

Astron Corporation Limited

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

Half Year Report **ended 31 December 2016**

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Astron Corporation Limited – Half Year Report

CORPORATE DIRECTORY

Astron Corporation Limited ARBN 154 924 553: 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

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Bankers

Commonwealth Bank of Australia

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Sydney NSW 2000, Australia

Share Registrar

Computershare Investor Services Limited

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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

Auditors

Grant Thornton Audit Pty Limited

Level 17, 383 Kent Street

Sydney NSW 2000, Australia

Grant Thornton Jingdu Tianhua

20th Floor Sunning Plaza

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Internet Address

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 2016

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.

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Total revenue from operations	Up	78.5%	to	\$1,016,911
Revenue from trading operations	Down	43.5%	to	\$126,885
Net loss before tax attributable to members	Down	By \$136,380	to	\$2,121,811
Net asset value per share	Down	3.3%	to	\$0.83

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 2016 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.

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 2016

Astron Corporation Limited and its Subsidiaries

Hong Kong Company Number: 1687414, ARBN 154 924 553

Consolidated Financial Statements

For the Period Ended 31 December 2016

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Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2016

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 2016.

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 has 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 increased by 78.5% to \$1,016,911. The increase in revenue is primarily attributable the sale of available for sale assets during the period.

Trading revenue for the period decreased by 43.5% to \$126,885. The trading results reflect the general market in trading activities in China however there are encouraging price signs. The financial report includes a write back of stock of \$88,551 and an impairment expense of \$197,956.

The further reduction in non-trading related operating expenses reflected the ongoing overhead rationalisation. While general overheads have decreased, non-capitalised exploration and evaluation costs have increased showing the improvements obtained through rationalisation.

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 2016. 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 decreased by \$1,644,595 from 30 June 2016 to the end of the current period. The largest individual items were the expenditure incurred in connection with the Donald and Niafarang projects. These costs, together with other overheads, were offset by the receipt of \$983,468 due to the Group from the sale of land in China.

Current assets

Inventory decreased by \$19,911 to \$710,653 impacted by an increase in realisable value and reduced by ongoing trade operations.

The increase in intangible assets from 30 June 2016 arises from Donald and Niafarang (Senegal) project exploration and evaluation expenditure capitalised in accordance with IAS6.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2016

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

The net asset value per share has decreased by 3.3% to \$0.83. This movement can mainly be attributed to the capitalisation of expenditure in relation to the Donald and Niafarang projects.

Review of operations

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

In relation to the Senegal project, Astron obtained environmental approval in August 2016. Regarding the mining licence, the Minister of Mines has signed the authorization documents. The authorization document is in the process for administrative registration.

There have been a number of key developments in the Donald project during the last year.

Firstly, the technical risk aspects of the Donald project has been significantly de-risked. Donald has completed metallurgical basic design and the detailed mining plan for the first 5 years. This has allowed Donald to continue its process towards funding the Project.

Secondly, it has been confirmed that capital expenditure should be significantly improved from previous valuation models.

Each of these matters should transform the Donald Project to be a significant, long life project with strong cash flows through Astron's long-established China team once production starts.

An important factor regarding timing is that all of the hard work during the last 3 years preparing and developing the building blocks of the Donald Project is now coming at a time where the business cycle for zircon and titanium industry appears to be improving after around 5 years of lows and this industry cycle should allow Astron to benefit from favourable industry dynamics.

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 2016

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, the research and development programme work will continue. 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 calendar 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 award of compensation from the 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 – refer Note 5). 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 those rights. No formal agreement has been obtained at this point in time.

With regard to funding for the Senegal project, discussions are advanced for 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 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 a need for additional funding over and above the EPC contract, 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 2016 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 28th day of February 2017



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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 2016, 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

I S Kemp
Partner – Audit & Assurance

Adelaide, 28 February 2017

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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 2016

		Half-Year Ended 31 December 2016 \$	Half-Year Ended 31 December 2015 \$
	Note		
Sales revenue		126,885	224,522
Cost of sales		(146,798)	(215,122)
Gross (loss)/profit		(19,913)	9,400
Interest income		40,522	41,463
Gain on sale of investments		466,602	-
Other revenue		382,902	303,672
Distribution expenses		(1,255)	-
Marketing expenses		(1,527)	(6,132)
Occupancy expenses		(3,907)	(4,411)
Administrative expenses		(2,689,887)	(2,334,929)
Write up/(down) of inventory		88,551	(192,044)
Impairment of receivables		(197,956)	-
Other expenses		(185,943)	(75,210)
Loss before income tax expense		(2,121,811)	(2,258,191)
Income tax (expense)/benefit		(310,549)	239,276
Net loss for the half year	2	(2,432,360)	(2,018,915)
Other comprehensive income			
Foreign currency translation differences		(774,946)	(621,681)
(Decrease)/ increase in fair value of available-for-sale financial assets		(268,866)	(172,308)
Other comprehensive income for the half year, net of tax		(1,043,812)	(793,989)
Total comprehensive income for the half year		(3,476,172)	(2,812,904)
(Loss) / profit for the half year attributable to:			
Owners of Astron Corporation Limited		(2,432,360)	(2,018,915)
Total comprehensive (loss)/profit for the half year attributable to:			
Owners of Astron Corporation Limited		(3,476,172)	(2,812,904)

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 2016

		Half-Year Ended	Half-Year Ended
		31 December	31 December
	Note	2016	2015

For (loss)/ profit for the half year

Basic (loss)/ earnings per share (cents per share)	10	(1.99)	(1.65)
Diluted (loss)/ earnings per share (cents per share)	10	(1.99)	(1.65)

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 2016

	Note	As at 31 December 2016 \$	As at 30 June 2016 \$
ASSETS			
Current assets			
Cash and cash equivalents		3,459,862	5,104,594
Term deposits greater than 90-days		60,822	60,685
Trade and other receivables	6	12,650,762	14,143,379
Inventories	11	710,653	730,564
Available-for-sale financial assets		271,369	540,237
Current tax assets		-	460,380
Total current assets		17,153,468	21,039,839
Non current assets			
Property, plant and equipment	12	20,553,429	21,046,191
Intangible assets	13	70,701,889	69,118,158
Land use rights	14	3,156,260	3,255,981
Total non current assets		94,411,578	93,420,330
TOTAL ASSETS		111,565,046	114,460,169
LIABILITIES			
Current liabilities			
Trade and other payables		3,837,340	3,548,955
Provisions		49,897	67,783
Total current liabilities		3,887,237	3,616,738
Non current liabilities			
Deferred Tax liabilities		5,390,029	5,079,479
Long-term provisions		40,000	40,000
Total non current liabilities		5,430,029	5,119,479
TOTAL LIABILITIES		9,317,266	8,736,217
NET ASSETS		102,247,780	105,723,952
EQUITY			
Contributed equity	8	1,605,048	1,605,048
Reserves		9,666,758	11,061,760
Retained earnings		90,975,974	93,057,144
TOTAL EQUITY		102,247,780	105,723,952

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 2016

	Contributed Equity \$	Retained Earnings \$	Financial Assets Available-For Sale-Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Period Ended 31 December 2016					
Equity as at 1 July 2016	1,605,048	93,057,144	709,332	10,352,428	105,723,952
Loss for the half year	-	(2,432,360)	-	-	(2,432,360)
<i>Other comprehensive income/(loss)</i>					
- Increase/ (decrease) in fair value of available-for-sale financial assets	-	351,190	(620,056)	-	(268,866)
- Exchange differences on translation of foreign operations	-	-	-	(774,946)	(774,946)
Total comprehensive profit for the half year	-	(2,081,170)	(620,056)	(774,946)	(3,476,172)
Transactions with owners in their capacity as owners	-	-	-	-	-
Equity as at 31 December 2016	1,605,048	90,975,974	89,276	9,577,482	102,247,780

	Contributed Equity \$	Retained Earnings \$	Financial Assets Available-For Sale-Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Period Ended 31 December 2015					
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 available-for-sale financial assets	-	-	(172,308)	-	(172,308)
- Exchange differences on translation of foreign operations	-	-	-	(621,681)	(621,681)
Total comprehensive profit for the half year	-	(2,018,915)	(172,308)	(621,681)	(2,812,904)
Transactions with owners in their capacity as owners	-	-	-	-	-
Equity as at 31 December 2015	1,605,048	95,446,425	688,997	11,872,026	109,612,496

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 2016

	Half-Year Ended 31 December 2016	Half-Year Ended 31 December 2015
	\$	\$
Cash flows from operating activities:		
Receipts from customers	583,462	431,670
Payments to suppliers and employees	(2,233,965)	(2,364,832)
Interest received	40,522	42,659
Interest paid	(5,312)	(5,404)
Income taxes received	449,101	1,093,983
Net cash (outflow)/inflow from operating activities	(1,166,192)	(801,924)
Cash flows from investing activities		
(Increase)/Decrease of short term deposits	(138)	(142)
Receipts from disposal of land receivable	983,468	4,443,279
Receipts from disposal of investments	466,602	-
Acquisition of property, plant and equipment	(82,643)	(6,121)
Capitalised exploration and evaluation expenditure	(1,431,056)	(2,077,274)
Net cash outflow from investing activities	(63,767)	2,359,742
Cash flows from financing activities:		
Repayment of borrowings	-	(1,000,000)
Net cash inflow/(outflow) from financing activities	-	(1,000,000)
Net increase/(decrease) in cash held	(1,229,959)	557,818
Cash and cash equivalents at beginning of the year	5,104,594	5,796,027
Net foreign exchange differences	(414,773)	(271,096)
Cash and cash equivalents at end of the half year	3,459,862	6,082,749

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 2016

1 Statement of significant accounting policies

The interim consolidated financial statements of Astron Corporation Limited are for the six months ended 31 December 2016 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 2016 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 2016.

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 2016. 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 2016. The Group does not believe these standards will have a material impact on the financial statements in the period in which they were adopted.

2 Loss for the half year

	31 December	31 December
	2016	2015
The following significant revenue and expense items are relevant to explaining the financial performance	\$	\$
Interest revenue	40,522	41,463
Rental and other income	382,902	303,672
Gain on sale of investments	466,602	-
Foreign exchange (loss)/gain	6,265	(24,542)
Interest paid	(5,388)	(5,399)
Inventory provision gain/(loss)	88,551	(192,044)
USA development costs	(68,435)	(140,888)
Research and development expenditure	(722,319)	(141,718)

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2016

3 Dividends

Dividends paid for during the half year:

	31 December	31 December
	2016	2015
	\$	\$
Final unfranked dividend of NIL (2015: 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 2016 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 2017.

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. The land contract is unconditional and payment is binding on the buyer being the Yingkou Government, but the payments expected have been delayed. During the half year ended 31 December 2016 there were receipts of \$983,468 with a balance receivable of \$11,306,457. During January 2017, additional payments of \$597,335 have been received. While the receivable is currently outside terms the Group is confident that the receivable will be received in instalments during 2017.

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 2016

8 Issued share capital

	31 December	30 June
	2016	2016
	\$	\$
122,479,784 (30 June 2016: 122,479,784) Fully Paid Ordinary Shares @ 0.1 HK \$	1,605,048	1,605,048
Total	1,605,048	1,605,048

	31 December	30 June
	2016	2016
	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:

- 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
- Senegal: Development of Niafarang mine
- Other: Astron Corporate: Group treasury and head office activities

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2016

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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from external customers												
Sales	-	-	54,957	-	71,928	224,522	-	-	-	-	126,885	224,522
Interest revenue	276	295	34,468	3,480	-	-	-	-	5,778	37,688	40,522	41,463
Rent/Other income	167,985	31,409	214,916	233,419	-	38,845	-	-	466,603	-	849,504	303,673
Total revenue	168,261	31,704	304,341	236,899	71,928	263,367	-	-	472,381	37,688	1,016,911	569,658
Segment result												
Segment (loss)/profit	(157,432)	(59,626)	(1,278,152)	(674,490)	(705,413)	(519,858)	12,179	422,558	7,007	(1,426,775)	(2,121,811)	(2,258,191)
Net (loss)/ profit for the period									-	-	(2,121,811)	(2,258,191)
Impairment losses	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of PPE, Intangibles assets and other non-current segment assets	1,266,096	1,663,858	67,735	4,222	323	-	179,545	415,315	-	-	1,513,699	2,083,395
Depreciation and amortisation	2,289	-	220,242	237,351	71,957	113,412	-	-	327	79,332	294,815	430,095

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2016

9 Segment information (cont'd)

b) Segment information (cont'd)

2016	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets												
Segment assets	71,090,866	69,831,943	23,885,753	26,942,637	11,099,618	11,227,071	4,911,060	4,698,568	577,749	1,759,950	111,565,046	114,460,169
Total segment assets	71,090,866	69,831,943	23,885,753	26,942,637	11,099,618	11,227,071	4,911,060	4,698,568	577,749	1,759,950	111,565,046	114,460,169
Liabilities												
Segment liabilities	9,957,270	9,351,269	138,220	175,193	227,069	245,584	116,169	79,997	(1,121,462) #	(1,115,826) #	9,317,266	8,736,217
Total segment liabilities	9,957,270	9,351,269	138,220	175,193	227,069	245,584	116,169	79,997	(1,121,462)	(1,115,826)	9,317,266	8,736,217

Other liabilities include a future tax benefit resulting in the disclosure of a negative liability for Segment information purposes only.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2016

10 Earnings Per Share

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

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Loss attributable to owners	(2,432,360)	(2,018,915)
Loss used to calculate basic EPS	(2,432,360)	(2,018,915)
Loss used in calculation of dilutive EPS	(2,432,360)	(2,018,915)

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

	Consolidated	
	31 December 2016 No.	31 December 2015 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 2016 \$	30 June 2016 \$
Raw materials – at net realisable value	637,789	602,786
Finished goods – at net realisable value	72,740	125,193
Goods in transit	124	2,585
Total	710,653	730,564

There is a provision for realisable value of \$743,579 at period end (\$849,194 as at 30 June 2016).

Astron Corporation Limited and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2016

12 Property Plant & Equipment

	Note	Consolidated 31 December 2016 \$	30 June 2016 \$
Land & Buildings			
Land at cost		5,254,000	5,254,000
Total land	12(a)	5,254,000	5,254,000
Leasehold buildings		10,326,675	10,524,633
Accumulated impairment loss		(1,241,960)	(1,053,025)
Net carrying value	12(a)	9,084,715	9,471,608
Plant and equipment and works in progress			
Capital works in progress		9,449,910	9,625,008
Less accumulated impairment loss		(3,651,201)	(3,721,206)
Total capital works in progress	12(a)	5,798,709	5,903,802
Plant and equipment		2,488,763	2,460,578
Less accumulated depreciation		(2,072,758)	(2,043,797)
Total plant and equipment	12(a)	416,005	416,781
Total property, plant and equipment		20,553,429	21,046,191

(a) Movement in net carrying value

	Capital works in progress \$	Land \$	Buildings \$	Plant and Equipment \$	Total \$
Half-Year ended 31 December 2016					
Opening balance	5,903,802	5,254,000	9,471,608	416,781	21,046,191
Additions	5,973	-	-	76,669	82,642
Depreciation	-	-	(206,210)	(50,936)	(257,146)
Disposals	-	-	-	(9,183)	(9,183)
Foreign exchange movements	(111,066)	-	(180,683)	(17,326)	(309,075)
Balance at 31 December 2016	5,798,709	5,254,000	9,082,815	417,904	20,553,429
Year ended 30 June 2016					
Opening balance	6,126,818	5,254,000	10,461,226	521,273	22,363,317
Additions	108,487	-	1,900	72,517	182,904
Depreciation	-	-	(446,912)	(157,516)	(604,428)
Disposals	-	-	-	-	-
Foreign exchange movements	(331,503)	-	(544,606)	(19,493)	(895,602)
Balance at 30 June 2016	5,903,802	5,254,000	9,471,608	416,781	21,046,191

Astron Corporation Limited and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2016

13 Intangible Assets

		Consolidated 31 December 2016 \$	30 June 2016 \$
	Note		
Evaluation costs			
Cost	13(b)	13,088,655	12,982,274
Accumulated impairment loss	13(b)	(7,945,901)	(7,991,712)
Net carrying value	13(d)	5,142,754	4,990,562
Exploration expenditure capitalized			
Exploration and evaluation phases	13(a)(c)	51,226,686	49,435,974
Net carrying value		51,226,686	49,435,974
Water rights			
Net carrying value	13(a)(d)	14,332,449	14,691,622
Total Intangibles	13(e)	70,701,889	69,118,158

(a) Intangible assets

Movements during the half year ended 31 December 2016 in intangible assets represent additions, movements in foreign exchange and amortisation. For capital expenditure commitments refer to note 5.

(b) Development costs and impairment losses

The development costs of \$13,088,655 (FY 2016: \$12,982,274) and the accumulated impairment of \$7,945,901 (FY 2016: \$7,991,712) as at 31 December 2016 relates to the following:

1. TiO₂ project cost of \$7,519,780 (FY 2016: \$7,565,591) was fully impaired in 2009. The current year movement represents the movement in foreign exchange.
2. The Senegal project of \$5,274,190 (FY 2016: \$4,690,227) represents development costs incurred in Senegal. This was netted off by an impairment of \$426,121 (FY 2016: \$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 \$294,685 (FY 2016: \$300,335) 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 2016 the Group has complied with the conditions of the granting EL5186, EL5255, EL5472, ML5532, RL2002, RL2003 and RL2006. 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 and its Subsidiaries

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Notes to the Consolidated Financial Statements

For the Period Ended 31 December 2016

13 Intangible Assets (cont'd)

(d) Movement in net carrying value

	Exploration and Evaluation Phase \$	Consolidated Development costs \$	Water Rights \$	Software \$	Total \$
Half-Year ended 31 December 2016					
Opening balance	49,435,974	4,990,562	14,691,622	-	69,118,158
Additions	1,790,712	179,545	-	-	1,970,257
Amortisation	-	-	(359,172)	-	(359,172)
Foreign exchange movements	-	(27,354)	-	-	(27,354)
Balance at 31 December 2016	51,226,686	5,142,753	14,332,450	-	70,701,889
Year ended 30 June 2016					
Opening balance	45,066,696	4,371,150	15,409,966	79,003	64,926,815
Additions	4,369,278	619,626	-	-	4,988,904
Amortisation	-	-	(718,344)	(79,003)	(797,347)
Foreign exchange movements	-	(214)	-	-	(214)
Balance at 30 June 2016	49,435,974	4,990,562	14,691,622	-	69,118,158

(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.

(f) Water rights

In 2012 the Group acquired rights to the supply of water for the Donald Project. The water rights are currently being amortised over 25 years in line with the entitlements.

14 Land use rights

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. The land contract is unconditional and payment is binding on the buyer being the Yingkou Government, but the payments expected have been delayed. During the half year ended 31 December 2016 there were receipts of \$983,468 with a balance receivable of \$11,306,457. During January 2017, additional payments of \$597,335 have been received. While the receivable is currently outside terms the Group is confident that the receivable will be received in instalments during 2017.

15 Subsequent events

There were no subsequent events to 31 December 2016.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Consolidated Financial Statements

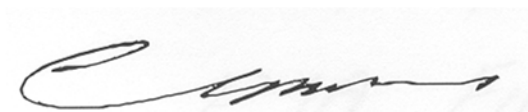
For the Period Ended 31 December 2016

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 18,
 - (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 2016 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 28th February 2017

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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 (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, 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 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 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 2016 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

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requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 2016 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 28 February 2017