

Astron Limited

ABN 97 000 285 272

Preliminary Final Report

Year ended 30 June 2011

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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

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 4.3A

Name of entity

ASTRON LIMITED

ABN

97 000 285 272

Reporting period

30 June 2011

Previous corresponding period

30 June 2010

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 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	Up	34%	to \$ 20 488 560
Profit after income tax from continuing operations attributable to members	Down	\$307 635	to \$882 651
Net profit for the year attributable to members	Down	\$307 635	to \$882 651
Net asset value per share	Down	1%	to 324cps

Astron Limited and its Subsidiaries

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Summary of results and commentary

For the Year Ended 30 June 2011

COMMENTARY ON RESULTS

Overview

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. Resources and Titanium are Astron's Chinese operating companies.

Financials

Income statement

- Total revenue comprising sales, interest received and other income increased from the prior year by 34% to \$20 488 560. The components of total revenue include:
 - Revenue from sales of zircon and titanium based materials
 - Other revenue from the proceeds of the Matilda legal actions and foreign exchange gains
 - Interest income. Arising from an increase in interest rates and extensions to the term on term deposits interest income increased by \$1 303 494 to \$8 599 756
- Costs associated with Gambia and Senegal comprise legal fees and development costs totalling of \$2 177 140.
- The current intention is to locate all processing plants in Australia. It was therefore necessary to impair prior year capitalised development expenditure attributed to mineral separation pilot plant based in China. The impairment is \$1 463 461.

Balance sheet

- The increase in receivables, stock and creditors is attributed to the build-up of stock to provide for anticipated increased sales activity in the 2012 financial year. The rationale is to take advantage of the forecast increase in zircon and titanium materials selling prices over the coming six months.
- Available for sale financial assets comprise shares in South American Iron & Steel, Altona Mining and Zambezi Resources. The combined market value of the shares in these investments has increased by \$1 814 331 from 30 June 2010. This uplift has been credited to the financial assets available for sale reserve in the balance sheet.
- The increase in property, plant and equipment arises from land purchases at Donald and construction of facilities at Yingkou in China.
- The increase in intangible assets relates to development expenditure incurred on the Donald project.
- Land use rights comprise 50 year land use leases. These leases are capitalised and amortised over the 50 year period. An amended land title to property in Titanium is in the process of being obtained from government.
- The reduction in Astron's share capital of \$5 058 657 can be explained by the repurchase of 1 937 857 Astron shares at an average share price of 261cps in terms of the Astron share buy-back programme.

Astron Limited and its Subsidiaries

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Summary of results and commentary

For the Year Ended 30 June 2011

- The reduction in the net asset value from 327cps at 30 June 2010 to 324cps at 30 June 2011 results from appreciation of the Australian Dollar against the Chinese Reminbi and the related conversion of the Chinese assets to Australian Dollars as at 30 June 2011.

Operations review

Donald

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

Regulatory

- The mining licence 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.
- The next stage in obtaining the right to mine is the completion of a Work Plan. A draft work plan is to be submitted in September 2011. A Cultural Heritage Management Plan is also 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 is underway.

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.

Plant designs, processes and costs

- RJ Robbins has completed basic designs for the main plants. Capital and operating costs have been accurately defined.

Water

- Discussions continue on securing a water supply for the project with conceptual designs for delivery systems being completed.

Land

- During the year 699 hectares of land within the mining licence area were purchased.

China operations

- Work at Yingkou continued with the construction of additional infrastructure and the purchase of equipment for the laboratory.

Astron Limited and its Subsidiaries

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Summary of results and commentary

For the Year Ended 30 June 2011

Product price forecasts

- Selling prices for zircon and titanium based materials continues to improve with high current and high forecast product prices predicted.

Gold exploration

- Within the mineral sands tenements owned by the Group a number of interesting anomalies exist of the possible presence of gold.
- Interpretation of aeromagnetic imagery, coupled with results from (cyanide leach) soil geochemistry led to the recommendation of testing the basement rocks south and north of the town of Rupanyup in Western Victoria for evidence of gold and associated base metal mineralisation in Cambrian shales and sandstones.
- A co funded AirCore program was completed as designed in March 2011 with 40 holes drilled for 2 621 metres along three roadside traverses. The average depth to basement is 39 metres, and the maximum drilled depth was 105 metres.
- Overall, geochemistry results showed weakly elevated gold and moderately elevated arsenic values occurring close to the basement-cover contact. A follow up program utilising closer drill spacing of 80 metres to 40 meters is being considered.

Investments

During July 2011, Greenpower Energy Limited (Greenpower) issued 9 513 018 shares to Astron for \$532 216. Astron holds 13% of Greenpower after the placing. Greenpower made the placement to provide working capital and in particular to assist funding its coals to liquids project involving technology developed at the University of Texas. The placing will further cement the relationship between Astron and Greenpower.

Astron Limited and its Subsidiaries

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Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Year Ended 30 June 2011 \$	Year Ended 30 June 2010 \$
Sales revenue	9 571 095	7 787 905
Cost of sales	(7 705 360)	(5 916 556)
Gross profit	1 865 735	1 871 349
Interest income	8 599 756	7 296 262
Other income	2 317 709	211 426
Distribution expenses	(235 172)	(205 743)
Marketing expenses	(106 159)	(139 603)
Occupancy expenses	(80 222)	(159 163)
Administrative expenses	(4 990 615)	(4 497 389)
Write down of stock	-	(18 237)
Costs associated with project development expenditure	(321 856)	(140 973)
Impairment of available-for-sale financial assets	-	(434 026)
Impairment of capital works in progress	(1 463 461)	(80 900)
Costs associated with Gambian and Senegal Investments	(2 177 140)	(693 674)
Finance costs	(36 806)	(69 127)
Other expenses	(275 040)	(192 518)
Profit before income tax expense	3 096 729	2 747 684
Income tax expense	(2 214 078)	(1 557 398)
Profit from continuing operations	882 651	1 190 286
Net profit for the year	882 651	1 190 286

Other comprehensive loss

Increase in fair value of available-for-sale financial assets	1 814 331	-
Foreign currency translation differences	(5 609 481)	(1 455 158)
Other comprehensive loss for the year, net of tax	(3 795 150)	(1 455 158)

Total comprehensive loss for the year	(2 912 499)	(264 872)
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Profit for the year attributable to:

Owners of Astron Limited	882 651	1 190 286
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Total comprehensive loss for the year attributable to:

Owners of Astron Limited	(2 912 499)	(264 872)
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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 2011

	Year Ended 30 June 2011	Year Ended 30 June 2010
1. EARNINGS PER SHARE		
For profit from continuing operations		
Basic earnings per share (cents per share)	1.4	1.8
Diluted earnings per share (cents per share)	1.4	1.8
For profit for the year		
Basic earnings per share (cents per share)	1.4	1.8
Diluted earnings per share (cents per share)	1.4	1.8
2. COMPARISON OF HALF-YEAR RESULTS		
Consolidated profit after tax attributable owners to reported for the first half year	1 195 531	731 243
Consolidated (loss)/ profit after tax attributable to owners reported for the second half year	(312 880)	459 043
Total consolidated profit after tax for the year	882 651	1 190 286

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 2011

	As at 30 June 2011	As at 30 June 2010
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	87 110 656	113 759 616
Term deposits greater than 90-days	60 333 837	52 744 908
Trade and other receivables	7 479 528	2 610 404
Inventories	3 685 640	1 283 123
Available-for-sale financial assets	2 480 042	665 710
Total current assets	161 089 703	171 063 761
Non-current assets		
Property, plant and equipment	12 386 037	11 421 853
Intangible assets	26 950 894	21 768 367
Land use rights	8 352 354	10 055 400
Total non-current assets	47 689 285	43 245 620
TOTAL ASSETS	208 778 988	214 309 381
LIABILITIES		
Current liabilities		
Trade and other payables	2 154 267	1 447 396
Current tax liabilities	221 518	153 872
Provisions	18 546	18 546
Total current liabilities	2 394 331	1 619 814
Non-current liabilities		
Deferred tax liabilities	4 574 409	2 908 163
Long-term provisions	40 000	40 000
Total non-current liabilities	4 614 409	2 948 163
TOTAL LIABILITIES	7 008 740	4 567 977
NET ASSETS	201 770 248	209 741 404
EQUITY		
Contributed equity	33 157 582	38 216 239
Reserves	1 681 259	5 476 409
Retained earnings	166 931 407	166 048 756
TOTAL EQUITY	201 770 248	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 Year Ended 30 June 2011

Year Ended 30 June 2011	Ordinary Shares \$	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.

Astron Limited and its Subsidiaries

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2011

	Ordinary Shares	Retained Earnings	Financial Assets Available For Sale Reserve	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)
Transactions with owners in their capacity as owners					
Shares repurchased during the year	(1 159 812)	-	-	-	(1 159 812)
Total of 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 Cash Flows

For the Year Ended 30 June 2011

	Year Ended 30 June 2011 \$	Year Ended 30 June 2010 \$
Cash flows from operating activities:		
Receipts from customers	9,184 860	9 083 204
Payments to suppliers and employees	(20 764 622)	(10 546 647)
Interest received	8 286 253	6 347 672
Interest paid	(36 806)	(69 127)
Income taxes paid	(480 184)	(1 029 645)
Other income	2 317 709	169 443
Net cash (outflow)/ inflow from operating activities	(1 492 790)	3 954 900
Cash flows from investing activities:		
Investment in short term deposits	(7 588 929)	(52 694 908)
Acquisition of property, plant and equipment	(2 659 016)	(20 717)
Construction in works in progress	(2 440 923)	(3 335 934)
Payment of deposit for investment	-	(500 000)
Proceeds from disposal of property, plant and equipment	-	12 986
Capitalised exploration, evaluation expenditure and development costs	(5 204 948)	(1 311 559)
Net cash outflow from investing activities	(17 893 816)	(57 850 132)
Cash flows from financing activities:		
Payment for share buy back	(5 058 657)	(1 159 812)
Net cash outflow from financing activities	(5 058 657)	(1 159 812)
Net decrease in cash held	(24 445 263)	(55 055 044)
Cash and cash equivalents at beginning of the year	113 759 616	168 766 405
Net foreign exchange differences	(2 203 697)	48 255
Cash and cash equivalents at end of the year	87 110 656	113 759 616

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 2011

1. DETAILS OF CONTROLLED ENTITIES

Save for the Astron Mineral Sands Pty Limited (a wholly owned subsidiary of Astron Limited) which was incorporated 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

No dividends were paid or proposed for the years ended 30 June 2010 and 30 June 2011. 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 is no other significant information requiring disclosure in the preliminary report.