

Astron Corporation Limited

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

Half-Year Report

ended 31 December 2020

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- Consolidated Financial Statements

Astron Corporation Limited – Half-Year Report

Astron Corporation Limited ARBN 154 924 553: Incorporated in Hong Kong, Company Number: 1687414

Directors

Mr Gerard King (Chairman, Non-executive Director)

Mr Tiger Brown (Executive Director)

Mdm Kang Rong (Managing Director)

Dr Mark Elliott (Non-executive Director)

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Bankers

Commonwealth Bank of Australia

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Sydney NSW 2000, Australia

Share Registrar

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Sydney NSW 2001, Australia

Computershare Hong Kong Investor Services Limited

Hopewell Centre, 46th Floor

183 Queen's Road East

Wan Chai, Hong Kong

Auditor

BDO Limited

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111 Connaught Road Central

Hong Kong

Internet Address

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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 2020

Previous corresponding period

Half-Year ended 31 December 2019

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

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Total revenue from operations*	Up	81.8%	to	\$9,606,745
Revenue from trading operations	Up	82.4%	to	\$9,299,004
Net profit after tax and from ordinary activities attributable to members	Up	\$4,300,129	to	\$1,861,009
Net tangible asset value per share	Down	50.1%	to	\$0.12

* Includes sales revenue, interest income and other income.

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 2020 or the comparative period.

6. ACCOUNTING STANDARDS

Hong Kong Financial Reporting Standards have been used in compiling the information contained in Appendix 4D.

7. REVIEW DISPUTES OR QUALIFICATIONS

The financial statements have been reviewed and the Company's auditor has included an "emphasis of matter" paragraph in the Audit Review Report relating to the Company's ability to continue as a going concern.

Astron Corporation Limited and its Subsidiaries

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

Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

Astron Corporation Limited and its Subsidiaries

Hong Kong Company Number: 1687414, ARBN 154 924 553

Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

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Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2020

The directors of Astron Corporation Limited ("the Company") present their report on the consolidated entity consisting of the Company and its subsidiaries ("the Group" or "Astron") at the end of, or during, the half-year ended 31 December 2020.

1. DIRECTORS

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

Mr Gerard King

Mr Tiger Brown

Mdm Kang Rong

Dr Mark Elliott (Appointed 25 January 2021)

2. BUSINESS REVIEW

Overview

The Company is the Group's holding company. The Company has two wholly-owned Australian operating subsidiaries, Astron Limited and Donald Mineral Sands Pty Limited ("DMS") and one operating Chinese subsidiary Astron Titanium Yingkou Company Limited ("Titanium"). DMS holds the Donald Mineral Sands mining project ("Donald"), while Astron Limited holds the Senegal project on behalf of Senegal Mineral Resources SA.

Review of financials

Statement of Profit or Loss and Other Comprehensive Income

Sales revenue during the half-year increased by 82.4% to \$9,299,004. The increase in revenue is primarily attributable to increased sales of materials in China as the Mineral Separation and Agglomeration Plant performance continue to progress.

The sales revenue also reflects the general market in trading activities in China and further encouraging price movements.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2020

Review of financials (Cont'd)

Statement of Financial Position

Cash

Cash and cash equivalents increased by \$844,940 to \$1,400,444 from 30 June 2020 to the end of the current period. During the period expenditure was primarily incurred in connection with the acquisition of TiO₂ feedstock, the development of the mineral separation and agglomeration plant and the ongoing Donald exploration costs. These costs were offset by the sales receipts and loan funds received.

Net current liabilities

Movements in net current liabilities reflect the increase in operations and materials acquired for processing in China.

Non-current assets

During the half-year the Group continued to allocate resources to its exploration and development projects together with refinements to the Mineral Separation and Agglomeration plants which is reflected in the Statement of Financial Position.

Reserves

The reduction in the foreign currency translation reserve arises mainly from the impact of appreciation of the Australian Dollar relative to the Chinese Rmb on the translation of foreign operations.

The net tangible non-current asset value per share has decreased by 50.1% to \$0.12. This movement can mainly be attributed to the ongoing expenditure in relation to the Group projects being offset by finance.

Review of operations

Astron has achieved significant progress in the last year on both the Donald and the Niafarang, Senegal project.

Donald project

During the half-year:

Astron continues to develop its Intellectual property supporting the Mineral Sands ore body. The benefits of the pilot plant test work and additional laboratory testing is proving to be significantly beneficial to the projects output and its economic potential. Specifically, the works have been undertaken with respect to separation design, flow sheets and mass balances. Floatation and TiO₂ beneficiation of the Non-Magnetic concentrate has also been advanced. Based on the initial floatation tests, further explorative and fundamental mineral selectivity test work will follow.

TiO₂ upgrading test work indicates this can be undertaken on site with negligible impact to current approvals and environmental management conditions. Value add options including floatation, magnetic and gravity separation beyond the existing wet concentrate plant may add significant value in producing market ready products available for direct sales or offtakes globally.

Bulk separation of piloted concentrate (HMC) commenced in late December to provide marketing and sales samples for issuing to market end users. These sample and marketing processes will lead towards securing bulk off take agreements and future sales interests for all products in the TiO₂ range, ZrO₂ and REE (Rare Earths).

Development and partial completion of a DMS Mineral Reserve Update – these works have been conducted by AMC Consultants in accordance with JORC2012. The final reports are expected in Quarter 3.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2020

The team is continuing to revise the project models to account for improvement in recoveries, process and the economic market.

The project has also undergone a risk assessment against current regulation creep against concept updates. This scope of work was motivated to assess the Environmental and Approval risks of the current project status with results being favourable in completing the works and advisory discussions in guiding next step assessment and design criteria considerations.

The Company is confident that the continuing strong demand in the zircon market and the optimisation of the project will drive significant market interest in the project as it develops. The Donald project has the potential to be a significant, long life project with strong cash flows supported through Astron's long-established China expertise once production starts.

Astron believes it can significantly increase its attraction globally due to rare earth components within its ore body. Astron will continue metallurgical and process testing in early 2021 to define the rare earth commodity and define whether further design elements are necessary.

Astron's view is that the Donald Project is now progressing at a time where the business cycle for zircon and titanium industry shows clear improvement after a number of years of lows and this industry cycle should allow Astron to benefit from favourable industry dynamics. (Refer to the Cautionary Statement)

Senegal project

In relation to the Senegal project, limited works have been undertaken in the period.

The project has been delayed by a significant change of ministers in the Senegal Government which combined with Covid shutdowns has made progress difficult. Re-introduction of the Niafarang Project to the new Mining Minister and Technical Directors has recommenced. This is a slow process as all emerging and current projects are seeking the Ministers time for similar purposes.

As a result the resettlement processes have stalled and Astron is seeking support to recommence project initiatives in the local region of Casamance and Niafarang.

Astron obtained environmental approval in August 2017 and received the registered Mining Licence in October 2017. This was complemented with the Minister of Mines having signed the authorization for mining the Niafarang deposit. This is a crucial step in progressing this project. Once Astron receives approval for the resettlement plan Astron anticipates it will then be in a position to commence site establishment programs as all equipment necessary to commence establishment and mining is securely held in Dakar.

CAUTIONARY STATEMENT

Certain sections of this report contain forward-looking statements that are subject to risk factors associated with, among others, the economic and business circumstances occurring from time to time in the countries and sectors in which the Astron Group operates. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a wide range of variables which could cause results to differ materially from those currently projected.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2020

Going forward

In respect to the Donald Project, the Group continues to refine its processes for updating the definitive feasibility study to align with current concepts of producing a Rare Earth Elements (REE's) product.

In China, the research and development programme work on Donald material continues together with ongoing refinements to its plant. Astron continues to work towards finalising the resettlement program and final approvals for the Senegal project. Astron expects to complete its U.S. operations during the coming half year and is engaged in active discussions in the sourcing of additional feed material.

The forward funding position for Astron is dependent on a number of factors. The short term needs of the Group to meet its ongoing administration costs and committed project expenditure are forecast to be covered by the existing resources on hand, expected sales proceeds for product derived from the TiO₂ feedstock acquired, new feedstocks to supply the mineral separation and agglomeration plants.

Funding for the Donald project is being reviewed. Options include a mixture of equity and debt funding.

The award of compensation from the proceedings relating to the Gambian project, while having been found in the Company's favour, remains outstanding. The timing of these sources of funds are not able to be precisely predicted, but represents potential as a near term realisable asset (subject to the outcome of the final annulment proceedings).

3. DECLARATION OF INDEPENDENCE BY AUDITOR

The lead auditor's independence declaration for the half-year ended 31 December 2020 has been received and can be found on page 5 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 16th day of April 2021

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

DECLARATION OF INDEPENDENCE

TO THE DIRECTORS OF ASTRON CORPORATION LIMITED

As lead auditor of Astron Corporation Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements in the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.



BDO Limited
Certified Public Accountants

Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 16 April 2021

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2020

		Half-Year Ended 31 December 2020 (Unaudited) \$	Half-Year Ended 31 December 2019 (Unaudited) \$
	Note		
Sales revenue	8	9,299,004	5,096,864
Cost of sales		(4,953,029)	(4,695,991)
Gross profit		4,345,975	400,873
Interest income	8	765	1,249
Other income	8	306,976	185,258
Distribution expenses		(290,822)	(358,231)
Marketing expenses		(176,144)	(132,589)
Occupancy expenses		(6,440)	(44,224)
Administrative expenses		(2,067,301)	(2,393,617)
Finance costs		(488,129)	(1,037,963)
Reversal of provision of impairment on receivables		17,784	424,386
Other expenses		(11,949)	(66,049)
Profit/(Loss) before income tax expense		1,630,715	(3,020,907)
Income tax benefit		230,294	581,787
Net profit/(loss) for the half year	2	1,861,009	(2,439,120)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(714,058)	(384,977)
Other comprehensive income for the half year, net of tax		(714,058)	(384,977)
Total comprehensive income for the half year		1,146,951	(2,824,097)
Profit/(Loss) for the half year attributable to:			
Owners of Astron Corporation Limited		1,861,009	(2,439,120)
Total comprehensive income for the half year attributable to:			
Owners of Astron Corporation Limited		1,146,951	(2,824,097)

The above Condensed 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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2020

		Half-Year Ended 31 December 2020 (Unaudited)	Half-Year Ended 31 December 2019 (Unaudited)
	Note		
EARNINGS/(LOSS) PER SHARE			
Basic and diluted (cents per share)	10	1.52	(1.99)

The above Condensed 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

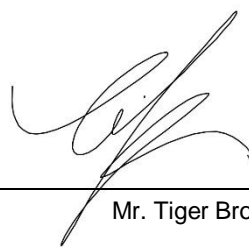
Condensed Consolidated Statement of Financial Position

As at 31 December 2020

	Note	As at 31 December 2020 (Unaudited) \$	As at 30 June 2020 (Audited) \$
ASSETS			
Current assets			
Cash and cash equivalents		1,400,444	555,504
Term deposits greater than 90-days		46,112	46,112
Trade and other receivables	6	10,204,310	11,039,026
Inventories	11	9,921,272	9,930,340
Financial assets at fair value through profit or loss	21	15,911	20,322
Total current assets		21,588,049	21,591,304
Non-current assets			
Property, plant and equipment	12	26,046,785	26,648,011
Exploration and evaluation assets	13	70,541,508	70,297,773
Development costs	14	8,270,084	8,205,625
Right-of-use assets	15	2,843,512	2,983,286
Total non-current assets		107,701,889	108,134,695
TOTAL ASSETS		129,289,938	129,725,999
LIABILITIES			
Current liabilities			
Trade and other payables	16	11,672,944	13,125,453
Contract liabilities	17	3,243,680	5,106,984
Borrowings	18	11,474,797	10,917,671
Provisions		93,128	116,901
Total current liabilities		26,484,549	29,267,009
Non-current liabilities			
Deferred tax liabilities		5,710,904	5,941,198
Long-term provisions		772,245	792,508
Total non-current liabilities		6,483,149	6,733,706
TOTAL LIABILITIES		32,967,698	36,000,715
NET ASSETS		96,322,240	93,725,284
EQUITY			
Issued capital	9	76,549,865	76,549,865
Reserves		14,993,098	14,257,151
Retained earnings		4,779,277	2,918,268
TOTAL EQUITY		96,322,240	93,725,284



Mdm Kang Rong



Mr. Tiger Brown

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

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2020

	Issued capital	Retained earnings	Share based payment reserve	Foreign currency translation reserve	Capital reserve*	Total equity
	\$	\$	\$	\$	\$	\$

Half-year ended 31 December 2020
(Unaudited)

Equity as at 1 July 2020	76,549,865	2,918,268	913,104	13,344,047	-	93,725,284
Profit for the half year	-	1,861,009	-	-	-	1,861,009
<i>Other comprehensive income</i>						
- Exchange differences on translation of foreign operations	-	-	-	(714,058)	-	(714,058)
Total comprehensive income for the half year	-	1,861,009	-	(714,058)	-	1,146,951
Capital contribution (note 20)	-	-	-	-	1,450,005	1,450,005
Total transactions with owners recognised directly in equity	-	-	-	-	1,450,005	1,450,005
Equity as at 31 December 2020	76,549,865	4,779,277	913,104	12,629,989	1,450,005	96,322,240

	Issued capital	Retained earnings	Share based payment reserve	Foreign currency translation reserve	Capital reserve	Total equity
	\$	\$	\$	\$	\$	\$

Half-year ended 31 December 2019
(Unaudited)

Equity as at 1 July 2019	76,549,865	9,211,088	913,104	13,599,924	-	100,273,981
Loss for the half year	-	(2,439,120)	-	-	-	(2,439,120)
<i>Other comprehensive income</i>						
- Exchange differences on translation of foreign operations	-	-	-	(384,977)	-	(384,977)
Total comprehensive income for the half year	-	(2,439,120)	-	(384,977)	-	(2,824,097)
Equity as at 31 December 2019	76,549,865	6,771,968	913,104	13,214,947	-	97,449,884

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

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2020

	Half-Year Ended 31 December 2020 (Unaudited) \$	Half-Year Ended 31 December 2019 (Unaudited) \$
Cash flows from operating activities:		
Receipts from customers	8,226,002	5,899,212
Payments to suppliers and employees	(6,345,853)	(4,028,789)
Interest received	765	1,249
Interest paid	(115,689)	(507,584)
Refundable Australian R&D tax offsets received	-	246,957
Net cash inflow from operating activities	1,765,225	1,611,045
Cash flows from investing activities:		
Increase in short term deposits	-	-
Receipts from disposal of land receivable	408,838	614,047
Acquisition of property, plant and equipment	(865,894)	(1,604,383)
Capitalised exploration and evaluation expenditure	(216,744)	(870,983)
Net cash outflow from investing activities	(673,800)	(1,861,319)
Cash flows from financing activities:		
Partial settlement of offtake agreement (note 17(a))	(1,151,227)	(204,682)
Repayment of borrowings	-	(4,363,092)
Proceeds from borrowings	913,582	6,171,173
Net cash (outflow)/inflow from financing activities	(237,645)	1,603,399
Net increase in cash held	853,780	1,353,125
Cash and cash equivalents at beginning of the half year	555,504	1,687,549
Net foreign exchange differences	(8,840)	(3,977)
Cash and cash equivalents at end of the half year	1,400,444	3,036,697

The above Condensed 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 Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

1 Basis of preparation and significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements of Astron Corporation Limited ("the Company") are for the half-year ended 31 December 2020 and relate to the consolidated entity consisting of the Company and its subsidiaries ("the Group"). These interim condensed consolidated financial statements are presented in Australian dollars (\$), which is the functional currency of the Group.

Hong Kong Financial Reporting Standards and statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" and all other applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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. These half-year financial statements should also be read in conjunction with any public announcements made by the Company 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 financial assets at fair value through profit or loss ("FVTPL") which are measured at fair value.

Going concern basis

The Group had net current liabilities of \$4,896,500 as at 31 December 2020. This condition along with the other matters set out below indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors are of the view that the business is a going concern as the short-term needs of the Group to meet its ongoing operating and administration costs and committed project expenditure are forecast to be covered by the existing resources on hand and certain external financing arrangements. Management is confident that the Group will have sufficient funds for the next 12 months from the date of this report due to the following:

- the Group has been in discussions with Wensheng regarding the late delivery of product, penalties thereon and any demand for repayment of the deposit and is confident such negotiations will not significantly affect the Group's operating cash flows in the forecast period.
- the Group expects to receive the gross balance of the sale of land receivable of approximately \$1.0 million outstanding at 31 December 2020, in the next 12 months.
- the Group is confident the PRC market for mineral sands and the trading of mineral sands in PRC will continue to strengthen in the near to medium term.
- the undertakings by the directors not to demand repayments due to them of approximately \$8.8 million until such time when the Group has available funds and is generating positive operating cash flows.
- the Group has engaged experts in debt recovery to investigate the opportunity to recover the outstanding judgement against The Gambia. The International Centre for Settlement of Investment Disputes ("ICSID") made a determination in favour of the Group for various breaches with the judgement circa \$30 million dollars less some costs. It is anticipated that there will be a market for a portion of this debt recovery. Management estimated that a partial recovery or monetisation is probable in the coming 12 months but the amount and timing of the remaining portion recoverable cannot yet be determined.
- the Directors are confident funding can be obtained on market or via additional bank loans.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

1 Basis of preparation and significant accounting policies (cont'd)

Basis of preparation (cont'd)

Going concern basis (cont'd)

- certain directors of the Group have undertaken to provide financial support should the Group require any short-term liquidity assistance.

The Group will require additional funding to execute its long-term plans. The Group is currently working through several funding options and is confident that with a mix of debt, equity and internal funding, its projects will be fully funded.

Should the use of going concern basis in the preparation of these interim condensed consolidated financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values to provide for any further liabilities which might arise and to re-classify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in these interim condensed consolidated financial statements.

Significant accounting policies

There are no changes in accounting policies resulting from application of new HKFRSs in the half-year, the accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for half year ended 31 December 2020 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 30 June 2020.

Standards and Interpretations in issue not yet adopted:

A number of new standards, amendments to 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 ended 31 December 2020. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

2 Net profit/(loss) for the half year

The following significant revenue and expense items are relevant to explaining the financial performance	31 December 2020 (Unaudited) \$	31 December 2019 (Unaudited) \$
Interest income	765	1,249
Rental and other income (including government subsidies of \$175,453 (2019: Nil))	306,976	185,258
Reversal of provision of impairment on receivables	17,784	424,386
Depreciation and amortisation	(804,980)	(569,275)
Foreign exchange gain/(loss)	31,403	(10,477)
Finance costs (mainly on borrowings (note 18) and Wensheng deposits (note 17(a)))	(488,129)	(1,037,963)
Research and development expenditure	(279,613)	(436,097)

3 Dividends

Dividends paid for during the half year:

	31 December 2020 (Unaudited) \$	31 December 2019 (Unaudited) \$
Final unfranked dividend of NIL (2019: 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 broadly consistent with the disclosures in the 30 June 2020 Annual Report.

Litigation

The International Centre for Settlement of Investment Disputes ("ICSID") determined an award including damages in favour of Astron/Carnegie in Astron's claim against the Gambian Government for approximately \$30 million. This award is subject to an application for annulment by the Gambian Government. The Company continues to work towards a settlement with the Gambia Government and negotiations are ongoing. The directors are unable to predict when a resolution may be reached at this stage.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

6 Trade and other receivables

	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
Current assets:		
Trade debtors	1,214,792	2,614,472
Land sale receivable*	1,001,755	1,430,598
Prepayments and other debtors – net	7,987,763	6,993,956
Total	10,204,310	11,039,026

* During the year ended 30 June 2014, the Group entered into an agreement to transfer 1,065,384 sqm of land held in Yingkou Province in 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 were exchanged and the disposal was brought to account in the year ended 30 June 2015. Under the agreement, the net proceeds, amounting to \$20,356,248, were to be received in instalments with the final instalment to be paid in November 2016. The land contract is unconditional, and payment is binding on the buyer being the Yingkou Government and its related entities, but the payments expected have been delayed.

During the half year ended 31 December 2020, there were receipts of \$397,523 (2019: \$614,047) with a gross balance receivable of \$1,047,313 (30 June 2020: \$1,495,660). While the receivable is currently outside the terms initially agreed, the Group is confident all of the amounts outstanding will be received in the next 12 months.

The directors continue to believe this remaining balance will be recovered in full as it is owed by a Chinese government entity but estimate it will be settled in 2021. The provision has accordingly been determined on that basis. During the half year ended 31 December 2020, a reversal of expected credit loss of \$17,784 was recognised for the half year ended 31 December 2020 (2019: provision of \$100,337). As at 31 December 2020, the impairment provision for land sale receivable is \$45,558 (30 June 2020: \$65,062).

7 Subsidiaries

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

8 Segment information

(a) Description of Segments

The Group has adopted HKFRS 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:

- Donald Mineral Sands (“DMS”): Development of the DMS mine
- China: Development and construction of mineral processing plant and mineral trading
- Senegal: Development of the Niafarang mine
- Other: Group treasury and head office activities

Astron Corporation Limited and its Subsidiaries

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

8 Segment information (cont'd)

(b) Segment information provided to the Managing Director/President

31 December	DMS		China		Senegal		Other		Consolidated	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sale of mineral products: Timing of revenue recognition – at a point in time Revenue from contracts with external customers	-	-	9,299,004	5,096,864	-	-	-	-	9,299,004	5,096,864
Revenue from other sources										
Interest income	15	160	674	823	-	-	76	266	765	1,249
Rent and other income	184,562	81,181	54,841	104,077	-	-	67,573	-	306,976	185,258
Total revenue	184,577	81,341	9,354,519	5,201,764	-	-	67,649	266	9,606,745	5,283,371
Segment result										
Segment profit/(loss)	119,900	(9,310)	1,893,834	(2,931,059)	68,020	10,524	(451,039)	(91,062)	1,630,715	(3,020,907)
Acquisition of PPE, intangibles assets and other non-current segment assets	183,401	1,598,143	862,110	846,675	37,127	199,169	-	-	1,082,638	2,643,987
Depreciation and amortisation	660	1,057	804,070	568,218	-	-	250	-	804,980	569,275

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

8 Segment information (cont'd)

(b) Segment information provided to the Managing Director/President (cont'd)

2020	DMS		China		Senegal		Other		Total	
	31 Dec (Unaudited)	30 Jun (Audited)	31 Dec (Unaudited)	30 Jun (Audited)	31 Dec (Unaudited)	30 Jun (Audited)	31 Dec (Unaudited)	30 Jun (Audited)	31 Dec (Unaudited)	30 Jun (Audited)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Segment assets	75,508,717	75,261,388	41,229,201	40,950,003	9,791,905	9,166,052	2,760,115	4,348,556	129,289,938	129,725,999
Consolidated total assets									129,289,938	129,725,999
Liabilities										
Segment liabilities	365,425	323,647	12,382,064	14,336,156	1,064,347	968,865	1,970,161	3,513,178	15,781,997	19,141,846
Borrowings									11,474,797	10,917,671
Deferred tax liabilities									5,710,904	5,941,198
Consolidated total liabilities									32,967,698	36,000,715

Astron Corporation Limited and its Subsidiaries

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

9 Issued capital

	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
122,479,784 (30 June 2020: 122,479,784) Fully Paid Ordinary Shares	76,549,865	76,549,865
Total	76,549,865	76,549,865

	31 December 2020 (Unaudited) No.	30 June 2020 (Audited) No.
At the beginning of reporting period	122,479,784	122,479,784
At reporting date	122,479,784	122,479,784

10 Earnings/(Loss) per share

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

	31 December 2020 (Unaudited) \$	31 December 2019 (Audited) \$
Profit/(Loss) attributable to owners	1,861,009	(2,439,120)
Profit/(Loss) used to determine basic and diluted loss per share	1,861,009	(2,439,120)

(b) Weighted average number of ordinary shares:

	31 December 2020 (Unaudited) No.	31 December 2019 (Audited) No.
Weighted average number of ordinary shares outstanding during the half year for the purpose of basic and diluted earnings/(loss) per share	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.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

11 Inventories

	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
Raw materials	4,078,574	3,308,399
Semi-manufactured goods	82,840	107,213
Finished goods	5,746,305	6,321,450
Goods in transit	13,553	193,278
Total	9,921,272	9,930,340

There is no provision against inventory to net realizable value as at 31 December 2020 and 30 June 2020.

12 Property plant & equipment

	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
Land		
At cost	5,162,151	5,162,151
Total land	5,162,151	5,162,151
Buildings		
At cost	9,903,712	10,252,018
Less accumulated depreciation	(3,100,891)	(2,908,313)
Net carrying value	6,802,821	7,343,705
Capital works in progress		
At cost	4,973,746	4,270,613
Less accumulated impairment losses	(1,903,664)	(1,970,628)
Net carrying value	3,070,082	2,299,985
Plant and equipment		
At cost	16,796,284	17,347,239
Less accumulated depreciation	(4,100,264)	(3,761,533)
Less accumulated impairment losses	(1,684,289)	(1,743,536)
Net carrying value	11,011,731	11,842,170
Total property, plant and equipment	26,046,785	26,648,011

Astron Corporation Limited and its Subsidiaries

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

12 Property plant & equipment (cont'd)

Movement in net carrying value

	Capital works in progress \$	Land \$	Buildings \$	Plant and equipment \$	Total \$
Half-Year ended 31 December 2020 (Unaudited)					
Balance at 1 July 2020	2,299,985	5,162,151	7,343,705	11,842,170	26,648,011
Additions	848,252	-	-	17,642	865,894
Depreciation	-	-	(299,699)	(465,788)	(765,487)
Foreign exchange movements	(78,155)	-	(241,185)	(382,293)	(701,633)
Balance at 31 December 2020	3,070,082	5,162,151	6,802,821	11,011,731	26,046,785
Year ended 30 June 2020 (Audited)					
Balance at 1 July	1,931,553	4,338,027	8,351,503	11,599,344	26,220,427
Additions	1,235,095	824,124	-	64,014	2,123,233
Depreciation	-	-	(561,821)	(997,889)	(1,559,710)
Transfers #	(850,462)	-	-	850,462	-
Foreign exchange movements	(16,201)	-	(445,977)	326,239	(135,939)
Balance at 30 June 2020	2,299,985	5,162,151	7,343,705	11,842,170	26,648,011

The Group allocated the development costs in relation to the Mineral separation plant in China to capital works in progress. Once the Mineral Separation Plant had been commissioned the development expenditure was transferred from capital works in progress to plant and equipment.

Astron Corporation Limited and its Subsidiaries

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

13 Exploration and evaluation assets

		31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
	Note		
Evaluation costs			
Cost	13(a)	7,781,398	7,791,746
Less accumulated impairment losses	13(a)	(7,487,231)	(7,487,231)
Net carrying value	13(e)	294,167	304,515
Exploration expenditure capitalised – DMS project			
Exploration and evaluation phases	13(b)	58,413,017	57,862,304
Net carrying value	13(e)	58,413,017	57,862,304
Water rights – DMS project			
Net carrying value	13(c)(d)(e)	11,834,324	12,130,954
Total exploration and evaluation assets	13(e)	70,541,508	70,297,773

(a) Evaluation costs and impairment losses

	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
TiO2 project		
Cost	7,487,231	7,487,231
Less accumulated impairment losses	(7,487,231)	(7,487,231)
Net carrying value	-	-
Capitalised testing and design		
Cost	294,167	304,515
Net carrying value	294,167	304,515
Total		
Cost	7,781,398	7,791,746
Less accumulated impairment losses	(7,487,231)	(7,487,231)
Total evaluation costs	294,167	304,515

Astron Corporation Limited and its Subsidiaries

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

13 Exploration and evaluation assets (cont'd)

(b) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the DMS project. As at 31 December 2020 and 30 June 2020, the Group has complied with the conditions of the granting EL5186, ML5532, RL2002 and RL2003, except for that minimum expenditure requirements on RL2002 was not met during the last year ended 30 June 2020. As such, the Directors believe that the tenements are in good standing with the Department of Economic Development, Jobs, Transport and Resources (which has incorporated the responsibilities previously administered by the Department of Primary Industries) in Victoria, who administers the Mineral Resources Development Act 1990.

During the half-year, DMS continued to develop the technical aspects of the fine grain materials separation and associated value add, refined the valuation model, achieved bulk sample approvals and licenses, reviewed logistics and handling opportunities and marketing of the Donald feedstock.

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.

(c) Water rights

In 2012, the Group acquired rights to the supply of water for the Donald Project. The water rights are amortised over 25 years (subject to the extension of this term) in line with the entitlements.

In July 2018, a "Deed of Variation" was signed between Grampians Wimmera Mallee Water Corporation ("GWM Water") and Donald Mineral Sands Pty Ltd., a wholly owned subsidiary of the Company. The variation provides for an extension of the term of the original agreement of up to 4 years subject to terms and conditions. The amortisation period of the water rights have accordingly been extended by 4 years to a total period of 29 years to December 2040.

(d) Finite lives

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

(e) Movement in net carrying value

	Exploration and evaluation phase \$	Evaluation costs \$	Water rights \$	Total \$
Half-Year ended 31 December 2020 (Unaudited)				
Balance at 1 July 2020	57,862,304	304,515	12,130,954	70,297,773
Additions *	550,713	-	-	550,713
Amortisation	-	-	(296,630)	(296,630)
Foreign exchange movements	-	(10,348)	-	(10,348)
Balance at 31 December 2020	58,413,017	294,167	11,834,324	70,541,508
Year ended 30 June 2020 (Audited)				
Balance at 1 July 2019	56,368,885	307,284	12,724,215	69,400,384
Additions *	1,493,419	-	-	1,493,419
Amortisation	-	-	(593,261)	(593,261)
Foreign exchange movements	-	(2,769)	-	(2,769)
Balance at 30 June 2020	57,862,304	304,515	12,130,954	70,297,773

* Additions of exploration and evaluation phase during the period/year included the amortisation of water rights which was capitalised during the period/year.

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

14 Development costs

	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
Balance at 1 July	8,205,625	7,804,124
Additions	160,073	374,957
Foreign exchange movements	(95,614)	26,544
Balance at 31 December 2020/30 June 2020	8,270,084	8,205,625

15 Right-of-use assets

	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
<i>Right-of-use assets:</i>		
Balance at 1 July	2,983,286	3,090,641
Amortisation	(39,493)	(81,915)
Foreign exchange movements	(100,281)	(25,440)
Balance at 31 December 2020/30 June 2020	2,843,512	2,983,286

16 Trade and other payables

	Note	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
Trade payables		1,619,133	3,493,930
Note payables		-	2,299,386
Deposit received in advance		169,436	13,375
Other payables	16(a)	9,884,375	7,318,762
Total		11,672,944	13,125,453

(a) Other payables

Included in other payables was a balance of \$1,568,732 (30 June 2020: \$2,893,737) in aggregate due to a (30 June 2020: 2) related company/ies as detailed in note 20.

Astron Corporation Limited and its Subsidiaries

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

17 Contract liabilities

		31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
	Note		
Contract liabilities arising from:			
Advance deposit for future provision of goods	17(a)	3,243,680	5,106,984

(a) Sale of goods

Included in the above balance is a deposit of RMB20 million which was received during the year ended 30 June 2017 in connection with the Senegal offtake agreement (the "Agreement") with Hainan Wensheng High-tech Minerals Co., Ltd. ("Wensheng"). Under the Agreement, the Group is required to ship 50,000 tons/year of Titanium Mineral Sands ("the mineral sands") to Wensheng in the PRC for a three year period commencing May 2018. The Agreement makes provision for penalties payable by each side for not meeting their obligations by applying a penalty interest of 24% p.a. against the RMB20 million advance deposit. Payment to the Group under the Agreement is based on the actual amount of zircon, ilmenite and rutile, etc. contained in the mineral sands, which is only determined once the mineral sands is shipped and processed by Wensheng in the PRC. Delivery of the mineral sands have been fallen behind the schedule as a result of the deferral of commencement of operations of the Senegal project. Penalty interest of \$2.3 million (30 June 2020: \$2,040,171) has been accrued in "other payables" in respect of Wensheng deposit of which \$383,040 (2019: \$504,215) was charged as interest cost for the period to the profit or loss. During the half year period, the Group has repaid RMB5.8 million (equivalent to \$1,151,227 as at 31 December 2020) and has continued to engage in dialogue with Wensheng with respect to completion of the agreement with the delays to commencement of the Senegal operations. As at 31 December 2020, the balance outstanding (excluding accrued interests) was equivalent to \$2,624,273 (30 June 2020: \$3,908,307).

The funds from Wensheng allowed the Group to progress the Senegal project by enabling the Group to have the necessary funds to purchase various essential plant & equipment as well as have funds to prepare the site for essential infrastructure to commence mining operations.

18 Borrowings

		31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
	Note		
Advances from directors	18(a)	7,219,775	6,101,468
Bank borrowings	18(b)	3,001,301	3,106,874
Other short-term borrowings	18(c)	1,253,721	1,709,329
Total		11,474,797	10,917,671

(a) Advances from directors

At 31 December 2020, executive directors, Mdm Kang Rong and Mr Tiger Brown, advanced the Group \$6,969,775 (30 June 2020: \$5,851,468) and \$250,000 (30 June 2020: \$250,000) respectively for working capital. These loans are provided interest free and repayable on demand.

(b) Bank borrowings

The bank loans are denominated in RMB, interest bearing at a range from 4.79% to 7.50% (30 June 2020: 5.00% to 7.50%) p.a. and repayable on or before 30 June 2021. Those loans are pledged with property, plant and equipment amounting to \$3,725,519 (30 June 2020: \$3,957,471) (note 12) and certain right-of-use assets amounting to \$561,674 (30 June 2020: \$589,508) (note 15) of the Group and the personal guarantee from its director of \$1,391,331 (30 June 2020: \$1,440,273).

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

18 Borrowings (con't)

(c) Other short-term borrowing

Other loan amounting to \$1,053,437 (30 June 2020: \$1,090,492) is denominated in RMB and is interest bearing at 10% (30 June 2020: 10%) p.a. and secured by certain right-of-use assets in China amounting to \$1,534,804 (30 June 2020: \$1,609,727) (note 15). The remaining amount is unsecured and interest free. The loans are repayable on or before 30 June 2021.

19 Subsequent events

The Assessment of the Impact of the Coronavirus ("COVID-19")

The outbreak of COVID-19 has impacted business worldwide, it has impacted Astron specifically with travel, and some downtime of Astron's Chinese plant including the required for Astron's Chinese office staff to work from home for a period. The impacts have included slower customer sales during the period, and minor interruptions for shipping schedules and the necessity to catch up on downtime.

Astron will continue to monitor this issue, the any future impacts should be largely impacted by the success of the global roll out of vaccines.

20 Related party transactions

As of 31 December 2020, Executive Director Mdm Kang Rong advanced the Group \$6,969,775 (30 June 2020: \$5,851,468) for working capital. The loan was provided interest free, repayable on demand and unpaid at 31 December 2020.

As of 31 December 2020, Executive Director Mr Tiger Brown advanced the Group \$250,000 (30 June 2020: \$250,000) for working capital. The loan was provided interest free, repayable on demand and unpaid at 31 December 2020.

During the half-year, Key Management Personnel (i.e. Board of Directors) were remunerated and fees were paid or payable of \$125,000 (Half-year ended 31 December 2019: \$289,167).

As at 31 December 2020, there are unpaid Directors and management fees payable to Directors' related entities as follows:

- Mdm Kang Rong, Juhua International Limited of \$1,568,732 (30 June 2020: \$1,443,732); and
- # Mr Alex Brown (Deceased), Firback Finance Limited of \$Nil (30 June 2020: \$1,450,005)

The above liabilities have been subordinated and will not be called upon unless and until such time that the Company has available funds and is generating positive operating cash flows from operations.

Since at least 1 July 2014, the Company had entered into an unwritten informal agreement with Firback Finance Ltd ("Firback") under which the services of Mr. Alex Brown, the former President, Managing Director and major shareholder of the Company until his death on 30 November 2019, was supplied to the Company (the "Firback Contract"). Under the terms of the Firback Contract, an accumulated amount of \$1,450,005 was outstanding and due to Firback. Firback has since been wound up and no longer exists. It was further noted that prior to being wound up, Firback had not made any demand for payment of the balance outstanding, nor given notice of assignment of the outstanding amount to the Company so the Company considers the Firback contract is at an end. This amount has accordingly been transferred to capital reserve, as set out in the Consolidated Statement of Changes in Equity on page 9.

Astron Corporation Limited and its Subsidiaries

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Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

21 Fair value

The fair values of listed investments have been valued at the quoted market price at the end of the reporting period. Other financial assets and liabilities approximate their carrying value.

Financial assets at fair value through profit or loss are recognised in the statement of financial position of the Group in accordance with the fair value hierarchy in HKFRS 7.

	31 December 2020 (Unaudited) \$	30 June 2020 (Audited) \$
Financial assets at fair value through profit or loss		
ASX listed equity shares – Level 1	15,911	20,322
	15,911	20,322

22 Requirement in connection with publication of “Non-Statutory Accounts” under section 436 of the Hong Kong Companies Ordinance Cap. 622 (“the Companies Ordinance”)

The financial information relating to the year ended 30 June 2020 that is included in the interim condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is set out below:

The Company has delivered its statutory financial statements for the year ended 30 June 2020 to the (Hong Kong) Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Companies Ordinance.

The Company’s auditor has reported on those statutory financial statements. The auditor’s report was unqualified; contained a reference to the Company’s ability to continue as a going concern to which the auditor drew attention by way of emphasis; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance. A copy of the Company’s statutory financial statements for the year ended 30 June 2020 together with the auditor’s report thereof is posted on the Company’s website of www.astronlimited.com.au.

Astron Corporation Limited and its Subsidiaries

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Declaration by Directors

For the Half-Year Ended 31 December 2020

The Directors of the Company declare that:

1. The interim condensed consolidated financial statements, comprising the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity, and accompanying notes, as set out on pages 6 to 25,
 - (a) comply with Hong Kong Accounting Standard 34 *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position of the consolidated entity as at 31 December 2020 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 16 April 2021

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
ASTRON CORPORATION LIMITED**

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 6 to 25 which comprise the condensed consolidated statement of financial position of Astron Corporation Limited and its subsidiaries (collectively referred to as the “Group”) as of 31 December 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year then ended, and a summary of significant accounting policies and other explanatory notes (the “interim condensed consolidated financial statements”). The Australian Stock Exchange Listing Rules require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof. The directors are responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, 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 Hong Kong Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with HKAS 34.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to note 1 in the interim condensed consolidated financial statements, which indicates that the Group had net current liabilities of \$4,896,500 as at 31 December 2020. As stated in note 1, this condition indicates a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



BDO Limited
Certified Public Accountants

Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 16 April 2021