

Astron Limited

ABN 97 000 285 272

Preliminary Final Report

Year ended 30 June 2010

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Astron Limited – Preliminary Final 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 (Appointed 24 November 2009)
Mr Matthew Suttling (Resigned 1 February 2010)

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

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

Share Registrar

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

Auditors

BDO Audit (NSW-VIC) Pty Ltd
Level 19, 2 Market Street
Sydney NSW 2000

Internet Address

www.astronlimited.com

Astron Limited – Preliminary Final Report

PRELIMINARY FINAL INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A

Name of entity

ASTRON LIMITED

ABN

97 000 285 272

Reporting period

30 June 2010

Previous corresponding period

30 June 2009

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

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Astron Limited and its Subsidiaries

ABN 97 000 285 272

Summary of results and commentary

For the Year Ended 30 June 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	Up	42%	to \$15 253 609
Profit after income tax from continuing operations attributable to members	Up	\$8 748 157	to \$1 190 286
Net profit for the year attributable to members	Up	\$3 689 088	to \$1 190 286
Cash generated from operating activities	Up	304%	to \$3 573 976
Net asset value per share	Up	1%	to 327cps

Astron Limited (Astron) 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 (Donald). Resources and Titanium are Astron's Chinese operating companies.

Astron Limited and its Subsidiaries

ABN 97 000 285 272

Summary of results and commentary

For the Year Ended 30 June 2010

COMMENTARY ON RESULTS

During the year to 30 June 2010, Astron continued its strategy of developing the Donald Project and its downstream processes. Progress has been made in the following areas:

- As was announced on 27 April 2010 the drill data applicable to EL4432 (Jackson) and EL4433 (Donald) has been remodelled. An updated resource has been calculated showing 4.5 billion tonnes of ore at a 1% heavy mineral cut-off grade. The revised resource was based on updated processing methodology together with an improved understanding of the orebody and improved extraction methods.
- Contracts for two blocks of land with a total purchase consideration of \$1 400 733 were entered into during the period. Settlement took place during early July 2010.
- The mining licence application was lodged during May 2010. It is currently been advertised and is expected to be approved in August 2010.
- As was announced on 11 February 2010, Astron has signed a non-binding memorandum of understanding (MOU) with Korean steelmaker, Posco. The intention behind the MOU is for Posco to co-operate as a funding partner to bring Astron's Donald mineral sands mine and possibly its associated downstream processes into production.
- The construction of the factory and warehouse at Yingkou has commenced with the outer walls and roofing having been completed.
- A 50 ML dam was constructed at the Cope Cope pump site and initial aquifer testing was undertaken. Results look promising and the data is currently being analysed. Further test work will be required.

OVERVIEW OF FINANCIALS

- The Group generated cash from operating activities of \$3 573 976. This was an increase of 304% or \$2 689 574 from 2009. The increase can be attributed to an increase in interest rates a reduction in stock holdings, improved debtor collections and across the board cost reduction.
- On the face of the balance sheet "cash assets" have been split between cash and term deposits. Term deposits relate to bank deposits with a term of 180 days. This increase in term deposits is shown in the cash flow as an investing activity hence the decrease in cash held.
- Revenue from sales of Zircon and Rutile resulted in a gross margin of \$1 871 349.
- Operational expenses were in line with budgeted amounts.
- Net profit after tax from continuing operations increased by \$8 748 157 from a loss in 2009 of \$7 557 871 to a profit of \$1 190 286 for the current year.

Astron Limited and its Subsidiaries

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Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2010

	Year Ended 30 June 2010 \$	Year Ended 30 June 2009 \$
Sales revenue	7 787 905	3 777 286
Cost of sales	(5 916 556)	(3 412 730)
Gross profit	1 871 349	364 556
Interest income	7 296 262	6 879 891
Other income	169 443	76 102
Distribution costs	(205 743)	(694 145)
Marketing costs	(139 603)	(65 082)
Occupancy costs	(159 163)	(227 222)
Administrative costs	(4 497 389)	(5 989 244)
Write down of stock	(18 237)	(962 036)
Costs associated with project development expenditure	(140 973)	(583 683)
Impairment of available-for-sale financial assets	(434 026)	(812 350)
Costs associated with Gambian and Senegal Investments	(693 674)	(1 851 719)
Impairment of Gambian and Senegal development expenditure	-	(539 787)
Other expenses	(300 562)	(217 792)
Share of loss of joint ventures accounted for using the proportionate method	-	(52 660)
Profit/(loss) before income tax expense	2 747 684	(4 675 171)
Income tax expense	(1 557 398)	(2 882 700)
Profit/(loss) from continuing operations	1 190 286	(7 557 871)
Profit from discontinued China operations	-	5 059 069
Net profit/(loss) for the year	1 190 286	(2 498 802)
Other comprehensive (loss)/income		
Exchange differences on translation of foreign operations	(1 455 158)	8 061 990
Other comprehensive (loss)/income for the year, net of tax	(1 455 158)	8 061 990
Total comprehensive (loss)/income for the year	(264 872)	5 563 188
Profit/(loss) for the year attributable to:		
Owners of Astron Limited	1 190 286	(2 498 802)
Total comprehensive (loss)/income for the year attributable to:		
Owners of Astron Limited	(264 872)	5 563 188

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 Year Ended 30 June 2010

	Year Ended 30 June 2010	Year Ended 30 June 2009
1. EARNINGS AND DIVIDENDS PER SHARE		
Attributable to owners of Astron Limited		
Basic earnings/(loss) per share (cents per share)	1.8	(3.9)
Diluted earnings/(loss) per share (cents per share)	1.8	(3.9)
From profit from continuing operations attributable to owners of Astron Limited		
Basic earnings/(loss) per share (cents per share)	1.8	(11.7)
Diluted earnings/(loss) per share (cents per share)	1.8	(11.7)
From profit from discontinued operations attributable to owners of Astron Limited		
Basic earnings per share (cents per share)	-	7.8
Diluted earnings per share (cents per share)	-	7.8
Dividends		
Final dividend paid (cents per share)	-	10.0
2. COMPARISON OF HALF-YEAR RESULTS		
Consolidated profit after tax attributable members reported for the first half year	731 243	5 830 035
Consolidated profit/(loss) after tax attributable members reported for the second half year	459 043	(8 328 837)
Total consolidated profit/(loss) after tax for the year	1 190 286	(2 498 802)

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 30 June 2010

	As at 30 June 2010	As at 30 June 2009
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	113 759 616	168 766 405
Term deposits greater than 90-days	52 744 908	50 000
Trade and other receivables	2 610 404	2 463 960
Inventories	1 283 123	2 884 393
Available-for-sale financial assets	665 710	1 099 736
Total current assets	171 063 761	175 264 494
Non-current assets		
Property, plant and equipment	11 421 853	8 998 671
Intangible assets	21 768 367	20 471 305
Land use rights	10 055 400	10 770 472
Total non-current assets	43 245 620	40 240 448
TOTAL ASSETS	214 309 381	215 504 942
LIABILITIES		
Current liabilities		
Trade and other payables	1 447 396	1 664 573
Current tax liabilities	153 872	920 986
Provisions	18 546	100 000
Total current liabilities	1 619 814	2,685,559
Non-current liabilities		
Deferred tax liabilities	2 908 163	1 613 295
Provisions	40 000	40 000
Total non-current liabilities	2 948 163	1 653 295
TOTAL LIABILITIES	4 567 977	4 338 854
NET ASSETS	209 741 404	211 166 088
EQUITY		
Share capital	38 216 239	39 376 051
Reserves	5 476 409	6 931 567
Retained earnings	166 048 756	164 858 470
CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF ASTRON LIMITED	209 741 404	211 166 088
TOTAL EQUITY	209 741 404	211 166 088

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 Year Ended 30 June 2010

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Total Equity
Year Ended 30 June 2010	\$	\$	\$	\$
Equity as at 1 July 2009	39 376 051	164 858 470	6 931 567	211 166 088
Profit for the year	-	1 190 286	-	1 190 286
Other comprehensive income				-
Exchange differences on translation of foreign operations	-	-	(1 455 158)	(1 455 158)
Total comprehensive income for the year	-	1 190 286	(1 455 158)	(264 872)
Shares repurchased during the year	(1 159 812)	-	-	(1 159 812)
Transactions with owners in their capacity as owners	(1 159 812)	-	-	(1 159 812)
Equity as at 30 June 2010	38 216 239	166 048 756	5 476 409	209 741 404

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 Changes in Equity

For the Year Ended 30 June 2010

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Equity Account Reserve	Total Equity
Year Ended 30 June 2009	\$	\$	\$	\$	\$
Equity as at 1 July 2008	39 203 511	172 630 651	(1 130 423)	1 216 859	211 920 598
Loss for the year	-	(2 498 802)	-	-	(2 498 802)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	8 061 990	-	8 061 990
Total comprehensive income for the year	-	(2 498 802)	8 061 990	-	5 563 188
Equity investment reserve transfer	-	1 216 859	-	(1 216 859)	-
Shares issued during the year	793 765	-	-	-	793 765
Transaction costs	(3 635)	-	-	-	(3 635)
Shares repurchased during the year	(617 590)	-	-	-	(617 590)
Dividends paid or provided for	-	(6 490 238)	-	-	(6 490 238)
Transactions with owners in their capacity as owners	172 540	(5 273 379)	-	(1 216 859)	(6 317 698)
Equity as at 30 June 2009	39 376 051	164 858 470	6 931 567	-	211 166 088

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 Year Ended 30 June 2010

	Year Ended 30 June 2010 \$	Year Ended 30 June 2009 \$
Cash generated from operating activities		
Receipts from customers	8 783 180	10 765 773
Payments to suppliers and employees	(10 627 547)	(16 436 469)
Interest received	6 347 672	6 840 857
Interest paid	(69 127)	-
Income taxes paid	(1 029 645)	(348 235)
Other income	169 443	62 476
Net cash generated from operating activities	3 573 976	884 402
Cash flows from investing activities		
Investment in term deposits	(52 694 908)	-
Acquisition of property, plant and equipment	(20 717)	(411 901)
Construction works in progress	(2 955 010)	(1 133 964)
Payment of deposit for investment	(500 000)	-
Acquisition of subsidiary	-	(50,000)
Payment for the purchase of equity securities	-	(1 912 086)
Payment arising from disposal of subsidiary	-	(8 385 308)
Proceeds from disposal of property, plant and equipment	12 986	-
Deferred exploration, evaluation expenditure and development costs	(1 311 559)	(1 605 742)
Net cash utilised by investing activities	(57 469 208)	(13 499 001)
Cash flows from financing activities		
Payment for share buy back	(1 159 812)	(544 040)
Dividends paid to company shareholders	-	(5 700 107)
Net cash utilised by financing activities	(1 159 812)	(6 244 147)
Net decrease in cash and cash equivalents	(55 055 044)	(18 858 746)
Cash and cash equivalents at beginning of the year	168 766 405	185 606 025
Effect of exchange rates on cash held in foreign currencies at beginning of financial year	48 255	2 019 126
Cash and cash equivalents at end of financial year	113 759 616	168 766 405

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

Astron Limited and its Subsidiaries

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Additional Information

For the Year Ended 30 June 2010

1. DETAILS OF CONTROLLED ENTITIES

During the year 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

Dividends per share	Amount per share (cents)	Franked amount per share (cents)	Amount per share of foreign source dividend (cents)
- current year	-	-	-
- previous corresponding year	10	-	10
Total dividends			
- current year	-	-	-
- previous corresponding year	6 490 000	-	6 490 000

No dividend is proposed for the year to 30 June 2010. There is no Dividend Reinvestment Plan in operation.

4. ACCOUNTING STANDARDS

Australian Accounting 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. OTHER SIGNIFICANT INFORMATION

There are no other significant information.