donald Project
- Investor relations program and fund raising for Donald Project commenced, including appointment of financial adviser
- Proven ore reserve issued for the Niafarang project, Senegal
- Further work undertaken in Senegal in relation to application for a mining licence for the Niafarang project

### FINANCIAL HIGHLIGHTS

Net asset value per share	Down	1.1%	to 160.6cps
Revenue from continuing operations	Down	38%	to \$12,969,611
Cash (outflow) from operating activities	Down	\$6,498,134	to (\$3,316,956)
(Loss) /profit before tax from continuing operations attributable to members	Down	\$5,521,648	to (\$5,450,629)
Loss after tax attributable to members	Down	\$4,462,475	to (\$5,465,643)
Total comprehensive (loss)/profit for the year	Down	\$2,554,419	to (\$2,287,995)

# Astron Corporation Limited and its Subsidiaries

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## Summary of results and commentary

For the Year Ended 30 June 2013

### 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

Joshua Theunissen has been appointed as Australian company secretary for the Astron group entities.

#### Financials

##### *Statement of profit or loss and other comprehensive income*

- Total revenue comprising sales, interest received and other income decreased from the prior year by 38% to \$12,969,611. This is mainly due to the substantial reduction in interest rate and lower trading volume.
- Gross margins from the trading business decreased from 35% to (4.8)% due to poorer trading conditions.
- Administration expenditure increased by \$829,608. This increase can be explained mainly due to Senegal expenditure of \$446,739 being written off, and the increase of remuneration of key management personnel for the year.
- Costs associated with Gambia litigation comprise legal fees and associated advisors' costs and costs pertaining to expert witnesses.

##### *Statement of financial position*

- The decrease in stock and creditors is attributed to lower purchases.
- 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 \$1,000,578 from 30 June 2012. This decrease has been debited to the financial assets available-for-sale reserve in the statement of financial position and impairment of available-for-sale financial assets expense account in the profit and loss.
- 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.
- The marginal decrease in the net asset value from 162.4cps at 30 June 2012 to 160.6 cps at 30 June 2013 results from appreciation of the Chinese Reminbi against the Australian Dollar and the related conversion of the Chinese assets to Australian Dollars as at 30 June 2013 but this is offset by the comprehensive losses for the year to 30 June 2013.

# Astron Corporation Limited and its Subsidiaries

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## Summary of results and commentary

For the Year Ended 30 June 2013

### *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.
- Work was undertaken to complete the definitive feasibility study, which was announced after the 30 June 2013 year end.

#### *Plant designs, processes and costs*

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

#### *Land*

- DMS purchased a further 3 parcels of land with a total area of 1,280 acres for \$1,692,435. These parcels adjoin the mining licence.

#### **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 completed its updated reserve estimate for the Niafarang project in September 2012.

# Astron Corporation Limited and its Subsidiaries

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

	Year Ended 30 June 2013 \$	Year Ended 30 June 2012 \$
Sales revenue	7,917,878	13,591,574
Cost of sales	<b>(8,295,654)</b>	(8,794,386)
<b>Gross (loss)/profit</b>	<b>(377,776)</b>	4,797,188
Interest income	4,756,319	7,261,191
Other income	295,414	140,238
Distribution expenses	<b>(266,241)</b>	(159,869)
Marketing expenses	<b>(42,761)</b>	(74,256)
Occupancy expenses	<b>(203,934)</b>	(180,945)
Administrative expenses	<b>(8,333,938)</b>	(7,504,330)
Write down of stock	<b>(537,920)</b>	(331,504)
Impairment of available-for-sale financial assets	<b>(299,112)</b>	(169,803)
Impairment of capital works in progress	-	(88,745)
Costs associated with Gambian litigation	<b>(328,491)</b>	(3,323,866)
Finance costs	<b>(96,669)</b>	(30,964)
Other expenses	<b>(15,520)</b>	(263,316)
<b>(Loss)/profit before income tax expense</b>	<b>(5,450,629)</b>	71,019
Income tax expense	<b>(15,014)</b>	(1,074,187)
<b>(Loss) from continuing operations</b>	<b>(5,465,643)</b>	(1,003,168)
<b>Net (loss) for the year</b>	<b>(5,465,643)</b>	(1,003,168)

### Other comprehensive profit/ (loss)

(Decrease)/ increase in fair value of available-for-sale financial assets	<b>(701,466)</b>	(849,680)
Foreign currency translation differences	<b>4,004,364</b>	1,994,022
Decrease in share based payment reserve	<b>(125,250)</b>	125,250
<b>Other comprehensive income/ (loss) for the year, net of tax</b>	<b>3,177,648</b>	1,269,592

<b>Total comprehensive profit/ (loss) for the year</b>	<b>(2,287,995)</b>	266,424
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### (Loss)/ profit for the year attributable to:

Owners of Astron Corporation Limited	<b>(5,465,643)</b>	(1,003,168)
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### Total comprehensive (loss)/profit for the year attributable to:

Owners of Astron Corporation Limited	<b>(2,287,995)</b>	266,424
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The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Astron Corporation Limited and its Subsidiaries

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

	Year Ended 30 June 2013	Year Ended 30 June 2012
<b>1. (LOSS) PER SHARE</b>		
<b>For (loss) from continuing operations</b>		
Basic (loss) per share (cents per share)	<b>(4.46)</b>	(0.8)
Diluted (loss) per share (cents per share)	<b>(4.46)</b>	(0.8)
<b>For (loss)/ profit for the year</b>		
Basic (loss)/ earnings per share (cents per share)	<b>(4.46)</b>	(0.8)
Diluted (loss)/ earnings per share (cents per share)	<b>(4.46)</b>	(0.8)
<b>2. COMPARISON OF HALF-YEAR RESULTS</b>		
Consolidated (loss)/profit after tax attributable to owners reported for the first half year	<b>(1,874,333)</b>	238,980
Consolidated (loss) after tax attributable to owners reported for the second half year	<b>(3,591,310)</b>	(1,242,148)
<b>Total consolidated (loss after tax for the year)</b>	<b>(5,465,643)</b>	(1,003,168)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Astron Corporation Limited and its Subsidiaries

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## Consolidated Statement of Financial Position

As at 30 June 2013

	As at 30 June 2013	As at 30 June 2012
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	45,790,618	58,787,135
Term deposits greater than 90-days	62,333,117	62,370,546
Trade and other receivables	5,007,469	4,178,092
Inventories	2,184,447	5,090,733
Available-for-sale financial assets	983,198	1,983,776
Current tax assets	282,505	-
<b>Total current assets</b>	<b>116,581,354</b>	<b>132,410,282</b>
<b>Non-current assets</b>		
Property, plant and equipment	21,091,882	16,705,390
Intangible assets	56,247,132	48,559,413
Land use rights	10,012,664	8,712,067
<b>Total non-current assets</b>	<b>87,351,678</b>	<b>73,976,870</b>
<b>TOTAL ASSETS</b>	<b>203,933,032</b>	<b>206,387,152</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings	301,909	-
Trade and other payables	1,882,980	2,188,375
Current tax liabilities	-	221,023
Provisions	18,546	18,546
<b>Total current liabilities</b>	<b>2,203,435</b>	<b>2,427,944</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,036,583	4,978,199
Long-term provisions	40,000	40,000
<b>Total non-current liabilities</b>	<b>5,076,583</b>	<b>5,018,199</b>
<b>TOTAL LIABILITIES</b>	<b>7,280,018</b>	<b>7,446,143</b>
<b>NET ASSETS</b>	<b>196,653,014</b>	<b>198,941,009</b>
<b>EQUITY</b>		
Contributed equity	30,061,919	30,061,919
Reserves	6,128,499	2,950,851
Retained earnings	160,462,596	165,928,239
<b>TOTAL EQUITY</b>	<b>196,653,014</b>	<b>198,941,009</b>

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 2013

	Contributed Equity	Retained Earnings	Share-based Payment Reserve	Financial Assets Available For Sale Reserve	Foreign Currency Translation Reserve	Total Equity
Year Ended 30 June 2013	\$	\$	\$	\$	\$	\$
<b>Equity as at 1 July 2012</b>	<b>30,061,919</b>	<b>165,928,239</b>	<b>125,250</b>	<b>964,651</b>	<b>1,860,950</b>	<b>198,941,009</b>
<b>Loss for the year</b>	-	(5,465,643)	-	-	-	(5,465,643)
<b>Other comprehensive (loss)/ income</b>						
Decrease in fair value of available-for-sale financial assets	-	-	-	(701,466)	-	(701,466)
Exchange differences on translation of foreign operations	-	-	-	-	4,004,364	4,004,364
Unvested forfeited rights			(125,250)	-	-	(125,250)
<b>Total comprehensive profit for the year</b>	-	(5,465,643)	(125,250)	(701,466)	4,004,364	(2,287,995)
<b>Transactions with owners in their capacity as owners</b>						
Shares repurchased during the year	-	-	-	-	-	-
<b>Total of transactions with owners in their capacity as owners</b>	-	-	-	-	-	-
<b>Equity as at 30 June 2013</b>	<b>30,061,919</b>	<b>160,462,596</b>	<b>-</b>	<b>263,185</b>	<b>5,865,314</b>	<b>196,653,014</b>

The above Consolidated Statement of Changes in Equity 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 2013

	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	\$	\$	\$	\$	\$	\$
<b>Equity as at 1 July 2011</b>	<b>33,157,582</b>	<b>166,931,407</b>	<b>-</b>	<b>1,814,331</b>	<b>(133,072)</b>	<b>201,770,248</b>
<b>Loss for the year</b>	-	(1,003,168)	-	-	-	(1,003,168)
<b>Other comprehensive (loss)/ income</b>						
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
<b>Total comprehensive profit for the year</b>	<b>-</b>	<b>(1,003,168)</b>	<b>125,250</b>	<b>(849,680)</b>	<b>1,994,022</b>	<b>266,424</b>
<b>Transactions with owners in their capacity as owners</b>						
Shares repurchased during the year	(3,095,663)	-	-	-	-	(3,095,663)
<b>Total of transactions with owners in their capacity as owners</b>	<b>(3,095,663)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,095,663)</b>
<b>Equity as at 30 June 2012</b>	<b>30,061,919</b>	<b>165,928,239</b>	<b>125,250</b>	<b>964,651</b>	<b>1,860,950</b>	<b>198,941,009</b>

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

# Astron Corporation Limited and its Subsidiaries

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## Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

	Year Ended 30 June 2013 \$	Year Ended 30 June 2012 \$
<b>Cash flows from operating activities:</b>		
Receipts from customers	6,374,033	15,331,526
Payments to suppliers and employees	(14,684,366)	(18,883,318)
Interest received	5,299,763	7,294,588
Interest paid	(96,669)	(30,964)
Income taxes paid	(460,158)	(670,892)
Other income	250,441	140,238
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(3,316,956)</b>	<b>3,181,178</b>
<b>Cash flows from investing activities:</b>		
Investments in short term deposits	37,429	(2,036,709)
Refund for cancellation of acquisition of mining licence	-	500,000
Acquisition of available for sale investment	-	(523,216)
Acquisition of property, plant and equipment	(2,264,384)	(1,181,712)
Construction in works in progress	(1,234,738)	(2,923,938)
Purchase of computer software	(115,125)	(200,885)
Deferred exploration, evaluation expenditure and development costs	(7,431,047)	(3,450,724)
Acquisition of water rights	-	(17,958,613)
<b>Net cash outflow from investing activities</b>	<b>(11,007,865)</b>	<b>(27,775,797)</b>
<b>Cash flows from financing activities:</b>		
Payment for share buy back	-	(3,095,662)
Borrowings	301,909	-
Expenditure on re-domiciliation	(170,824)	(1,086,032)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>131,085</b>	<b>(4,181,694)</b>
<b>Net decrease in cash held</b>	<b>(14,193,736)</b>	<b>(28,776,313)</b>
Cash and cash equivalents at beginning of the year	58,787,135	87,110,656
Net foreign exchange differences	1,197,219	452,792
<b>Cash and cash equivalents at end of the year</b>	<b>45,790,618</b>	<b>58,787,135</b>

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 2013

### 1. DETAILS OF CONTROLLED ENTITIES

The Group did not gain or lose control of any entities during the financial year ended 30 June 2013.

### 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 2012 and 30 June 2013. 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. CONTINGENCIES

Astron has received a claim from its former CEO regarding the termination of his employment, which it is defending. Astron is currently engaged in confidential and without prejudice discussions around the settlement of a termination package with the former CEO. At this stage, the directors do not expect a resolution of this matter to have any significant impact on the Company's stated financial position.

### 7. 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.

### 8. COMPARATIVE INFORMATION

The comparative financial information has been presented on a consistent basis with the prior year's audited financial Statements.

### 9. OTHER SIGNIFICANT INFORMATION

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