Astron Corporation Limited

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

Half Year Report

ended 31 December 2017

Contents

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)

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Bankers
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48 Martin Place
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Share Registrar
Computershare Investor Services Limited
Level 3, 60 Carrington Street
Sydney NSW 2001, Australia

Computershare Hong Kong Investor Services Limited
Hopewell Centre, 46th Floor
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Wan Chai, Hong Kong

Auditor
BDO Limited
25th Floor, Wing On Centre
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	Previous corresponding period
Half-Year ended 31 December 2017	Half-Year ended 31 December 2016

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	**60.3%**	to	$1,629,624
Revenue from trading operations	Up	**978.3%**	to	$1,368,185
Net loss after tax attributable to members	Down	**By $2,268,186**	to	$164,174
Net tangible asset value per share	Down	**2.2%**	to	$0.23

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 2017 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 2017

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 2017

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Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2017

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 2017.

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

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 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"), 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

Total revenue increased by 60.3% to $1,629,624. The increase in revenue is primarily attributable to trading revenue in China during the period.

Trading revenue for the period increased by 978.3% to $1,368,185. The trading results reflect the general market in trading activities in China and further encouraging price movements.

During the half-year, the Group successfully tested, commissioned and put into production a capital works in progress project called the Zr Sponge. The Zr Sponge is used to produce Zirconium Dioxide. The Group has been working on this project since 2010 and due to its long lead time, the directors made impairment provision against it in prior years. However due to its successful introduction in the current period, the impairment provision previously made of $1,693,004 was reversed in the current period. This impairment reversal is one of the major factors behind the better half year results compared to the corresponding period in the previous year.

Income tax benefit comprises a movement in the deferred tax liability (an increase in Donald's capitalised development expenditure) offset by timing differences and tax losses carried forward. There is an expected tax refund due in the second half for research & development undertaken in 2017.

Review of financials (Cont'd)

Statement of Financial Position

Cash
Cash and term deposits increased by $2,893,749 from 30 June 2017 to the end of the current period. The largest individual items were the expenditure incurred in connection with the Donald and Senegalese Niafarang projects. These costs were offset by the receipt of $2,125,957 due to the Group from a prior year land sale in China and a deposit in advance of approximately $4 million arising from an agreement with a major customer for the Senegal offtake.

Current assets
Inventory decreased by $786,576 to $1,101,777 primarily through ongoing trading operations.

Non-current assets
During the half-year the Group continued to allocate resources to its exploration and development projects. As per the Statement of Financial Position, exploration and evaluation assets reduced by over $7 million. This was due to the Senegalese Niafarang project being assessed as a Development Asset and as such $7,384,015 was transferred to Development Costs (refer Note 14). The Donald project continued to be classified as an Exploration and Evaluation Asset.

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

The net tangible asset value per share has decreased by 2.2% to $0.23. This movement can mainly be attributed to the capitalisation of expenditure in relation to the Donald and Senegalese Niafarang projects.

Change of financial reporting standards

As explained in Note 1, in order to align itself with the requirements of the Hong Kong Companies Ordinance, these interim condensed consolidated financial statements for the half-year ended 31 December 2017 have been prepared under Hong Kong Financial Reporting Standards ("HKFRS"). In prior years, the Group had prepared its financial statements under International Financial Reporting Standards ("IFRS"). As this is the first-time the Group has prepared its financial statements under HKFRS, certain additional disclosures have been made as required under HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards". Further details of this change are set out in Note 1. The directors note that as HKFRS and IFRS have fully converged since 1 January 2005, there are no material differences to the accounting policies, results and financial position of the Group presented to shareholders in previous years.

Review of operations

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

Senegal project

In relation to the Senegal project, 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. Indications from Senegal continue regarding the formal commencement of the mining licence area resettlement program. Astron anticipates it will then be in a position to commence site establishment programs in early 2018.

Review of operations (Cont'd)

Donald project

During the half-year, the technical aspects of the optimisation of the process have been completed on the Donald project and work continues on the capital aspects of the process optimisation. Initial indications are that improvements from the updated technical aspects and the use of Chinese equipment will be positive.

As advised to the ASX on 13 October 2015, DMS entered into an EPC (engineering, procurement and construction) contract with the China Machinery Engineering Corporation ("CMEC") and further announced on 7 December 2017, the parties have agreed to extend the date for satisfaction of conditions precedent under the EPC contract to 30 June 2018. The parties continue to work towards satisfaction of conditions precedent and improving the projects.

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 through Astron's long-established China team once production starts.

An important factor regarding timing is that 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 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)

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.

Going forward

In respect to the Donald Project, the Group will continue to refine the supplementary definitive feasibility study and technical aspects. In China, the research and development programme work will continue. Astron is also working to finalise the resettlement program following the awarding of the mining licence in Senegal in late 2017.

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 Senegal project in the second half of 2018 and the receipts of proceeds from the sale of land in China for the forthcoming calendar year. As noted previously, during the half-year approximately $4 million was received as an advance deposit from a major customer of the Senegal project offtake. These funds will enable the Senegal project to commence mining operations by around mid-year and provide significant near terms cash flows for the Group.

There are other near-term sources of funds being pursued or in the course of being finalised. These include receipt of proceeds from the sale of land in Donald in Australia.

The award of compensation from the proceedings relating to the Gambian project which have been found in the Company's favour. The timing of these sources of funds are not able to be precisely predicted, but represent potential near term realisable assets.

As part of operational and funding reviews, Astron is negotiating a moratorium on its Water supply charges to align with the commencement of the mine. No formal agreement has been obtained at the date of signing of the Half-year report. As at 31 December 2017, the Group has accrued approximately $1.6 million in outstanding water charges, which are included in trade and other payables in the balance sheet.

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) and currently extended through to 30 June 2018. 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. CHANGE OF AUDITOR

On 18 December 2017, Grant Thornton Audit Pty Limited resigned and BDO Limited was appointed on 9 February 2018 as auditor of the Company to fill the casual vacancy. This change, together with the change to HKFRS as explained above under "Review of financials", is particularly appropriate given Astron Corporation Limited is a Hong Kong incorporated holding company.

4. DECLARATION OF INDEPENDENCE BY AUDITOR

The lead auditor's independence declaration for the half-year ended 31 December 2017 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 12th day of March 2018

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Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

DECLARATION OF INDEPENDENCE

TO THE DIRECTORS OF ASTRON CORPORATION LIMITED

As lead auditor for the review of Astron Corporation Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Astron Corporation and the entities it controlled during the period.

BDO Limited

BDO Limited
Certified Public Accountants

Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 12 March 2018

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 2017

	Note	Half-Year Ended 31 December 2017 $	Half-Year Ended 31 December 2016 $
Sales revenue	8	**1,368,185**	126,885
Cost of sales		**(1,164,033)**	(146,798)
Gross profit/(loss)		**204,152**	(19,913)
Interest income	8	**15,349**	40,522
Gain on sale of investments	8	**-**	466,602
Other revenue	8	**246,090**	382,902
Distribution expenses		**(59,825)**	(1,255)
Marketing expenses		**(7,364)**	(1,527)
Occupancy expenses		**(12,870)**	(3,907)
Administrative expenses		**(2,275,480)**	(2,689,887)
Reversal of impairment of capital works in progress	12(a)	**1,693,004**	-
Finance costs		**(85,320)**	(5,388)
Write (down)/up of inventory		**(24,421)**	88,551
Reversal of/(Impairment) of receivables		**96,634**	(197,956)
Other expenses		**(67,747)**	(180,555)
Loss before income tax expense		**(277,798)**	(2,121,811)
Income tax benefit/(expense)		**113,624**	(310,549)
Net loss for the half year	2	**(164,174)**	(2,432,360)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**777,013**	(774,946)
Decrease in fair value of available-for-sale financial assets		**(35,200)**	(268,866)
Other comprehensive income for the half year, net of tax		**741,813**	(1,043,812)
Total comprehensive income for the half year		**577,639**	(3,476,172)
Loss for the half year attributable to:			
Owners of Astron Corporation Limited		**(164,174)**	(2,432,360)
Total comprehensive income for the half year attributable to:			
Owners of Astron Corporation Limited		**577,639**	(3,476,172)

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 2017

	Note	Half-Year Ended 31 December 2017	Half-Year Ended 31 December 2016
LOSS PER SHARE			
Basic loss per share (cents per share)	**10**	**(0.13)**	(1.99)
Diluted loss per share (cents per share)	**10**	**(0.13)**	(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 2017

	Note	As at 31 December 2017 $	As at 30 June 2017 $	As at 1 July 2016 $
ASSETS				
Current assets				
Cash and cash equivalents		**4,210,885**	1,317,231	5,104,594
Term deposits greater than 90-days		**60,993**	60,898	60,685
Trade and other receivables	6	**11,174,094**	6,087,761	14,143,379
Inventories	11	**1,101,777**	1,888,353	730,564
Asset held for sale		**1,013,410**	-	-
Available-for-sale financial assets	20	**154,093**	217,293	540,237
Current tax assets		**-**	-	460,380
Total current assets		**17,715,252**	9,571,536	21,039,839
Non-current assets				
Trade and other receivables	6	**-**	6,396,921	-
Property, plant and equipment	12	**21,027,407**	19,953,921	21,046,191
Exploration and evaluation assets	13	**67,479,763**	73,650,786	69,118,158
Development costs	14	**7,384,015**	-	-
Land use rights	15	**3,045,464**	3,010,784	3,255,981
Total non-current assets		**98,936,649**	103,012,412	93,420,330
TOTAL ASSETS		**116,651,901**	112,583,948	114,460,169
LIABILITIES				
Current liabilities				
Trade and other payables	16	**8,156,332**	5,362,641	3,548,955
Borrowings	17	**862,806**	76,080	-
Provisions		**81,609**	58,088	67,783
Total current liabilities		**9,100,747**	5,496,809	3,616,738
Non-current liabilities				
Deferred tax liabilities		**4,275,176**	4,388,800	5,079,479
Long-term provisions		**40,000**	40,000	40,000
Total non-current liabilities		**4,315,176**	4,428,800	5,119,479
TOTAL LIABILITIES		**13,415,923**	9,925,609	8,736,217
NET ASSETS		**103,235,978**	102,658,339	105,723,952
EQUITY				
Issued capital	9	**1,605,048**	1,605,048	1,605,048
Reserves		**10,489,873**	9,748,060	11,061,760
Retained earnings		**91,141,057**	91,305,231	93,057,144
TOTAL EQUITY		**103,235,978**	102,658,339	105,723,952

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

As at 31 December 2017

	Issued capital $	Retained earnings $	Available-for sale financial assets reserve $	Share based payment reserve $	Foreign currency translation reserve $	Total equity $
Half-year ended 31 December 2017						
Equity as at 1 July 2017	**1,605,048**	**91,305,231**	**35,200**	**913,104**	**8,799,756**	**102,658,339**
Loss for the half year	**-**	**(164,174)**	**-**	**-**	**-**	**(164,174)**
Other comprehensive income						
- Decrease in fair value of available-for-sale financial assets	**-**	**-**	**(35,200)**	**-**	**-**	**(35,200)**
- Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**777,013**	**777,013**
Total comprehensive income for the half year	**-**	**(164,174)**	**(35,200)**	**-**	**777,013**	**577,639**
Transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**	**-**	**-**
Equity as at 31 December 2017	**1,605,048**	**91,141,057**	**-**	**913,104**	**9,576,769**	**103,235,978**

	Issued capital $	Retained earnings $	Available-for sale financial assets reserve $	Share based payment reserve $	Foreign currency translation reserve $	Total equity $
Half-year 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)
Other comprehensive income						
- 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 income 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

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 2017

	Half-Year Ended 31 December 2017 $	Half-Year Ended 31 December 2016 $
Cash flows from operating activities:		
Receipts from customers	**1,414,697**	583,462
Payments to suppliers and employees	**(3,471,455)**	(2,233,965)
Interest received	**15,349**	40,522
Interest paid	**(85,320)**	(5,312)
Income taxes received	**-**	449,101
Net cash outflow from operating activities	**(2,126,729)**	(1,166,192)
Cash flows from investing activities		
Increase in short term deposits	**(95)**	(138)
Receipts from disposal of land receivable	**2,125,957**	983,468
Receipts from disposal of investments	**-**	466,602
Acquisition of property, plant and equipment	**(257,874)**	(82,643)
Capitalised exploration and evaluation expenditure	**(1,784,096)**	(1,431,056)
Net cash inflow/(outflow) from investing activities	**83,892**	(63,767)
Cash flows from financing activities:		-
Deposit received in advance (note 16(a))	**3,937,478**	
Proceeds from borrowings	**786,726**	-
Net cash inflow from financing activities	**4,724,204**	-
Net increase/(decrease) in cash held	**2,681,367**	(1,229,959)
Cash and cash equivalents at beginning of the year	**1,317,231**	5,104,594
Net foreign exchange differences	**212,287**	(414,773)
Cash and cash equivalents at end of the half year	**4,210,885**	3,459,862

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

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 six months ended 31 December 2017 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.

First-time adoption of Hong Kong Financial Reporting Standards and statement of compliance

In order for the Group to align itself with the requirements of the Hong Kong Companies Ordinance, the Group has prepared these interim condensed consolidated financial statements using Hong Kong Financial Reporting Standards for the first time. Previously, the Group had prepared its financial statements under International Financial Reporting Standards ("IFRS").

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").

Although HKFRS have been fully converged with IFRS in all material respects since 1 January 2005, these condensed consolidated financial statements are the first published financial statements in which the Group makes an explicit and unreserved statement of compliance with HKFRS. Therefore, in preparing these interim condensed consolidated financial statements, management has given due consideration to the requirements of HKFRS 1, "First-time Adoption of Hong Kong Financial Reporting Standards" ("HKFRS 1"). For this purpose, the date of the Group's transition to HKFRS was determined to be 1 July 2016, being the beginning of the earliest period for which the Group presents full comparative information in these interim condensed consolidated financial statements. For this reason, the condensed consolidated statement of financial position also includes an additional column to show the comparative figures as of 1 July 2016 as well as of 30 June 2017.

With due regard to the Group's accounting policies in previous periods and the requirements of HKFRS 1, management has concluded that no adjustments were required to the amounts reported under IFRS as at the date of transition to HKFRS or in respect of the half year ended 31 December 2016. As such, the Group makes an explicit and unreserved statement of compliance with HKFRS in the first HKFRS financial statements which included these amounts as comparatives. Accordingly, these financial statements include for the first time a statement of compliance with HKFRS, without adjustments to the Group's financial position, the Group's financial performance or cash flows either at the date of transition to HKFRS or at the end of latest period presented in accordance with HKFRS.

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. However, as these half-year financial statements are the first set of accounts prepared by the Company under HKFRS, the significant accounting policies adopted for the first-time under HKFRS are set out below. 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 available for sale financial assets which are measured at fair value.

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

Basis of preparation (cont'd)

Going concern basis

For the half-year ended 31 December 2017, the Group incurred a net loss of $164,174 and had net cash outflows from operating activities of $2,126,729. These conditions 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 auditor has accordingly included an emphasis of matter paragraph on material uncertainty related to going concern in their review report.

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 administration costs and committed project expenditure are forecast to be covered by the existing resources on hand, proceeds from expected sales of product from Senegal project in the second half of 2018 and the receipt of the balance of funds due from the sale of land in China for at least the next 12 months from the date of this report. In addition, the Group expects to receive additional funds from the subsequent sale of certain land assets in the DMS project in Australia, of which approximately $142,000 was received in February 2018 and $871,000 is expected to be received in March 2018. The directors also anticipate the continued strengthening of the mineral sands market and trading in China in 2018.

The Group will require additional funding to execute its long-term plans. With respect to the projects, the Group is currently working through funding options.

On 13 October 2015, DMS entered into an EPC (engineering, procurement and construction) contract with the China Machinery Engineering Corporation. Subsequently the parties have agreed to further extend the date for satisfaction of conditions precedent under the EPC contract to 30 June 2018. The parties continue to work towards satisfaction of conditions precedent and improving the projects. The Company is confident that with a mix of debt, equity and internal funding the Donald project will be fulling funded.

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

Significant accounting policies

As mentioned above, the Company has prepared these half-year interim condensed consolidated financial statements under HKFRS for the first time. As required under HKFRS 1, the Company has set out the significant accounting policies adopted by the Company under HKFRS 1 which affect the preparation of these financial statements. The directors note that there is no significant variance/difference to the accounting policies adopted by the Company in the previous year/period under IFRS.

<u>Revenue Recognition</u>

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of products is recognised when the significant risks and rewards of ownership have passed to the buyer i.e. when control of the goods is passed to the buyer.

Interest
Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Rental income
Rental income is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

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

Significant accounting policies (cont'd)

Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Astron Limited, the wholly owned subsidiary of Astron Corporation Limited, and the Australian subsidiaries wholly owned by Astron Limited have implemented the tax consolidation legislation for the whole of the financial year. Astron Limited is the head entity in the tax consolidated group. The stand-alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax balances to wholly owned subsidiaries that form part of the tax consolidated group. Astron Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

To the extent that research and development costs are eligible activities under the "Research and development tax incentive" programme a 43.5% refundable tax offset is available for companies with annual turnover of less than $20 million. The Group recognises refundable tax offsets received in the financial year as an income tax benefit, in profit or loss, resulting from the monetisation of available tax losses that otherwise would have been carried forward.

Segment Reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions.

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

Significant accounting policies (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income. On sale, the amount held in available-for-sale reserves associated with that asset is recognised in profit or loss as a reclassification adjustment. Interest on corporate bonds classified as available-for-sale is calculated using the effective interest rate method and is recognised in finance income in profit or loss. The fair value of quoted investments are determined by reference to stock exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Land is not depreciated. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation on other assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Class of Asset	
Leasehold Buildings:	50 years
Freehold Land:	Indefinite
Plant and Equipment:	3-20 Years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is de-recognised.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Additional costs incurred on the impaired capital works in progress are expensed in profit or loss.

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

Significant accounting policies (cont'd)

Exploration and Evaluation Expenditure

(i) Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided that the rights to tenure of the area of interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Expenditure incurred is accumulated in respect of each identifiable area of interest.

Water rights
The Group has capitalised water rights. The water rights are amortised over the term of the right. The carrying value of water rights is reviewed annually or when events or circumstances indicate that the carrying value may be impaired.

(ii) Costs abandoned area

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(iii) Regular review

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(iv) Costs of site restoration

Costs of site restoration are to be provided once an obligation presents. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure attributable to the project can be measured reliably. Expenditure capitalised comprises costs of services and direct labour. Other development costs are expensed when they are incurred. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired. The project is in the development phase and hence no amortisation has been brought to account. An amortisation policy has yet to be determined.

Adoption of new/revised HKFRS – effective on 1 July 2017

Standards and Interpretations adopted in the current year:

The Group has adopted all of the new and revised standards and interpretations issued by the HKICPA that are relevant to their operations and are effective for the current financial reporting period, being the half year ended 31 December 2017. In adopting these new and revised pronouncements, the Group has determined that this there has been no material impact to the Group's reported position or performance.

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 2017. 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.

2 Net loss for the half year

The following significant revenue and expense items are relevant to explaining the financial performance	31 December 2017 $	31 December 2016 $
Interest income	**15,349**	40,522
Rental and other income	**246,090**	382,902
Reversal of impairment of capital works in progress (note 12(a))	**1,693,004**	-
Reversal of/(Impairment) of receivables	**96,634**	(197,956)
Depreciation and amortisation	**(662,681)**	(663,503)
Gain on sale of investments	**-**	466,602
Foreign exchange (loss)/gain	**(63,707)**	6,265
Interest expenses	**(85,320)**	(5,388)
Write (down)/up of inventory	**(24,421)**	88,551
Research and development expenditure	**(303,459)**	(722,319)

3 Dividends

Dividends paid for during the half year:

	31 December 2017 $	31 December 2016 $
Final unfranked dividend of NIL (2016: 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 2017 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 $31 million. This award was appealed unsuccessfully by the Gambian Government. The Company continues to work towards a settlement with the new Gambia Government and negotiations are ongoing. The directors are unable to predict when a resolution may be reached at this stage.

6 Trade and other receivables

	31 December 2017 $	30 June 2017 $	1 July 2016 $
Current assets:			
Trade debtors	**1,990,874**	459,127	55,295
Land sale – China (note 15)	**8,126,814**	3,653,275	13,311,586
Prepayments and other debtors – net	**1,056,406**	1,975,359	776,498
	11,174,094	6,087,761	14,143,379
Non-current assets:			
Land sale – China (note 15)	**-**	6,396,921	-
Total	**11,174,094**	12,484,682	14,143,279

During the year ended 30 June 2014, management 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 have been exchanged and the disposal was brought to account in the year ended 30 June 2014. The net proceeds, amounting to $20,356,248, were to be received in instalments up to October 2017.

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 2017, there were receipts of $2,125,957 with a balance receivable of $8,126,814. While the receivable is currently outside the terms initially agreed, the Group is confident all of the amounts outstanding will be received in instalments during 2018.

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/President (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 the Niafarang mine
- Other: Group treasury and head office activities

8 Segment information (cont'd)

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

31 December	Donald Mineral Sands		Titanium		Mineral Resources		Senegal		Other		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$	$	$	$	$
Revenue from external customers												
Sales	**-**	-	**1,368,185**	54,957	**-**	71,928	**-**	-	**-**	-	**1,368,185**	126,885
Interest income	**138**	276	**11,213**	34,468	**2,899**	-	**-**	-	**1,099**	5,778	**15,349**	40,522
Gain on sale of investments	**-**	-	**-**	-	**-**	-	**-**	-	**-**	466,602	**-**	466,602
Rent and other income	**31,400**	167,985	**210,947**	214,916	**3,743**	-	**-**	-	**-**	1	**246,090**	382,902
Total revenue	**31,538**	168,261	**1,590,345**	304,341	**6,642**	71,928	**-**	-	**1,099**	472,381	**1,629,624**	1,016,911
Segment result												
Segment (loss)/profit	**(115,923)**	(157,432)	**754,859 ***	(1,278,152)	**(639,738)**	(705,413)	**45,350**	12,179	**(322,346)**	7,007	**(277,798)**	(2,121,811)
Acquisition of PPE, intangibles assets and other non-current segment assets	**364,697**	1,266,096	**793,377**	67,735	**37,314**	323	**846,581**	179,545	**-**	-	**2,041,969**	1,513,699
Depreciation and amortisation	**366,491**	370,645	**246,913**	220,242	**48,819**	71,957	**348**	332	**110**	327	**662,681**	663,503

** Segment profit in the Titanium segment is after the reversal of impairment against capital works in progress of $1,693,004, further details of which are set out in note 12(a).*

8 Segment information (cont'd)

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

2017	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	**72,650,163**	71,757,041	**25,557,124**	22,038,972	**10,290,667**	11,069,436	**7,777,672**	6,953,752	**376,275**	764,747	**116,651,901**	112,583,948
Liabilities												
Segment liabilities	**9,885,850**	9,355,351	**4,890,007**	499,728	**222,248**	238,350	**18,999**	982,023	**(1,601,181) #**	(1,121,462) #	**13,415,923**	9,925,609

 # Other liabilities include a future tax benefit resulting in the disclosure of a negative liability for Segment information purposes only The Donald Mineral Sands project liabilities include a deferred tax liability of $8,080,761 being the tax deduction on capitalised development expenditure.

9 Issued capital

	31 December 2017 $	30 June 2017 $	1 July 2016 $
122,479,784 (30 June 2017: 122,479,784) Fully Paid Ordinary Shares	**1,605,048**	1,605,048	1,605,048
Total	**1,605,048**	1,605,048	1,605,048

	31 December 2017 No.	30 June 2017 No.	1 July 2016 No.
At the beginning of reporting period	**122,479,784**	122,479,784	122,479,784
At reporting date	**122,479,784**	122,479,784	122,479,784

10 Loss per share

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

	31 December 2017 $	31 December 2016 $
Loss attributable to owners	**(164,174)**	(2,432,360)
Loss used to determine basic and diluted loss per share	**(164,174)**	(2,432,360)

(b) Weighted average number of ordinary shares:

	31 December 2017 No.	31 December 2016 No.
Weighted average number of ordinary shares outstanding during the half year for the purpose of basic and diluted 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.

11 Inventories

	31 December 2017 $	30 June 2017 $	1 July 2016 $
Raw materials – at net realisable value	**79,713**	1,435,673	602,786
Semi-manufactured goods	**161,217**	-	-
Finished goods – at net realisable value	**860,847**	177,776	125,193
Goods in transit	**-**	274,904	2,585
Total	**1,101,777**	1,888,353	730,564

There is a provision against inventory to net realisable value of $517,605 at period end (30 June 2017: $481,101).

12 Property plant & equipment

	Note	31 December 2017 $	30 June 2017 $	1 July 2016 $
Land				
Cost		**4,247,755**	5,254,000	5,254,000
Total land	12(a)	**4,247,755**	5,254,000	5,254,000
Leasehold buildings				
Cost		**10,213,142**	9,972,309	10,524,633
Less accumulated impairment losses		**(1,641,379)**	(1,400,914)	(1,053,025)
Net carrying value	12(a)	**8,571,763**	8,571,395	9,471,608
Capital works in progress				
Cost		**7,891,018**	9,239,867	9,625,008
Less accumulated impairment losses		**(1,886,046)**	(3,525,885)	(3,721,206)
Net carrying value	12(a)	**6,004,972**	5,713,982	5,903,802
Plant and equipment				
Cost		**4,341,573**	2,461,135	2,460,578
Less accumulated depreciation		**(2,138,656)**	(2,046,591)	(2,043,797)
Net carrying value	12(a)	**2,202,917**	414,544	416,781
Total property, plant and equipment		**21,027,407**	19,953,921	21,046,191

12 Property plant & equipment (cont'd)

(a) Movement in net carrying value

	Capital works in progress $	Land $	Buildings $	Plant and equipment $	Total $
Half-Year ended 31 December 2017					
Balance at 1 July 2017	**5,713,982**	**5,254,000**	**8,571,395**	**414,544**	**19,953,921**
Additions	**180,461**	**-**	**-**	**77,413**	**257,874**
Depreciation	**-**	**-**	**(202,794)**	**(63,375)**	**(266,169)**
Transfer to assets held for sale *	**-**	***(1,006,245)**	**-**	**-**	**(1,006,245)**
Reversal of impairment #	**#1,693,004**	**-**	**-**	**-**	**1,693,004**
Transfers	**(1,752,497)**	**-**	**-**	**1,752,497**	**-**
Foreign exchange movements	**170,022**	**-**	**203,162**	**21,838**	**395,022**
Balance at 31 December 2017	**6,004,972**	**4,247,755**	**8,571,763**	**2,202,917**	**21,027,407**
Year ended 30 June 2017					
Balance at 1 July 2016	5,903,802	5,254,000	9,471,608	416,781	21,046,191
Additions	120,063	-	-	133,922	253,985
Depreciation	-	-	(408,436)	(116,301)	(524,737)
Foreign exchange movements	(309,883)	-	(491,777)	(19,858)	(821,518)
Balance at 30 June 2017	5,713,982	5,254,000	8,571,395	414,544	19,953,921
Year ended 30 June 2016					
Balance at 1 July 2015	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)
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

\# In prior years in 2011 and 2015, the Group had made impairment provision totaling $1,693,004 against a capital works initiative called the Zirconium Sponge project ("Zr Sponge"). Zr Sponge is used to produce Zirconium Dioxide. The Group spent many years trying to perfect the design of this production equipment, and although it had significant potential, the long lead time required to successfully commission this equipment meant the directors considered it appropriate to make an impairment provision against it. However, notwithstanding these impairment provisions, the Group had continued to work on this project. In the current period the Zr Sponge project was successfully tested, commissioned and put into production in November 2017. During the half-year period to 31 December 2017, the Group has made sales of Zirconium Dioxide of around $133,000, and the directors are hopeful of making more headway in sales with this product in the coming year. In light of these developments, the directors accordingly considered the impairment provisions previously made against Zr Sponge could be reversed.

* During the half-year, two parcels of lands related to the Donald project with aggregate costs of $1,006,245 in Victoria outside the mine plant were disposed of at a total consideration of $1,013,410. As the disposals are to be completed subsequent to the reporting date, these parcel of lands are recorded as "Assets held for sale" on the statement of financial position as of 31 December 2017.

13 Exploration and evaluation assets

	Note	31 December 2017 $	30 June 2017 $	1 July 2016 $
Evaluation costs				
Cost	13(b)	**7,778,676**	15,110,380	12,982,274
Less accumulated impairment losses	13(b)	**(7,487,231)**	(7,945,901)	(7,991,712)
Net carrying value	13(f)	**291,445**	7,164,479	4,990,562
Exploration expenditure capitalised – Donald Mineral Sands project				
Exploration and evaluation phases	13(c)	**53,574,213**	52,513,029	49,435,974
Net carrying value	13(f)	**53,574,213**	52,513,029	49,435,974
Water rights – Donald Mineral Sands project				
Net carrying value	13(d)(e)	**13,614,105**	13,973,278	14,691,622
Total intangible assets	13(f)	**67,479,763**	73,650,786	69,118,158

(a) Exploration and evaluation assets

For the current half-year period ended 31 December 2017, the Group has presented "Exploration and Evaluation assets" separately on the face of the statement of financial position as required by HKFRS 6. In previous periods, these assets were included as a sub-category under "Intangible Assets". This change in presentation has no impact on the Group's net assets, non-current assets or result for the current or prior periods.

The significant movement during the half-year ended 31 December 2017 related to reclassification of "Evaluation costs" capitalised to date on the Senegal project of $7,384,015 to "Development costs". Further details are set out in note (b) and (f) below. The other movements represent additions, movements in foreign exchange and amortisation. Capital expenditure commitments are detailed in note 5.

(b) Evaluation costs and impairment losses

	31 December 2017 $	30 June 2017 $	1 July 2016 $
TiO2 project			
Cost	**7,487,231**	7,804,351	7,565,591
Less accumulated impairment losses	**(7,487,231)**	(7,804,351)	(7,565,591)
Net carrying value	-	-	-
Senegal project			
Cost	-	7,306,029	5,116,348
Less accumulated impairment losses	-	(426,121)	(426,121)
Net carrying value	-	6,879,908	4,690,227
Capitalised testing and design			
Cost	**291,445**	284,571	300,335
Less accumulated impairment losses	-	-	-
Net carrying value	**291,445**	284,571	300,335
Total			
Cost	**7,778,676**	15,394,951	12,982,274
Less accumulated impairment losses	**(7,487,231)**	(8,230,472)	(7,991,712)
Total evaluation costs	**291,445**	7,164,479	4,990,562

13 Exploration and evaluation assets (cont'd)

(c) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Mineral Sands Project. As at 31 December 2017 the Group has complied with the conditions of the granting EL5186, EL5255, EL5472, ML5532, RL2002 and RL2003 (EL 5255 has expired and was not renewed and RL2006 was merged into RL 2003). 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.

During the half-year, DMS continued to development 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.

(d) 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 and is capitalised into the DMS exploration and evaluation assets.

(e) Finite lives

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

(f) Movement in net carrying value

	Exploration and evaluation phase $	Evaluation costs $	Water rights $	Software $	Total $
Half-Year ended 31 December 2017					
Balance at 1 July 2017	**52,513,029**	**7,164,479**	**13,973,278**	**-**	**73,650,786**
Additions	**1,061,184**	**455,970**	**-**	**-**	**1,517,154**
Amortisation	**-**	**-**	**(359,173)**	**-**	**(359,173)**
Transfer to development costs* (note 14)	**-**	***(7,384,015)**	**-**	**-**	**(7,384,015)**
Foreign exchange movements	**-**	**55,011**	**-**	**-**	**55,011**
Balance at 31 December 2017	**53,574,213**	**291,445**	**13,614,105**	**-**	**67,479,763**
Year ended 30 June 2017					
Balance at 1 July 2016	49,435,974	4,990,562	14,691,622	-	69,118,158
Additions	3,077,055	2,175,013	-	-	5,252,068
Amortisation	-	-	(718,344)	-	(718,344)
Foreign exchange movements	-	(1,096)	-	-	(1,096)
Balance at 30 June 2017	52,513,029	7,164,479	13,973,278	-	73,650,786
Year ended 30 June 2016					
Balance at 1 July 2015	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

13 Exploration and evaluation assets (cont'd)

(f) Movement in net carrying value (cont'd)

* During the half-year period to 31 December 2017, the mining license of the Senegal project was granted in June 2017, the Registered mining license was received in October 2017 and the environmental approval was obtained in August 2017. As a result of these developments, the directors considered the Senegal project had demonstrated it was technically feasible and commercially viable. Accordingly, under HKFRS 6 and the Group's accounting policies, this project and the costs capitalised to date should no longer be accounted for as an exploration and evaluation asset, but rather as an asset in its own right. The costs associated with the Senegal project have therefore been reclassified as "Development costs" (note 14) as at 31 December 2017.

The amount transferred to Development Costs of $7,384,015 is made up as evaluation costs incurred of $7,810,136 less impairment losses recognised of $426,121 at the date of transfer.

14 Development costs

	Development costs $
Transfer in from evaluation costs (note 13(f))	7,384,015
Balance at 31 December 2017	7,384,015

Development costs of $7,384,015 were incurred in Senegal project. Details of the costs are set out in note 13(f).

15 Land use rights

	Note	31 December 2017 $	30 June 2017 $	1 July 2016 $
Opening balance		**3,010,784**	3,255,981	3,525,124
Amortisation	16(a)	**(37,339)**	(75,267)	(82,358)
Foreign exchange movements	16(b)	**72,019**	(169,930)	(186,785)
Closing balance		**3,045,464**	3,010,784	3,255,981

During the year ended 30 June 2014, management 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 2014. The net proceeds, amounting to $20,356,248, were to be received in instalments up to October 2017. The land contract is unconditional, and payment is binding on the buyer, being the Yingkou Government. However, payments have been delayed. During the half-year ended 31 December 2017, there were receipts of $2,125,957 with a balance receivable of $8,126,814 (Note 6). While the receivable is currently outside the terms initially agreed, the Group is confident that the receivable will be received in instalments during 2018.

16 Trade and other payables

	Note	31 December 2017 $	30 June 2017 $	1 July 2016 $
Trade payables		**2,203,636**	2,436,546	2,208,322
Deposit received in advance	16(a)	**3,937,478**	-	-
Other payables	16(b)	**2,015,218**	2,926,095	1,340,633
Total		**8,156,332**	5,362,641	3,548,955

(a) Deposit received in advance

During the half-year, a deposit of RMB20 million (equivalent to $3,937,478) was received 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.

The funds from Wenshang have 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 prepare the site for essential infrastructure to commence mining operations.

(b) Other payables

Included in other payables was a balance of $1,789,571 (30 June 2017: $1,615,651) in aggregate due to 2 related companies as detailed in note 19.

17 Borrowings

	Note	31 December 2017 $	30 June 2017 $	1 July 2016 $
Advanced from a director	17(a)	**76,080**	76,080	-
Bank borrowing	17(b)	**786,726**	-	-
Total		**862,806**	76,080	-

(a) Advanced from a director

Executive director, Mdm Kang Rong, advanced the Group $76,080 during the year ended 30 June 2017 for working capital. The loan is provided interest free and repayable on demand.

(b) Bank borrowing

The bank loan was denominated in RMB, interest bearing at 4.9% p.a. and was short term in nature. The loan was fully repaid in January 2018.

18 Subsequent events

As explained in note 12(a), subsequent to the reporting date, the Group disposed of two parcels of land related to the Donald project in Victoria, Australia, for a total consideration of $1,013,410. Of this amount approximately $142,000 was received in February 2018, with the balance to be received in March 2018. There were no other material subsequent events after 31 December 2017 and up to the date of this half year report.

19 Related party transactions

During the year ended 30 June 2017, Executive Director Mdm Kang Rong advanced the Group $76,080 for working capital. The loan was provided interest free, repayable on demand and unpaid at period end.

During the half-year, Key Management Personnel (i.e. Board of Directors) were remunerated and fees were paid or payable of $310,000 (Half-year ended 31 December 2016: $310,000).

As at 31 December 2017 there are unpaid Directors and management fees payable to Directors' related entities as follows:

- Mdm Kang Rong, Juhua International Limited of $818,732 (30 June 2017: $693,732); and
- Mr Alex Brown, Firback Finance Limited of $970,839 (30 June 2017: $845,839)

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

20 Fair value

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

Available-for-sale financial assets are recognised in the statement of financial position of the Group in accordance with the fair value hierarchy in HKFRS 7.

	31 December 2017 $	30 June 2017 $	1 July 2016 $
Available-for sale financial assets			
ASX listed equity shares – Level 1	**154,093**	217,293	540,237
	154,093	217,293	540,237

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

The Company has prepared company level financial statements as its statutory financial statements for the year ended 30 June 2017. Consequently, the consolidated financial information relating to the year ended 30 June 2017 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. Further information relating to the 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 2017 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 predecessor auditor has reported on those statutory financial statements. The auditor's report was qualified with an adverse opinion; contained a statement under section 406(2) of the Companies Ordinance; 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 407(2) or 407(3) of the Companies Ordinance. A copy of the Company's statutory financial statements for the year ended 30 June 2017 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

Company Number: 1687414

Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2017

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 5 to 21,

   (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 2017 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 12 March 2018

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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 27 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 2017 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 six-month period 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 incurred a net loss of $164,174 and had net cash outflows from operating activities of $2,126,729 during the half-year ended 31 December 2017. As stated in note 1, these conditions indicate 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

BDO Limited
Certified Public Accountants

Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 12 March 2018