

# **Astron Corporation Limited**

**Incorporated in Hong Kong, Company Number: 1687414**  
ARBN 154 924 553

## **Half Year Report** **ended 31 December 2015**

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- Corporate Directory
- Appendix 4D
- Consolidated Financial Statements

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## Astron Corporation Limited – Half Year Report

### CORPORATE DIRECTORY

**Astron Corporation Limited: Incorporated in Hong Kong, Company Number: 1687414**

#### **Directors**

Mr Gerard King (Chairman, Non executive Director)

Mr Alexander Brown (Managing Director)

Mdm Kang Rong (Executive Director)

#### **Company Secretary and Registered Office**

McCabe Secretarial Service Limited

16th Floor, Wing-On-Centre, 111 Connaught Road Central, Hong Kong

#### **Australian Corporate Offices**

73 Main Street, Minyip, VIC 3392

Telephone: 61 3 5385 7088

#### **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, 46th Floor

183 Queen's Road East

Wan Chai, Hong Kong

#### **Auditors**

Grant Thornton Australia Limited

Level 17, 383 Kent 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 – Half Year Report**  
Appendix 4D

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

**Name of entity**

**ASTRON CORPORATION LIMITED**

**Company Number**

**1687414**

**Reporting period**

**Half Year ended 31 December 2015**

**Previous corresponding period**

**Half Year ended 31 December 2015**

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

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**1. RESULTS FOR ANNOUNCEMENT TO THE MARKET**

|   |      |                         |    |             |
|---|------|-------------------------|----|-------------|
| Total revenue from operations               | Down | <b>49.8%</b>            | to | \$569,657   |
| Revenue from trading operations             | Down | <b>72.9%</b>            | to | \$224,522   |
| Net loss before tax attributable to members | Up   | <b>By<br/>\$129,959</b> | to | \$2,258,191 |
| Net asset value per share                   | Up   | <b>8.5%</b>             | to | \$0.89      |

**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 2015 or the comparative period.

**6. REVIEW DISPUTES OR QUALIFICATIONS**

There are no review disputes or qualifications.

**7. ACCOUNTING STANDARDS**

International Financial Reporting Standards have been used in complying the information contained in Appendix 4D.

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# **Astron Corporation Limited and its Subsidiaries**

Incorporated in Hong Kong, Company Number: 1687414

## **Consolidated Financial Statements**

For the Half Year Ended 31 December 2015

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Consolidated Financial Statements

For the Period Ended 31 December 2015

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# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

## Directors' Report

31 December 2015

Your directors present their report on the consolidated entity consisting of Astron Corporation Limited and its subsidiaries (the Group) at the end of, or during, the half-year ended 31 December 2015.

### 1. DIRECTORS

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

Mr Gerard King

Mr Alexander Brown

Mdm Kang Rong

### 2. BUSINESS REVIEW

#### **Overview**

Astron Corporation Limited (Company) is the Group's holding company. The Company indirectly controls two wholly owned Australian operating subsidiaries, Astron Limited and Donald Mineral Sands Pty Limited (DMS) 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**

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

Total revenue decreased by 49.8% to \$599,657. The decrease in revenue is primarily attributable to a decrease in mineral sand sales during the period.

Trading revenue for the period decreased by 49.8% to \$224,522 while the gross profit improved to a gross profit of \$9,400 (Gross loss of \$11,083 in 2014). The trading results reflect the general market in trading activities in China.

Non trading related operating expenses reflected the ongoing overhead rationalisation. While general overheads have decreased non capitalised development costs have increased in particular with respect to the commencement of activities in the USA. The 2014 results reflected the write up in value of inventory and receivables of \$983,195.

Income tax expense comprises a movement in the deferred tax liability. There is an expected tax refund due in the second half for research & development undertaken in 2015. The increase in deferred tax provided corresponds with the increase in Donald's capitalised development expenditure.

##### **Statement of Financial Position**

###### **Cash**

Cash and term deposits increased by \$286,865 from 30 June 2015 to the end of the current period. The largest individual items of spend were the expenditure incurred in connection with the Donald and Niafarang projects. These costs together with other overheads were offset by the receipt of receivables of \$4,222,081 due from the sale of land in China.

###### **Current assets**

Inventory decreased by \$167,989 to \$629,309 due to write downs in realisable value and ongoing trade operations.

The increase in intangible assets from 30 June 2015 arises from Donald and Niafarang (Senegal) project development expenditure capitalised in terms of IAS6.

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

## Directors' Report

31 December 2015

The decrease in the foreign currency translation reserve arises from mainly the impact of appreciation of the Australian Dollar relevant to the Hong Kong Dollar and Yuan on the translation of the foreign operations.

The net asset value per share has increased by 8.5% to \$0.89. This movement can mainly be attributed to the capitalisation of expenditure in relation to the Donald and Niafarang projects.

### **Review of operations**

The development of the Donald and Niafarang projects continued during the period under review. The following milestones were achieved:

#### **Donald Project**

##### *Feasibility study*

- Work continued on the feasibility study, including further work on more accurately defining operating and capital expenditure. Costings continue to be refined.

##### *Exploration/Work Plan*

- Additional drilling and sampling had been undertaken on the Donald and Jackson mineral sands deposits.
- Work continues to finish the mineralogy and assaying, expected to be completed by end of the first quarter 2016.

##### *Funding*

- The Company has now entered into an EPC (engineering, procurement and construction contract) with CMEC for the Astron Donald Mineral Sands titanium and zirconium mineral project ("Project"). The EPC contract sets out the process for supply and installation of equipment for the MUP/WCP for the Project and assistance with funding the Project. CMEC is the EPC contractor responsible for equipment procurement and funding the first phase of the Project.
- Various site visits and other meetings have continued with CMEC, including delegations from China during the period in review.
- Work continues towards satisfaction of conditions precedent, including arranging suitable insurance as required by CMEC.
- Other funding opportunities, including for the purpose of satisfying the conditions precedent in the EPC contract, continue to be explored.

#### **Niafarang project Senegal**

- Work continued towards obtaining the mining licence. This work includes working on the memorandum of understanding with the local community in the Niafarang area and the Casamance province government.
- After this is complete, the public enquiry is a key component of the environment will aspect, and work continues on this.
- Astron is hopeful that the ongoing negotiations will result in the rewarding of a mining licence in the first half of 2016. Assuming this is the case, Astron will endeavour to immediately move to the mine development phase of the project, dependent on funding constraints.

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2015

## Going forward

In respect to the Donald Project, the group will continue to refine the definitive feasibility study and together with its financial advisers work towards fund raising activities. In China, work will continue on the research and development programme. Astron is also working to finalise the mining licence in Senegal and commence production.

The forward funding position for Astron is dependent on a number of factors. The short term needs of the company to meet its ongoing administration costs and committed project expenditure are forecast to be covered by the existing resources on hand for the forthcoming fiscal year. There are several sources of additional funds being pursued or in the course of being worked through. These include receipt of proceeds from the sale of land and buildings in China (refer Note 6) and the likely award of recompense from the court proceedings relating to the Gambian project which have been found in our favour (however note The Gambia has lodged an application for annulment of the decision, which is being timetabled for hearing). The timing of these sources of funds are not able to be precisely predicted, but represent near term realisable assets.

As part of operational and funding reviews, Astron is considering any potential to deal with its water rights, including potential environmental flow opportunities or opportunities to trade in part of those rights. No formal agreement has been obtained at this point in time.

With regard to funding for the Senegal project, discussions are advanced to realise a joint venture and a letter of credit arrangement. The timing of the need and source of the funding is dependent on the issue of the mining licence.

Funding for the Donald project is covered by the EPC contract with CMEC, subject to satisfaction of the conditions precedent to that contract (which the parties are working towards satisfying).

There will be a need for additional funding over and above this, which will be pursued when the timing of the Chinese funding becomes clearer. Options include a mixture of equity and debt funding.

### 3. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2015 has been received and can be found on page 4 of the half-year financial statements.

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

Chairman:



Mr Gerard King

Dated this 29<sup>th</sup> day of February 2016

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Sydney NSW 2000

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**Auditor's Independence Declaration  
To the Directors of Astron Corporation Limited**

As lead auditor for the audit of Astron Corporation Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L M Worsley  
Partner - Audit & Assurance

Sydney, 29 February 2016

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# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

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

For the Half Year Ended 31 December 2015

|   | Note     | Half-Year Ended<br>31 December<br>2015<br>\$ | Half-Year Ended<br>31 December<br>2014<br>\$ |
|---|----------|--|--|
| Sales revenue   |          | 224,522                                      | 829,461                                      |
| Cost of sales   |          | <u>(215,122)</u>                             | <u>(840,544)</u>                             |
| <b>Gross (loss)/profit</b>  |          | <b>9,400</b>                                 | <b>(11,083)</b>                              |
| Interest income   |          | 41,463                                       | 111,290                                      |
| Other revenue   |          | 303,672                                      | 195,126                                      |
| Distribution expenses   |          | -  | (42,006)                                     |
| Marketing expenses  |          | (6,132)                                      | (14,422)                                     |
| Occupancy expenses  |          | (4,411)                                      | (132,774)                                    |
| Administrative expenses   |          | (2,194,041)                                  | (2,635,551)                                  |
| Write (down)/up of inventory  |          | (192,044)                                    | 407,838                                      |
| Write (down)/up of receivable   |          | -  | 575,357                                      |
| Costs associated with Gambian litigation                                    |          | -  | (106,636)                                    |
| Costs associated with USA project development                               |          | (140,888)                                    | (448,786)                                    |
| Other expenses  |          | <u>(75,210)</u>                              | <u>(26,585)</u>                              |
| <b>Loss before income tax expense</b>                                       |          | <b>(2,258,191)</b>                           | <b>(2,128,232)</b>                           |
| Income tax benefit  |          | <u>239,276</u>                               | <u>1,729,687</u>                             |
| <b>Net loss for the half year</b>   | <b>2</b> | <b><u>(2,018,915)</u></b>                    | <b><u>(398,545)</u></b>                      |
| <b>Other comprehensive income</b>   |          |  |  |
| Foreign currency translation differences                                    |          | (621,681)                                    | 4,189,558                                    |
| Increase/ (decrease) in fair value of available-for-sale financial assets   |          | <u>(172,308)</u>                             | <u>415,986</u>                               |
| Other comprehensive income for the half year, net of tax                    |          | <u>(793,989)</u>                             | <u>4,605,544</u>                             |
| <b>Total comprehensive income for the half year</b>                         |          | <b><u>(2,812,904)</u></b>                    | <b><u>4,206,999</u></b>                      |
| <b>(Loss) / profit for the half year attributable to:</b>                   |          |  |  |
| Owners of Astron Corporation Limited  |          | <u>(2,018,915)</u>                           | <u>(398,545)</u>                             |
| <b>Total comprehensive (loss)/profit for the half year attributable to:</b> |          |  |  |
| Owners of Astron Corporation Limited  |          | <u>(2,812,904)</u>                           | <u>4,206,999</u>                             |

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

Company Number: 1687414

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

For the Half Year Ended 31 December 2015

|  |      | Half-Year Ended<br>31 December<br>2015 | Half-Year Ended<br>31 December<br>2014 |
|--|------|--|--|
|  | Note |  |  |

### For (loss)/ profit for the half year

|  |    |        |        |
|--|----|--------|--------|
| Basic (loss)/ earnings per share (cents per share)   | 10 | (1.65) | (0.33) |
| Diluted (loss)/ earnings per share (cents per share) | 10 | (1.65) | (0.33) |

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

Company Number: 1687414

## Consolidated Statement of Financial Position

As at 31 December 2015

|                                      | Note | As at<br>31 December 2015<br>\$ | As at<br>30 June 2015<br>\$ |
|--------------------------------------|------|---------------------------------|-----------------------------|
| <b>ASSETS</b>                        |      |                                 |                             |
| <b>Current assets</b>                |      |                                 |                             |
| Cash and cash equivalents            |      | 6,082,749                       | 5,796,027                   |
| Term deposits greater than 90-days   |      | 60,468                          | 60,325                      |
| Trade and other receivables          |      | 17,088,187                      | 17,417,179                  |
| Inventories                          | 11   | 629,309                         | 797,298                     |
| Available-for-sale financial assets  |      | 720,542                         | 892,851                     |
| Current tax assets                   |      | -                               | 1,186,928                   |
| <b>Total current assets</b>          |      | <b>24,581,255</b>               | <b>26,150,608</b>           |
| <b>Non current assets</b>            |      |                                 |                             |
| Trade and other receivables          |      | -                               | 3,924,922                   |
| Property, plant and equipment        | 12   | 21,781,303                      | 22,363,317                  |
| Intangible assets                    | 13   | 67,183,895                      | 64,926,815                  |
| Land use rights                      |      | 3,427,932                       | 3,525,124                   |
| <b>Total non current assets</b>      |      | <b>92,393,130</b>               | <b>94,740,178</b>           |
| <b>TOTAL ASSETS</b>                  |      | <b>116,974,385</b>              | <b>120,890,786</b>          |
| <b>LIABILITIES</b>                   |      |                                 |                             |
| <b>Current liabilities</b>           |      |                                 |                             |
| Borrowings                           |      | -                               | 1,000,000                   |
| Trade and other payables             |      | 2,199,649                       | 2,121,187                   |
| Provisions                           |      | 135,155                         | 77,838                      |
| <b>Total current liabilities</b>     |      | <b>2,334,804</b>                | <b>3,199,025</b>            |
| <b>Non current liabilities</b>       |      |                                 |                             |
| Deferred Tax liabilities             |      | 4,987,085                       | 5,226,361                   |
| Long-term provisions                 |      | 40,000                          | 40,000                      |
| <b>Total non current liabilities</b> |      | <b>5,027,085</b>                | <b>5,266,361</b>            |
| <b>TOTAL LIABILITIES</b>             |      | <b>7,361,889</b>                | <b>8,465,386</b>            |
| <b>NET ASSETS</b>                    |      | <b>109,612,496</b>              | <b>112,425,400</b>          |
| <b>EQUITY</b>                        |      |                                 |                             |
| Contributed equity                   | 8    | 1,605,048                       | 1,605,048                   |
| Reserves                             |      | 12,561,022                      | 13,355,012                  |
| Retained earnings                    |      | 95,446,426                      | 97,465,340                  |
| <b>TOTAL EQUITY</b>                  |      | <b>109,612,496</b>              | <b>112,425,400</b>          |

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

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

## Consolidated Statement of Changes in Equity

As at 31 December 2015

|  | Contributed<br>Equity<br>\$ | Retained<br>Earnings<br>\$ | Financial<br>Assets<br>Available-For<br>Sale-Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Total Equity<br>\$ |
|--|-----------------------------|----------------------------|--|---|--------------------|
| <b>Period Ended 31 December 2015</b>   |                             |                            |  |   |                    |
| Equity as at 1 July 2015   | 1,605,048                   | 97,465,340                 | 861,305  | 12,493,707  | 112,425,400        |
| Loss for the half year   | -                           | (2,018,915)                | -  | -   | (2,018,915)        |
| <i>Other comprehensive income/(loss)</i>                                       |                             |                            |  |   |                    |
| - Increase/ (decrease) in fair value of<br>available-for-sale financial assets | -                           | -                          | (172,308)  | -   | (172,308)          |
| - Exchange differences on translation of<br>foreign operations                 | -                           | -                          | -  | (621,681)   | (621,681)          |
| <b>Total comprehensive profit for the half year</b>                            | -                           | <b>(2,018,915)</b>         | <b>(172,308)</b>   | <b>(621,681)</b>                                    | <b>(2,812,904)</b> |
| Transactions with owners in their capacity<br>as owners                        | -                           | -                          | -  | -   | -                  |
| <b>Equity as at 31 December 2015</b>   | <b>1,605,048</b>            | <b>95,446,425</b>          | <b>688,997</b>   | <b>11,872,026</b>                                   | <b>109,612,496</b> |

|  | Contributed<br>Equity<br>\$ | Retained<br>Earnings<br>\$ | Financial<br>Assets<br>Available-For<br>Sale-Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Total Equity<br>\$ |
|--|-----------------------------|----------------------------|--|---|--------------------|
| <b>Period Ended 31 December 2014</b>   |                             |                            |  |   |                    |
| Equity as at 1 July 2014   | 1,605,048                   | 89,476,222                 | 505,599  | 5,200,423   | 96,787,292         |
| Loss for the half year   | -                           | (398,545)                  | -  | -   | (398,545)          |
| <i>Other comprehensive income/(loss)</i>                                       |                             |                            |  |   |                    |
| - Increase/ (decrease) in fair value of<br>available-for-sale financial assets | -                           | -                          | 415,986  | -   | 415,986            |
| - Exchange differences on translation of<br>foreign operations                 | -                           | -                          | -  | 4,189,558   | 4,189,558          |
| <b>Total comprehensive profit for the half year</b>                            | -                           | <b>(398,545)</b>           | <b>415,986</b>   | <b>4,189,558</b>                                    | <b>4,206,999</b>   |
| Transactions with owners in their capacity<br>as owners                        | -                           | -                          | -  | -   | -                  |
| <b>Equity as at 31 December 2014</b>   | <b>1,605,048</b>            | <b>89,077,677</b>          | <b>921,585</b>   | <b>9,389,981</b>                                    | <b>100,994,291</b> |

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

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

## Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2015

|  | Half-Year Ended<br>31 December<br>2015 | Half-Year Ended<br>31 December<br>2014 |
|--|--|--|
|  | \$                                     | \$                                     |
| <b>Cash flows from operating activities:</b>               |  |  |
| Receipts from customers                                    | 4,874,949                              | 1,435,707                              |
| Payments to suppliers and employees                        | (2,364,832)                            | (4,016,620)                            |
| Interest received  | 42,659                                 | 374,488                                |
| Interest paid  | (5,404)                                | (13,328)                               |
| Income taxes received                                      | 1,093,983                              | 1,451,836                              |
| <b>Net cash (outflow)/inflow from operating activities</b> | <b>3,641,355</b>                       | <b>(767,917)</b>                       |
| <b>Cash flows from investing activities</b>                |  |  |
| (Increase)/Decrease of short term deposits                 | (142)                                  | 1,905,091                              |
| Acquisition of property, plant and equipment               | (6,121)                                | (28,586)                               |
| Exploration, evaluation expenditure and development costs  | (2,077,274)                            | (2,209,344)                            |
| <b>Net cash outflow from investing activities</b>          | <b>(2,083,537)</b>                     | <b>(332,839)</b>                       |
| <b>Cash flows from financing activities:</b>               |  |  |
| Repayment of borrowings                                    | (1,000,000)                            | -                                      |
| <b>Net cash inflow/(outflow) from financing activities</b> | <b>(1,000,000)</b>                     | <b>-</b>                               |
| <b>Net increase/(decrease) in cash held</b>                | <b>557,818</b>                         | <b>(1,100,756)</b>                     |
| Cash and cash equivalents at beginning of the year         | 5,796,027                              | 2,905,194                              |
| Net foreign exchange differences                           | (271,096)                              | 87,326                                 |
| <b>Cash and cash equivalents at end of the half year</b>   | <b>6,082,749</b>                       | <b>1,810,764</b>                       |

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

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2015

### 1 Statement of significant accounting policies

The interim consolidated financial statements of Astron Corporation Limited are for the six months ended 31 December 2015 and relate to the consolidated entity consisting of Astron Corporation Limited and its subsidiaries (the Group). These financial statements are presented in Australian dollars (\$), which is the functional currency of the Group. These general purpose interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

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 2015 and any public announcements made by Astron Corporation Limited during the half-year reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules.

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

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.

There are no differences between the Astron Corporation Limited's and Astron Limited's accounting policies under AAS and IFRS. All accounting policies have been consistently applied from the prior period.

#### Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

#### Standards and Interpretations adopted in the current year:

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half year ended 31 December 2015. In adopting these new and revised pronouncements, the Group has determined that there has been no material impact to the Group's reported position or performance.

#### Standards and Interpretations in issue not yet adopted:

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the half year ending 31 December 2015. The Group does not believe these standards will have a material impact on the financial statements in the period in which they were adopted.

#### Going Concern

The half-year financial report has been prepared on the going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the half-year ended 31 December 2015, the Group incurred a net loss of \$2,018,915 and generated net cash inflows from operations for the six months of \$3,641,355. As at 31 December 2015 the Group had a surplus of current assets over current liabilities of \$22,246,451 and had \$6,082,749 of available cash.

On 13 October 2015 Astron announced that its subsidiary Donald Mineral Sands Pty Ltd ("DMS"), had entered into an EPC (engineering, procurement and construction) contract with China Machinery Engineering Corporation ("CMEC") for the Astron Donald Mineral Sands titanium and zirconium mineral project ("Project").

The EPC contract sets out the process for supply and installation of equipment for the MUP/WCP for the Project and assistance with funding the Project. CMEC is the EPC contractor responsible for equipment procurement and funding the first phase of the Project. The broad terms of the EPC contract specify a total contract price of up to US\$135 million. The EPC contract includes all design, procurement, civil engineering and construction, installation, training, commissioning, technical service and other works of the Project.

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

## Notes to the Consolidated Financial Statements

### For the Period Ended 31 December 2015

DMS is required to contribute 15% to the costs of the project, which per current capex requirements is approximately US\$18 million. CMEC's funding will be in the form of seller's credit from a Chinese bank or other channels. The contract is subject to conditions precedent including:

1. Insurance application with Sinasure being approved and the premium paid;
2. DMS financing 15% of the costs of the Project; and
3. DMS acquiring all necessary rights and all regulatory approvals.

Under the contract the parties have 10 months to satisfy these conditions, however the contract has a mechanism for extending this period up to 12 months ending 30 September 2016.

During the review period DMS and CMEC have continued to work towards satisfying the conditions precedent which included site visits by CMEC and Sinasure in January 2016.

The Group has a number of opportunities to develop income generating activities, however it is unlikely that these will generate the level of funding required to meet the Group's obligations under the above contract.

The Directors consider that additional funding is likely to be available as required. The Group has a number of funding options which is initially expected to be obtained through the receipt of receivables (land assets for sale in China), the likely award of recompense from the court proceedings relating to the Gambian project which have been found in our favour and bank finance. The timing of these sources of funds are not able to be precisely predicted. There can be no assurance that the Group will be able to obtain, or access additional funding when required, or that the terms associated with the funding will be acceptable to the Group. Similarly, there are risks that the timeline developed for the completion of the plant, subsequent commissioning, economically sufficient production, and subsequent sales will not be achieved as planned.

Excluding the cash flows associated with the development of the Project, cash flow forecasts prepared by management demonstrate that the Group has sufficient funds to meet its commitments over the next twelve months. For that reason, the financial statements have been prepared on the basis that the Group is a going concern.

In the event that the Group is unsuccessful in the matters set out above in relation to the DMS project, there is material uncertainty whether the Group will continue as a going concern, and therefore whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

With regard to funding for the Senegal project, discussions are advanced to realise a joint venture and a letter of credit arrangement. The timing of the need and source of the funding is dependent on the issue of the mining lease which the Group continues to progress.

## 2 Profit for the half year

|  | 31 December<br>2015 | 31 December<br>2014 |
|--|---------------------|---------------------|
| The following significant revenue and expense items are relevant to explaining the financial performance | \$                  | \$                  |
| Interest revenue   | 41,463              | 111,290             |
| Rental income and disposal of assets   | 303,672             | 195,126             |
| Foreign exchange (loss)/gain   | (24,542)            | 6,013               |
| Costs associated with Gambian Investments  | -                   | (106,636)           |
| Interest paid  | (5,399)             | (13,489)            |
| Bad debt provisions reversed   | -                   | 575,357             |
| Inventory provision (loss)/gain  | (192,044)           | 407,838             |
| USA development costs  | (140,888)           | (448,786)           |
| Research and development expenditure   | (141,718)           | (215,897)           |

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2015

### 3 Dividends

Dividends paid for during the half year:

|   | 31 December | 31 December |
|---|-------------|-------------|
|   | 2015        | 2014        |
|   | \$          | \$          |
| Final unfranked dividend of NIL (2014: NIL) per share | -           | -           |

### 4 Seasonality and irregular trends

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

### 5 Commitments and Contingencies

The Group commitments and contingencies are consistent with the disclosures in the 30 June 2015 Annual Report.

#### Litigation

Astron continues to work towards a legal settlement with the Gambia Government, where the International Centre for Settlement of Investment Disputes (ICSID) had determined the award including damages in favour of Astron/Carnegie in Astron's claim against The Gambia for approximately \$31 million.

The Gambia has submitted an application for annulment to ICSID, on the grounds of the constitution of the arbitral tribunal, and arguments about admissibility and jurisdiction. Astron is opposing the application submitted by The Gambia and anticipates having a timetable set for dealing with this application by the ICSID in the first half of 2016.

### 6 Current Receivables

During the year ended 30 June 2014, management entered into an agreement to transfer 1,065,384 sqm of land held in Yingkou province China to a state owned entity. As the under-development of this land resulted from a change of government development plans and restructure, this land transfer has been subsidised by the Chinese Government. Final contracts over the land sale have been exchanged and the disposal was brought to account in the year ended 30 June 2015. The net proceeds, amounting to \$20,356,248, were to be received in instalments up to October 2016. In September 2015 the second instalment of \$4,290,741 was received, no other amounts have since been received. The land contract is unconditional and payment is binding on the buyer being the Yingkou Government, but the payments expected have been delayed. The Directors anticipate payments will be made shortly and that the debtor will be significantly received by 30 June 2016.

### 7 Subsidiaries

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

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2015

## 8 Issued share capital

|  | 31 December      | 30 June          |
|--|------------------|------------------|
|  | 2015             | 2015             |
|  | \$               | \$               |
| 122,479,784 (30 June 2015: 122,479,784) Fully Paid Ordinary Shares @ 0.1 HK \$ | 1,605,048        | 1,605,048        |
| <b>Total</b>   | <b>1,605,048</b> | <b>1,605,048</b> |

|                                      | 31 December | 30 June     |
|--------------------------------------|-------------|-------------|
|                                      | 2015        | 2015        |
|                                      | No.         | No.         |
| At the beginning of reporting period | 122,479,784 | 122,479,784 |
| At reporting date                    | 122,479,784 | 122,479,784 |

## 9 Segment Information

### (a) Description of Segments

The Group has adopted IFRS 8 Operating Segments from 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/President 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
- Senegal: Development of Niafarang mine
- 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 Corporation Limited and its Subsidiaries

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2015

### 9 Segment information (cont'd)

(b) Segment information

Information provided to the managing Director/President

| 31 December   | Donald Mineral Sands |               | Titanium       |                | Mineral Resources |                | Senegal  |          | Other         |                | Consolidated   |                  |
|---|----------------------|---------------|----------------|----------------|-------------------|----------------|----------|----------|---------------|----------------|----------------|------------------|
|   | 2015                 | 2014          | 2015           | 2014           | 2015              | 2014           | 2015     | 2014     | 2015          | 2014           | 2015           | 2014             |
|   | \$                   | \$            | \$             | \$             | \$                | \$             | \$       | \$       | \$            | \$             | \$             | \$               |
| <b>Revenue from external customers</b>                                      |                      |               |                |                |                   |                |          |          |               |                |                |                  |
| Sales   | -                    | -             | -              | 164,349        | 224,522           | 665,112        | -        | -        | -             | -              | 224,522        | 829,461          |
| Interest revenue  | 295                  | 701           | 3,480          | 37             | -                 | -              | -        | -        | 37,688        | 110,552        | 41,463         | 111,290          |
| Rent/Other income   | 31,409               | 12,448        | 233,419        | 82,091         | 38,845            | 100,587        | -        | -        | -             | -              | 303,673        | 195,126          |
| <b>Total revenue</b>  | <b>31,704</b>        | <b>13,149</b> | <b>236,899</b> | <b>246,477</b> | <b>263,367</b>    | <b>765,699</b> | <b>-</b> | <b>-</b> | <b>37,688</b> | <b>110,552</b> | <b>569,658</b> | <b>1,135,877</b> |
| <b>Segment result</b>   |                      |               |                |                |                   |                |          |          |               |                |                |                  |
| Segment (loss)/profit   | (59,626)             | 13,563        | (674,490)      | (44,264)       | (519,858)         | (86,028)       | -        | -        | (1,004,217)   | (2,011,503)    | (2,258,191)    | (2,128,232)      |
| Net (loss)/ profit for the period   |                      |               |                |                |                   |                |          |          |               |                | (2,258,191)    | (2,128,232)      |
| Impairment losses   | -                    | -             | -              | -              | -                 | -              | -        | -        | -             | -              | -              | -                |
| Acquisition of PPE, Intangibles assets and other non-current segment assets | 1,663,858            | 1,820,576     | 4,222          | 39,744         | -                 | 14,767         | 415,315  | 207,477  | -             | 155,366        | 2,083,395      | 2,237,930        |
| Depreciation and amortisation   | 373,398              | 359,172       | 237,351        | 26,865         | 113,412           | 163,074        | 3,399    | 13,935   | 79,332        | 60,739         | 806,892        | 623,785          |

# Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

## Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2015

### 9 Segment information (cont'd)

b) Segment information (cont'd)

| 2015                      | Donald Mineral Sands |            | Titanium   |            | Mineral Resources |            | Senegal   |           | Other       |           | 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      |
|                           | \$                   | \$         | \$         | \$         | \$                | \$         | \$        | \$        | \$          | \$        | \$           | \$          |
| <b>Assets</b>             |                      |            |            |            |                   |            |           |           |             |           |              |             |
| Segment assets            | 67,888,535           | 66,005,586 | 29,197,316 | 30,935,345 | 11,617,603        | 11,953,678 | 4,483,376 | 4,120,394 | 3,787,555   | 7,875,783 | 116,974,385  | 120,890,786 |
| Total segment assets      | 67,888,535           | 66,005,586 | 29,197,316 | 30,935,345 | 11,617,603        | 11,953,678 | 4,483,376 | 4,120,394 | 3,787,555   | 7,875,783 | 116,974,385  | 120,890,786 |
| <b>Liabilities</b>        |                      |            |            |            |                   |            |           |           |             |           |              |             |
| Segment liabilities       | 8,943,718            | 8,068,821  | 72,243     | 142,626    | 267,842           | 442,873    | 37,458    | 22,121    | (1,959,372) | (211,055) | 7,361,889    | 8,465,386   |
| Total segment liabilities | 8,943,718            | 8,068,821  | 72,243     | 142,626    | 267,842           | 442,873    | 37,458    | 22,121    | (1,959,372) | (211,055) | 7,361,889    | 8,465,386   |

# Astron Corporation Limited

Company Number: 1687414

## Declaration by Directors

### 10 Earnings Per Share

#### (a) Reconciliation of earnings used in the calculation of earnings per share to loss/(profit):

|  | Consolidated              |                           |
|--|---------------------------|---------------------------|
|  | 31 December<br>2015<br>\$ | 31 December<br>2014<br>\$ |
| Loss attributable to owners              | (2,018,915)               | (398,545)                 |
| Loss used to calculate basic EPS         | (2,018,915)               | (398,545)                 |
| Loss used in calculation of dilutive EPS | (2,018,915)               | (398,545)                 |

#### (b) Weighted average number of ordinary shares (diluted):

|  | Consolidated               |                            |
|--|----------------------------|----------------------------|
|  | 31 December<br>2015<br>No. | 31 December<br>2014<br>No. |
| Weighted average number of ordinary shares outstanding during the year |                            |                            |
| - used in calculating basic EPS  | 122,479,784                | 122,479,784                |

#### (c) Dilutive shares

There were no shares issued under escrow at or post year end. There were no rights or options for shares outstanding at year-end.

### 11 Inventories

|  | Consolidated              |                       |
|--|---------------------------|-----------------------|
|  | 31 December<br>2015<br>\$ | 30 June<br>2015<br>\$ |
| <b>Raw materials</b>                     | <b>503,171</b>            | 651,616               |
| Finished goods – at cost                 | -                         | -                     |
| Finished goods – at net realisable value | 126,138                   | 144,804               |
| <b>Total finished goods</b>              | <b>126,138</b>            | 144,804               |
| Goods in transit                         | -                         | 878                   |
| <b>Total</b>                             | <b>629,309</b>            | 797,298               |

There is a provision for realisable value of \$899,160 at period end (\$725,574 as at 30 June 2015).

# Astron Corporation Limited

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## Declaration by Directors

### 12 Property Plant & Equipment

|  | Note  | Consolidated<br>31 December<br>2015<br>\$ | 30 June<br>2015<br>\$ |
|--|-------|---|-----------------------|
| <b>Land &amp; Buildings</b>                      |       |   |                       |
| Land at cost                                     |       | 5,254,000                                 | 5,254,000             |
| Total land                                       | 12(a) | 5,254,000                                 | 5,254,000             |
| Leasehold buildings                              |       | 10,946,639                                | 11,124,652            |
| Accumulated impairment loss                      |       | (874,128)                                 | (663,426)             |
| Net carrying value                               | 12(a) | 10,072,511                                | 10,461,226            |
| <b>Plant and equipment and works in progress</b> |       |   |                       |
| Capital works in progress                        |       | 9,904,114                                 | 10,060,883            |
| Less accumulated impairment loss                 |       | (3,871,114)                               | (3,934,065)           |
| Total capital works in progress                  | 12(a) | 6,033,000                                 | 6,126,818             |
| Plant and equipment                              |       | 2,496,938                                 | 2,559,737             |
| Less accumulated depreciation                    |       | (2,075,146)                               | (2,038,464)           |
| Total plant and equipment                        | 12(a) | 421,792                                   | 521,273               |
| <b>Total property, plant and equipment</b>       |       | <b>21,781,303</b>                         | <b>22,363,317</b>     |

#### (a) Movement in net carrying value

|   | Capital works in<br>progress<br>\$ | Consolidated<br>Land<br>\$ | Buildings<br>\$   | Plant and<br>Equipment<br>\$ | Total<br>\$       |
|---|------------------------------------|----------------------------|-------------------|------------------------------|-------------------|
| <b>Half-Year ended 31 December 2015</b> |                                    |                            |                   |                              |                   |
| Opening balance                         | 6,126,818                          | 5,254,000                  | 10,461,226        | 521,273                      | 22,363,317        |
| Additions                               | 4,222                              | -                          | -                 | 1,900                        | 6,122             |
| Depreciation                            | -                                  | -                          | (231,025)         | (95,399)                     | (326,424)         |
| Disposals                               | -                                  | -                          | -                 | -                            | -                 |
| Foreign exchange movements              | (98,040)                           | -                          | (157,690)         | (5,982)                      | (261,712)         |
| <b>Balance at 31 December 2015</b>      | <b>6,033,000</b>                   | <b>5,254,000</b>           | <b>10,072,511</b> | <b>421,792</b>               | <b>21,781,303</b> |
| <b>Year ended 30 June 2015</b>          |                                    |                            |                   |                              |                   |
| Opening balance                         | 12,925,286                         | 5,254,000                  | 1,945,280         | 725,881                      | 20,850,447        |
| Additions                               | 27,847                             | -                          | -                 | 17,506                       | 45,353            |
| Depreciation                            | -                                  | -                          | (206,579)         | (110,573)                    | (317,153)         |
| Transfers                               | (8,533,726)                        | -                          | 8,533,726         | -                            | -                 |
| Impairment expense                      | (1,296,742)                        | -                          | -                 | -                            | (1,296,742)       |
| Disposals                               | -                                  | -                          | (245,701)         | (43,135)                     | (288,835)         |
| Foreign exchange movements              | 3,004,153                          | -                          | 434,500           | (68,406)                     | 3,370,247         |
| <b>Balance at 30 June 2015</b>          | <b>6,126,818</b>                   | <b>5,254,000</b>           | <b>10,461,226</b> | <b>521,273</b>               | <b>22,363,317</b> |

# Astron Corporation Limited

Company Number: 1687414

## Declaration by Directors

### 13 Intangible Assets

|  |          | Consolidated |             |
|--|----------|--------------|-------------|
|  |          | 31 December  | 30 June     |
|  |          | 2015         | 2015        |
|  | Note     | \$           | \$          |
| <b>Development costs</b>                   |          |              |             |
| Cost                                       | 13(b)    | 12,936,017   | 12,524,714  |
| Accumulated impairment loss                | 13(b)    | (8,122,643)  | (8,153,564) |
| Net carrying value                         | 13(d)    | 4,813,374    | 4,371,150   |
| <b>Exploration expenditure capitalized</b> |          |              |             |
| Exploration and evaluation phases          | 13(a)(c) | 47,319,727   | 45,066,696  |
| Net carrying value                         |          | 47,319,727   | 45,066,696  |
| <b>Water rights</b>                        |          |              |             |
| Net carrying value                         | 13(a)(d) | 15,050,794   | 15,409,966  |
| <b>Computer software</b>                   |          |              |             |
| Net carrying value                         | 13(a)    | -            | 79,003      |
| <b>Total Intangibles</b>                   | 13(e)    | 67,183,895   | 64,926,815  |

#### (a) Intangible assets

Movements during the half year ended 31 December 2015 in intangible assets represent additions only. Amortisation has been brought to account where applicable. For capital expenditure commitments refer to note 5.

#### (b) Development costs and impairment losses

The development costs of \$12,936,017 (FY 2015: \$12,524,714) and the accumulated impairment of \$8,122,643 (FY 2015: \$8,153,564) as at 31 December 2015 relates to the following:

1. TiO<sub>2</sub> project cost of \$7,696,521 (FY 2015: \$7,727,443) was fully impaired in 2009. The current year movement represents the movement in foreign exchange.
2. The Senegal project of \$4,500,941 (FY 2015: \$4,053,636) represents development costs incurred in Senegal. This was netted off by an impairment of \$426,121 (FY 2015: \$426,121) which was carried forward from prior years and shifted due to the movement in foreign exchange. That costs incurred in the prior years were fully impaired due to doubt as to whether the project will continue at that time. The current year additions represented the resumption of activities following the grant of the exploration license in June 2011.
3. The remaining balance of \$312,434 (FY 2015: \$317,515) relates to capitalised testing and design fees and shifted due to the movement in foreign exchange.

#### (c) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Mineral Sands Project. As at 31 December 2015 the Group has complied with the conditions of the granting of RL 2002 and RL 2003 (formerly EL4432, EL4433), EL5255, EL5263, EL5186, EL5261, EL5262, EL 5353 (currently pending Government approval as RL 2006), EL5354, EL5472 and ML5532. As such the Directors believe that the tenements are in good standing with the Department of Primary Industries in Victoria, who administers the Mineral Resources Development Act 1990.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the area of interest.

# Astron Corporation Limited

Company Number: 1687414

## Declaration by Directors

13 Intangible Assets (cont'd)

### (d) Movement in net carrying value

|   | Exploration and<br>Evaluation<br>Phase<br>\$ | Consolidated<br>Development<br>costs<br>\$ | Water Rights<br>\$ | Software<br>\$ | Total<br>\$ |
|---|--|--|--------------------|----------------|-------------|
| <b>Half-Year ended<br/>31 December 2015</b> |  |  |                    |                |             |
| Opening balance                             | 45,066,696                                   | 4,371,150                                  | 15,409,966         | 79,003         | 64,926,815  |
| Additions                                   | 2,253,031                                    | 447,805                                    | -                  | -              | 2,700,336   |
| Amortisation                                | -  | -  | (359,172)          | (79,003)       | (438,175)   |
| Foreign exchange<br>movements               | -  | (5,081)                                    | -                  | -              | (5,081)     |
| Balance at 31<br>December 2015              | 47,319,727                                   | 4,813,374                                  | 15,050,794         | -              | 67,183,895  |
| <b>Year ended 30 June<br/>2015</b>          |  |  |                    |                |             |
| Opening balance                             | 41,241,546                                   | 3,614,769                                  | 16,128,311         | 197,507        | 61,182,133  |
| Additions                                   | 3,825,150                                    | 694,680                                    | -                  | -              | 4,519,830   |
| Amortisation                                | -  | -  | (718,345)          | (118,504)      | (836,849)   |
| Foreign exchange<br>movements               | -  | 61,701                                     | -                  | -              | 61,701      |
| Balance at 30 June<br>2015                  | 45,066,696                                   | 4,371,150                                  | 15,409,966         | 79,003         | 64,926,815  |

### (e) Finite lives

Intangible assets, other than goodwill have finite useful lives. To date no amortisation has been charged in respect of intangible assets due to the stage of development for each project.

### 14 Subsequent events

There were subsequent events to 31 December 2015.

# Astron Corporation Limited

Company Number: 1687414

## Declaration by Directors

The directors of the Company declare that:

1. The consolidated financial statements, comprising the consolidated statement of profit and loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, as set out on pages 5 to 19,
  - (a) comply with Accounting Standard IAS 34 *Interim Financial Reporting*; and
  - (b) give a true and fair view of the financial position of the consolidated entity as at 31 December 2015 and of its performance for the half year ended on that date.
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 on behalf of the Directors by:

Chairman



Mr Gerard King

Dated 29<sup>th</sup> February 2016



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## **Independent Auditor's Review Report To the Members of Astron Corporation Limited**

We have reviewed the accompanying half-year financial report of Astron Corporation Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company 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 Astron Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and other authoritative pronouncements of the IASB and for such controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 half-year financial report is not in accordance with the International Financial Reporting Standards and other authoritative pronouncements of the IASB including: giving a true and fair view of the Astron Corporation Limited consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard IAS 34 Interim Financial Reporting. As the auditor of Astron Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594

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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 complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

**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 Corporation Limited is not:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard IAS 34 Interim Financial Reporting, International Financial Reporting Standards and other authoritative pronouncements of the IASB.

**Emphasis of Matter**

Without qualification to the conclusion expressed above, we draw attention to Note 1 "Going Concern" in the half-year financial report which indicates that Astron Corporation Limited incurred a net loss of \$2,018,915 during the half-year ended 31 December 2015 and that the continued operations of the Consolidated Entity are reliant on funding from external sources.

This condition, along with other matters as set forth in Note 1 "Going Concern", indicate the existence of a material uncertainty which may cast significant doubt about Astron Corporation Limited's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L M Worsley  
Partner - Audit & Assurance

Sydney, 29 February 2016

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