

Astron Corporation Limited

Incorporated in Hong Kong, Company Number: 1687414

ARBN 154 924 553

Half-Year Report

ended 31 December 2018

Contents

- Corporate Directory
- Appendix 4D
- Consolidated Financial Statements

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)

Boardroom Corporate Services (HK) Limited

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Shenyang, China

Zip code: 110013

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Bankers

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Sydney NSW 2000, Australia

Share Registrar

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Sydney NSW 2001, Australia

Computershare Hong Kong Investor Services Limited

Hopewell Centre, 46th Floor

183 Queen's Road East

Wan Chai, Hong Kong

Auditor

BDO Limited

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

Half-Year ended 31 December 2018

Previous corresponding period

Half-Year ended 31 December 2017

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	168.2%	to	\$4,370,689
Revenue from trading operations	Up	208.9%	to	\$4,226,231
Net loss after tax attributable to members	Up	By \$780,584	to	\$944,758
Net tangible asset value per share	Down	6.3%	to	\$0.19

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 2018 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 2018

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 2018

CONTENTS	Page
Directors' Report	1
Declaration of Independence by Auditor	5
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Statements	11
Declaration by Directors	30
Independent Auditor's Review Report	31

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2018

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 2018.

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 one operating Chinese subsidiary Astron Titanium Yingkou Company Limited ("Titanium"). DMS holds the Donald Mineral Sands mining project ("Donald"), while Astron Limited holds the Senegal project on behalf of Senegal Mineral Resources SA.

Review of financials

Statement of Profit or Loss and Other Comprehensive Income

Total revenue increased by 168.2% to \$4,370,689. The increase in revenue is primarily attributable to sales of materials in China during the period.

During the half-year, the Group acquired approximately 55,000 tons of low-grade TiO₂ feedstock. Astron is working on commissioning the processing plant for processing this feedstock.

Sales revenue for the period increased by 208.9% to \$4,226,231. The sales and trading results reflect the acquisition of the TiO₂ feedstock, the general market in trading activities in China and further encouraging price movements.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2018

Review of financials (Cont'd)

Statement of Financial Position

Cash

Cash and term deposits decreased by \$1,761,964 from 30 June 2018 to the end of the current period. The largest individual items were the expenditure incurred in connection with the acquisition of TiO₂ feedstock, the development of a mineral separation plant and the ongoing Donald and Senegalese Niafarang projects. These costs were offset by the receipt of \$3,092,997 due to the Group from a prior year land sale in China and approximately \$5.1 million in bank loans.

Current assets

Inventory increased by \$3,079,564 to \$4,487,269 primarily through the acquisition of low-grade TiO₂ feedstock.

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, in excess of \$2 million was invested in equipment, exploration and evaluation assets.

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 6.3% to \$0.19. This movement can mainly be attributed to the ongoing expenditure in relation to the to the Group projects being offset by finance.

Review of operations

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

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 by mid-2019. All equipment necessary to commence establishment and mining is securely held in Dakar. Astron anticipates final community acceptance can be achieved shortly.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2018

Review of operations (Cont'd)

Donald project

During the half-year, the technical aspects of the optimisation of the mine development continued, primarily in relation to the capital aspects and optimisation thereof. The processing technology has shown advancement and should result in operational efficiencies in relation to the processing of the specific ore body.

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.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Directors' Report

31 December 2018

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 and final approvals for the Senegal project.

The forward funding position for Astron is dependent on a number of factors. The short term needs of the Group to meet its ongoing administration costs and committed project expenditure are forecast to be covered by the existing resources on hand, expected sales proceeds for product derived from the TiO₂ feedstock acquired, Senegal project in the second half of 2019 and the commissioned separation plant project in 2019 for at least the next 12 months from the date of this report.

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

As part of operational and funding review, Astron negotiated an extension on the end date of its Water supply charges to align with the commencement of the mine. The Group has paid all outstanding water charges.

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

3. DECLARATION OF INDEPENDENCE BY AUDITOR

The lead auditor's independence declaration for the half-year ended 31 December 2018 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 28th day of February 2019



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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 of Astron Corporation Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements in the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

BDO Limited
Certified Public Accountants

Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 28 February 2019

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 2018

	Note	Half-Year Ended 31 December 2018 \$	Half-Year Ended 31 December 2017 \$
Sales revenue	8	4,226,231	1,368,185
Cost of sales		(2,337,760)	(1,164,033)
Gross profit		1,888,471	204,152
Interest income	8	13,476	15,349
Other revenue	8	130,982	246,090
Distribution expenses		(343,883)	(59,825)
Marketing expenses		(18,903)	(7,364)
Occupancy expenses		(39,808)	(12,870)
Administrative expenses		(2,097,806)	(2,275,480)
Reversal of impairment of capital works in progress	12(b)	-	1,693,004
Finance costs		(45,625)	(85,320)
Write down of inventory		-	(24,421)
Reversal of receivables		100,710	96,634
Other expenses		(112,124)	(67,747)
Loss before income tax expense		(524,510)	(277,798)
Income tax (expense)/benefit		(420,248)	113,624
Net loss for the half year	2	(944,758)	(164,174)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		439,711	777,013
Decrease in fair value of available-for-sale financial assets		-	(35,200)
Other comprehensive income for the half year, net of tax		439,711	741,813
Total comprehensive income for the half year		(505,047)	577,639
Loss for the half year attributable to:			
Owners of Astron Corporation Limited		(944,758)	(164,174)
Total comprehensive income for the half year attributable to:			
Owners of Astron Corporation Limited		(505,047)	577,639

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 2018

	Note	Half-Year Ended 31 December 2018	Half-Year Ended 31 December 2017
LOSS PER SHARE			
Basic loss per share (cents per share)	10	(0.77)	(0.13)
Diluted loss per share (cents per share)	10	(0.77)	(0.13)

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 2018

		As at 31 December 2018	As at 30 June 2018
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		1,380,584	3,167,548
Term deposits greater than 90-days		86,112	61,112
Trade and other receivables	6	7,855,151	8,380,354
Inventories	11	4,487,269	1,407,705
Financial assets at fair value through profit or loss	21	38,632	-
Available-for-sale financial assets	21	-	49,160
Total current assets		13,847,748	13,065,879
Non-current assets			
Trade and other receivables	6	2,789,087	3,378,538
Property, plant and equipment	12	24,249,240	22,596,349
Exploration and evaluation assets	13	68,244,312	68,003,329
Development costs	14	6,809,151	6,590,766
Land use rights	15	3,109,272	3,116,708
Total non-current assets		105,201,062	103,685,690
TOTAL ASSETS		119,048,810	116,751,569
LIABILITIES			
Current liabilities			
Trade and other payables	16	4,893,475	11,610,892
Contract liabilities	17	4,122,988	-
Borrowings	18	5,200,145	76,080
Provisions		85,626	82,748
Total current liabilities		14,302,234	11,769,720
Non-current liabilities			
Deferred tax liabilities		6,008,809	5,173,418
Total non-current liabilities		6,008,809	5,173,418
TOTAL LIABILITIES		20,311,043	16,943,138
NET ASSETS		98,737,767	99,808,431
EQUITY			
Issued capital	9	76,549,865	76,549,865
Reserves		12,008,610	11,568,899
Retained earnings		10,179,292	11,689,667
TOTAL EQUITY		98,737,767	99,808,431

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

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2018

	Issued capital	Retained earnings	Share based payment reserve	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$
Half-year ended 31 December 2018					
Equity as at 1 July 2018 as originally presented	76,549,865	11,689,667	913,104	10,655,795	99,808,431
Initial application of HKFRS 9 (note 1 (a))	-	(565,617)	-	-	(565,617)
Restated balance as at 1 July 2018	76,549,865	11,124,050	913,104	10,655,795	99,242,814
Loss for the half year	-	(944,758)	-	-	(944,758)
<i>Other comprehensive income</i>					
- Exchange differences on translation of foreign operations	-	-	-	439,711	439,711
Total comprehensive income for the half year	-	(944,758)	-	439,711	(505,047)
Equity as at 31 December 2018	76,549,865	10,179,292	913,104	11,095,506	98,737,767

	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	76,549,865	16,360,414	35,200	913,104	8,799,756	102,658,339
Loss for the half year	-	(164,174)	-	-	-	(164,174)
<i>Other comprehensive income</i>						
- 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
Equity as at 31 December 2017	76,549,865	16,196,240	-	913,104	9,576,769	103,235,978

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 2018

	Half-Year Ended 31 December 2018 \$	Half-Year Ended 31 December 2017 \$
Cash flows from operating activities:		
Receipts from customers	1,788,101	1,414,697
Payments to suppliers and employees	(8,981,815)	(3,471,455)
Interest received	13,476	15,349
Interest paid	(45,625)	(85,320)
Refundable Australian R&D tax offsets received	415,145	-
Net cash outflow from operating activities	(6,810,718)	(2,126,729)
Cash flows from investing activities:		
Increase in short term deposits	(25,000)	(95)
Receipts from disposal of land receivable	3,092,997	2,125,957
Acquisition of property, plant and equipment	(1,709,916)	(257,874)
Capitalised exploration and evaluation expenditure	(1,518,279)	(1,784,096)
Net cash (outflow)/inflow from investing activities	(160,198)	83,892
Cash flows from financing activities:		
Deposit received in advance (note 17(a))	-	3,937,478
Proceeds from borrowings	5,124,064	786,726
Net cash inflow from financing activities	5,124,064	4,724,204
Net (decrease)/increase in cash held	(1,846,852)	2,681,367
Cash and cash equivalents at beginning of the year	3,167,548	1,317,231
Net foreign exchange differences	59,888	212,287
Cash and cash equivalents at end of the half year	1,380,584	4,210,885

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

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

1 Basis of preparation and significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements of Astron Corporation Limited ("the Company") are for the half-year ended 31 December 2018 and relate to the consolidated entity consisting of the Company and its subsidiaries ("the Group"). These interim condensed consolidated financial statements are presented in Australian dollars (\$), which is the functional currency of the Group.

Hong Kong Financial Reporting Standards and statement of compliance

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

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. These half-year financial statements should also be read in conjunction with any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules.

The historical cost basis has been used, except for financial assets at fair value through profit or loss ("FVTPL") which are measured at fair value.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

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

Basis of preparation (cont'd)

Going concern basis

The Group had net current liabilities of \$454,486 as at 31 December 2018, incurred a pre-tax loss of \$524,510 and had net cash outflows from operating activities of \$6,810,718 for the half-year period then ended. 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 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 (i) existing resources on hand (ii) proceeds from expected sales of product from TiO₂ feedstocks and processed through the Group's newly commissioned separation plant in China and (iii) undertakings by two of the directors not to demand repayments due to them of approximately \$2.29 million until such time when the Group has available funds and is generating positive operating cash flows (refer note 20). The directors also anticipate strengthening of the mineral sands market and trading in China in 2019.

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.

These 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

Other than changes in accounting policies resulting from application of certain new HKFRSs, the accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for half year ended 31 December 2018 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 30 June 2018.

Adoption of new/revised HKFRS – effective on 1 July 2018

Standards and Interpretations adopted in the current year:

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The other new or amended IFRSs that are effective from 1 July 2018 did not have any material impact on the Group's accounting policies.

(a) HKFRS 9 - Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 July 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the interim condensed consolidated financial statements.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

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

Significant accounting policies (cont'd)

(a) HKFRS 9 - Financial Instruments ("HKFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

The following table summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings as of 1 July 2018 as follows (increase/(decrease)):

	\$
Retained earnings	
Retained earnings as at 30 June 2018	11,689,667
Increase in expected credit losses ("ECLs") in trade and other receivables (note 1(a)(ii))	<u>(565,617)</u>
Restated retained earnings as at 1 July 2018	<u>11,124,050</u>

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (for example trade receivables that do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL

FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

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

Significant accounting policies (cont'd)

(a) HKFRS 9 - Financial Instruments ("HKFRS 9") (cont'd)

(i) Classification and measurement of financial instruments (cont'd)

Amortised costs

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 July 2018 under HKAS 39 \$	Carrying amount as at 1 July 2018 under HKFRS 9 \$
Cash and cash equivalents	Loans and receivables	Amortised cost	3,167,548	3,167,548
Time deposits greater than 90-days	Loans and receivables	Amortised cost	61,112	61,112
Trade and other receivables	Loans and receivables	Amortised cost	9,138,599	8,572,982
Listed equity investments	Available-for-sale financial assets	FVTPL	49,160	49,160

As of 1 July 2018, the listed equity investments were reclassified from available-for-sale financial assets to FVTPL. As a result, financial assets with carrying value of \$49,160 were reclassified from available-for-sale financial assets to FVTPL.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECLs model". HKFRS 9 requires the Group to recognise ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using the simplified approach under HKFRS 9 and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

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

Significant accounting policies (cont'd)

(a) HKFRS 9 - Financial Instruments ("HKFRS 9") (cont'd)

(ii) Impairment of financial assets (cont'd)

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. No additional impairment for these receivables as at 1 July 2018 and during the six months period ended 31 December 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

Other financial assets at amortised cost of the Group include other receivables. Applying the ECL model resulted in the recognition of ECL of \$565,617 at 1 July 2018, further details of which are set out in note 6.

(b) HKFRS 15 - Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 July 2018). As a result, the financial information presented for 2017 has not been restated.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

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

Significant accounting policies (cont'd)

(a) HKFRS 15 - Revenue from Contracts with Customers (cont'd)

(i) Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group's contracts with customers for the sales of mineral products is generally very simple and basically involves only one performance obligation which is the delivery of the specified goods. The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue as the trading of minerals and the sale of processed minerals by the group does not meet the three criteria set out above to recognise revenue over time.

(ii) Presentation and disclosure requirements

As required for the interim condensed consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosures of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 8 for the disclosure on disaggregated revenue.

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 2018. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

2 Net loss for the half year

The following significant revenue and expense items are relevant to explaining the financial performance	31 December 2018 \$	31 December 2017 \$
Interest income	13,476	15,349
Rental and other income	130,982	246,090
Reversal of impairment of capital works in progress (note 12(a))	-	1,693,004
Reversal of receivables	100,710	96,634
Depreciation and amortisation	(394,202)	(662,681)
Foreign exchange loss	(53,424)	(63,707)
Interest expenses	(45,625)	(85,320)
Write down of inventory	-	(24,421)
Research and development expenditure	(194,155)	(303,459)

3 Dividends

Dividends paid for during the half year:

	31 December 2018 \$	31 December 2017 \$
Final unfranked dividend of NIL (2017: 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 2018 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 is subject to an application for annulment by the Gambian Government. The Company continues to work towards a settlement with the Gambia Government and negotiations are ongoing. The directors are unable to predict when a resolution may be reached at this stage.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

6 Trade and other receivables

	31 December 2018 \$	30 June 2018 \$
Current assets:		
Trade debtors	3,423,380	2,428,851
Land sale receivable*	-	3,331,210
Prepayments and other debtors – net	4,431,771	2,620,293
	7,855,151	8,380,354
Non-current assets:		
Sundry receivable	-	58,351
Land sale receivable*	2,789,087	3,320,187
	2,789,087	3,378,538
Total	10,644,238	11,758,892

* 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 2015. Under the agreement, the net proceeds, amounting to \$20,356,248, were to be received in instalments with the final instalment to be paid in November 2016. The land contract is unconditional and payment is binding on the buyer being the Yingkou Government and its related entities, but the payments expected have been delayed.

As explained in note 1(a)(ii), the Group has adopted HKFRS 9 during the current period. Under the transitional provisions of HKFRS 9, the Group has recognised an impairment provision against this non-trade receivable at 1 July 2018 in the amount of \$565,617 using the ECL model adopted by the Group. The total amount outstanding before this provision was \$6,651,397. The directors continue to believe this remaining balance will be recovered in full as it is owed by a Chinese government entity, but estimate it will only be settled in 2019/20. The provision has accordingly been determined on that basis. During the half year ended 31 December 2018, the Group received payment of \$3,092,997 and therefore no additional provision was considered necessary against the remaining balance of \$2,789,087 (after provision) at the reporting date.

7 Subsidiaries

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

8 Segment information

(a) Description of Segments

The Group has adopted HKFRS 8 “Operating Segments” from whereby segment information is presented using a “management approach”, i.e. segment information is provided on the same basis as information used for internal reporting purposes by the Managing Director (chief operating decision maker) who monitors the segment performance based on the net profit before tax for the period. Operating segments have been determined on the basis of reports reviewed by the Managing Director/President who is considered to be the chief operating decision maker of the Group. The reportable segments are as follows:

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

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

8 Segment information (cont'd)

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

31 December	DMS		China		Senegal		Other		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sale of mineral products:										
Revenue from contracts with external customers	-	-	4,226,231	1,368,185	-	-	-	-	4,226,231	1,368,185
Revenue from other sources										
Interest income	178	138	12,326	14,112	-	-	972	1,099	13,476	15,349
Rent and other income	65,681	31,400	65,301	214,690	-	-	-	-	130,982	246,090
Total revenue	65,859	31,538	4,303,858	1,596,987	-	-	972	1,099	4,370,689	1,629,624
Segment result										
Segment (loss)/profit	(7,929)	(115,923)	(431,039)	115,121 *	135,875	45,350	(221,417)	(322,346)	(524,510)	(277,798)
Acquisition of PPE, intangibles assets and other non-current segment assets	237,844	364,697	1,752,468	830,691	156,890	846,581	-	-	2,147,202	2,041,969
Depreciation and amortisation	4,680	366,491	388,591	295,732	931	348	-	110	394,202	662,681

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

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

8 Segment information (cont'd)

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

2018	DMS		China		Senegal		Other		Total	
	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Segment assets	72,364,669	72,279,496	35,210,522	35,685,148	11,072,541	7,956,527	401,078	830,398	119,048,810	116,751,569
Consolidated total assets									119,048,810	116,751,569
Liabilities										
Segment liabilities	686,945	1,861,523	5,721,949	7,466,123	112,431	62,419	2,580,764	2,303,575	9,102,089	11,693,640
Deferred tax liabilities									6,008,809	5,173,418
Borrowings									5,200,145	76,080
Consolidated total liabilities									20,311,043	16,943,138

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

9 Issued capital

	31 December 2018 \$	30 June 2018 \$
122,479,784 (30 June 2018: 122,479,784) Fully Paid Ordinary Shares	76,549,865	76,549,865
Total	76,549,865	76,549,865

	31 December 2018 No.	30 June 2018 No.
At the beginning of reporting period	122,479,784	122,479,784
At reporting date	122,479,784	122,479,784

10 Loss per share

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

	31 December 2018 \$	31 December 2017 \$
Loss attributable to owners	(944,758)	(164,174)
Loss used to determine basic and diluted loss per share	(944,758)	(164,174)

(b) Weighted average number of ordinary shares:

	31 December 2018 No.	31 December 2017 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.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

11 Inventories

	31 December 2018 \$	30 June 2018 \$
Raw materials – at net realisable value	4,343,727	1,225,692
Semi-manufactured goods	107,426	167,075
Finished goods – at net realisable value	21,332	14,938
Goods in transit	14,784	-
Total	4,487,269	1,407,705

12 Property plant & equipment

	Note	31 December 2018 \$	30 June 2018 \$
Land			
At cost		4,247,755	4,247,755
Total land	12(a)	4,247,755	4,247,755
Buildings			
At cost		10,694,230	10,584,217
Less accumulated depreciation		(2,151,680)	(1,915,282)
Net carrying value	12(a)	8,542,550	8,668,935
Capital works in progress			
At cost		11,592,519	9,505,685
Less accumulated impairment losses		(1,974,905)	(1,954,585)
Net carrying value	12(a)	9,617,614	7,551,100
Plant and equipment			
At cost		6,105,693	6,206,347
Less accumulated depreciation		(2,517,052)	(2,348,447)
Less accumulated impairment losses		(1,747,320)	(1,729,341)
Net carrying value	12(a)	1,841,321	2,128,559
Total property, plant and equipment		24,249,240	22,596,349

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

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 2018					
Balance at 1 July 2018	7,551,100	4,247,755	8,668,935	2,128,559	22,596,349
Additions	1,683,728	-	-	68,740	1,752,468
Depreciation	-	-	(211,469)	(143,819)	(355,288)
Transfers	304,286	-	-	(304,286)	-
Foreign exchange movements	78,500	-	85,084	92,127	255,711
Balance at 31 December 2018	9,617,614	4,247,755	8,542,550	1,841,321	24,249,240
Year ended 30 June 2018					
Balance at 1 July	5,713,982	5,254,000	8,571,395	414,544	19,953,921
Additions	1,486,436	-	-	406,691	1,893,127
Depreciation	-	-	(416,260)	(207,318)	(623,578)
Disposal	-	(1,006,245)	-	-	(1,006,245)
Transfers	(28,491)	-	-	28,491	-
Transfer from development costs (note 14)	-	-	-	1,417,142	1,417,142
Foreign exchange movements	379,173	-	513,800	69,009	961,982
Balance at 30 June 2018	7,551,100	4,247,755	8,668,935	2,128,559	22,596,349

(b) Reversal of impairment of capital works in progress

In prior years in 2011 and 2015, the Group had made full impairment provision totalling \$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 a full impairment provision against it. However, notwithstanding these impairment provisions, the Group had continued to work on this project.

During the half-year period to 31 December 2017, the Group had made sales of Zirconium Dioxide of around \$133,000 and the directors were hopefully of making significant headway in sales with this product in the coming year. In view of these developments, the directors reversed all of the impairment provision against Zr Sponge to profit or loss at the Half Year Report of 31 December 2017. However, sales from Zr Sponge in the second half of FY2018 were minimal as the largest potential customer did not place the level of anticipated sales orders. In light of this, the directors considered it prudent to reinstate the full impairment provision of \$1,693,004 against Zr Sponge at 30 June 2018. Insignificant sales were derived from Zr Sponge production equipment for the half year ended 31 December 2018, and accordingly no reversal of impairment provision is considered appropriate.

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

13 Exploration and evaluation assets

		31 December 2018	30 June 2018
	Note	\$	\$
Evaluation costs			
Cost	13(a)	7,792,406	7,789,267
Less accumulated impairment losses	13(a)	(7,487,231)	(7,487,231)
Net carrying value	13(e)	305,175	302,036
Exploration expenditure capitalised – DMS project			
Exploration and evaluation phases	13(b)	54,325,032	54,087,188
Net carrying value	13(e)	54,325,032	54,087,188
Water rights – DMS project			
Net carrying value	13(c)(d)	13,614,105	13,614,105
Total exploration and evaluation assets	13(e)	68,244,312	68,003,329

(a) Evaluation costs and impairment losses

	31 December 2018	30 June 2018
	\$	\$
TiO2 project		
Cost	7,487,231	7,487,231
Less accumulated impairment losses	(7,487,231)	(7,487,231)
Net carrying value	-	-
Capitalised testing and design		
Cost	305,175	302,036
Less accumulated impairment losses	-	-
Net carrying value	305,175	302,036
Total		
Cost	7,792,406	7,789,267
Less accumulated impairment losses	(7,487,231)	(7,487,231)
Total evaluation costs	305,175	302,036

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

13 Exploration and evaluation assets (cont'd)

(b) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the DMS project. As at 31 December 2018 and 30 June 2018, the Group has complied with the conditions of the granting EL5186, ML5532, RL2002 and RL2003. As such the Directors believe that the tenements are in good standing with the Department of Economic Development, Jobs, Transport and Resources (which has incorporated the responsibilities previously administered by the Department of Primary Industries) in Victoria, who administers the Mineral Resources Development Act 1990.

During the half-year, DMS continued to 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.

(c) Water rights

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

In July 2018, a "Deed of Variation" was signed between Grampians Wimmera Mallee Water Corporation ("GWM Water") and Donald Mineral Sands Pty Ltd., a wholly owned subsidiary of the Company. The variation provides for an extension of the term of the original agreement of up to 4 years subject to terms and conditions.

(d) Finite lives

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

(e) Movement in net carrying value

	Exploration and evaluation phase \$	Evaluation costs \$	Water rights \$	Total \$
Half-Year ended 31 December 2018				
Balance at 1 July 2018	54,087,188	302,036	13,614,105	68,003,329
Additions	237,844	-	-	237,844
Amortisation (note 13(d))	-	-	-	-
Foreign exchange movements	-	3,139	-	3,139
Balance at 31 December 2018	54,325,032	305,175	13,614,105	68,244,312
Year ended 30 June 2018				
Balance at 1 July 2017	52,513,029	7,164,479	13,973,278	73,650,786
Additions	1,574,159	1,033,709	-	2,607,868
Amortisation	-	-	(359,173)	(359,173)
Transfer to development costs* (note 14)	-	*(8,007,908)	-	(8,007,908)
Foreign exchange movements	-	111,756	-	111,756
Balance at 30 June 2018	54,087,188	302,036	13,614,105	68,003,329

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

13 Exploration and evaluation assets (cont'd)

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

* 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 were therefore been reclassified as "Development costs" (note 14) during the year ended 30 June 2018.

The amount transferred to Development Costs of \$8,007,908 was made up as evaluation costs incurred of \$8,434,029 less impairment losses recognised of \$426,121 at the date of transfer.

14 Development costs

	31 December 2018 \$	30 June 2018 \$
Opening balance	6,590,766	-
Additions	156,890	-
Foreign exchange movements	61,495	-
Transfer in from evaluation costs (note 13(f))	-	8,007,908
Transfer to plant and equipment (note 12(a))	-	(1,417,142)
Balance at 31 December 2018	6,809,151	6,590,766

15 Land use rights

	31 December 2018 \$	30 June 2018 \$
Opening balance	3,116,708	3,010,784
Amortisation	(38,914)	(76,622)
Foreign exchange movements	31,478	182,546
Closing balance	3,109,272	3,116,708

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

16 Trade and other payables

		31 December 2018	30 June 2018
	Note	\$	\$
Trade payables		1,139,046	2,770,232
Note payables		-	2,040,782
Deposit received in advance	16(a)	618,599	4,451,280
Other payables	16(b)	3,135,830	2,348,598
Total		4,893,475	11,610,892

(a) Deposit received in advance

Upon the adoption of HKFRS 15, a significant amount received in advance in connection to an offtake agreement has been reclassified to contract liabilities (note 17). The balance as of 30 June 2018 has not been restated.

(b) Other payables

Included in other payables was a balance of \$2,289,571 (30 June 2018: \$2,039,571) in aggregate due to 2 related companies as detailed in note 20.

17 Contract liabilities

		31 December 2018	30 June 2018
	Note	\$	\$
Contract liabilities arising from:			
Advance deposit for future provision of goods	17(a)	4,122,988	-
Total		4,122,988	-

(a) Sale of goods

During the year ended 30 June 2017, a deposit of RMB20 million (equivalent to \$4,122,988 as at 31 December 2018) 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. Delivery of the mineral sands have been fallen behind the schedule as a result of the deferral of commencement of operations of the Senegal project. The Group has continued to engage in dialogue with Wensheng and the revised commencement of deliveries of product is estimated to be September 2019.

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

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

18 Borrowings

		31 December 2018	30 June 2018
	Note	\$	\$
Advanced from a director	18(a)	76,080	76,080
Bank borrowings	18(b)	4,711,665	-
Other short-term borrowing	18(c)	412,400	-
Total		5,200,145	76,080

(a) Advanced from a director

Executive director, Mdm Kang Rong, advanced the Group \$76,080 for working capital. The loan is provided interest free and repayable on demand.

(b) Bank borrowings

The bank loans were denominated in RMB, interest bearing at a range from 4.35% to 7.00% p.a. and repayable on or before 31 December 2019.

(c) Other short term borrowing

Other loan was denominated in RMB, interest bearing at 10% p.a. and repayable on or before 31 December 2019. The loan is secured by certain land use right in China.

19 Subsequent events

There were no material subsequent events after 31 December 2018 and up to the date of this half year report.

20 Related party transactions

During the year ended 30 June 2018, 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 31 December 2018.

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 2017: \$310,000).

As at 31 December 2018, there are unpaid Directors and management fees payable to Directors' related entities as follows:

- Mdm Kang Rong, Juhua International Limited of \$1,068,732 (30 June 2018: \$943,732); and
- Mr Alex Brown, Firback Finance Limited of \$1,220,839 (30 June 2018: \$1,095,839)

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

Astron Corporation Limited and its Subsidiaries

Company Number: 1687414

Notes to the Interim Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

21 Fair value

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

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

	31 December 2018 \$	30 June 2018 \$
Financial assets at fair value through profit or loss		
ASX listed equity shares – Level 1	38,632	49,160
	38,632	49,160

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

The financial information relating to the year ended 30 June 2018 that is included in the interim condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is set out below:

The Company has delivered its statutory financial statements for the year ended 30 June 2018 to the (Hong Kong) Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those statutory financial statements. The auditor’s report was unqualified; contained a reference to the Company’s ability to continue as a going concern to which the auditor drew attention by way of emphasis; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance. A copy of the Company’s statutory financial statements for the year ended 30 June 2018 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

Declaration by Directors

For the Half-Year Ended 31 December 2018

The Directors of the Company declare that:

1. The interim condensed consolidated financial statements, comprising the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity, and accompanying notes, as set out on pages 6 to 29,
 - (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 2018 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 28 February 2019

**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 29 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 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year then ended, and a summary of significant accounting policies and other explanatory notes (the “interim condensed consolidated financial statements”). The Australian Stock Exchange Listing Rules require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof. The directors are responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review


We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to note 1 in the interim condensed consolidated financial statements, which indicates that the Group had net current liabilities of \$454,486 as at 31 December 2018, incurred a pre tax loss of \$524,510 and had net cash outflows from operating activities of \$6,810,718 during the half-year then ended. 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
Certified Public Accountants

Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 28 February 2019