

Astron Corporation Limited

ARBN 154 924 553

Incorporated in Hong Kong, company number 1687414

Preliminary Final Report - Unaudited

Year ended 30 June 2015

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CORPORATE DIRECTORY

Directors

Mr Gerard King (Chairman)

Mr Alexander Brown (Managing Director)

Mdm Kang Rong (Executive Director)

Company Secretary and Registered Office

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China Business Office

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Liaoning Province, China 110016

Telephone: 86 24 3128 6222

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Bankers

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48 Martin Place

Sydney NSW 2000, Australia

Share Registrar

Computershare Investor Services Limited

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Sydney NSW 2001, Australia

Computershare Hong Kong Investor Services Limited

Hopewell Centre, 46th floor

183 Queen's Road East

Wan Chai, Hong Kong

Auditors

Grant Thornton Audit Pty Limited

Level 17, 383 Kent Street

Sydney NSW 2000, Australia

Grant Thornton Jingdu Tianhua

20th Floor Sunning Plaza

10 Hysan Avenue Causeway Bay Hong Kong

Internet Address

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Astron Corporation Limited and its Subsidiaries

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Summary of results and commentary

For the Year Ended 30 June 2015

PRELIMINARY FINAL INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

ASTRON CORPORATION LIMITED

ARBN

154 924 553

Reporting period

30 June 2015

Previous corresponding period

30 June 2014

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

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

OPERATIONAL HIGHLIGHTS

- Astron continues to develop opportunities to develop mineral sands deposits in USA for processing and sale in China
- Additional drilling and delineations of mineral resource estimates for the Donald and Jackson deposits
- Ongoing optimization of the Donald Project in terms of optimizing mining method, technical process improvement and utilising Chinese equipment to achieve more competitive CAPEX and OPEX
- Progress taken towards bankability of the Donald project
- Further work undertaken in Senegal in relation to community acceptance and the application for a mining licence for the Niafarang project
- The Research & development program over 2013 and 2014 resulted in a \$1,998,945 in tax refund brought to account in the current year
- Sale of land in China included in other income of \$11,081,124

FINANCIAL HIGHLIGHTS

Net tangible asset value per share	Up	33.4%	to 38.8 cps
Revenue from continuing operations	Down	(45.8%)	to \$2,788,428
Cash (outflow) from operating activities	Down	(\$2,898,289)	to (\$3,741,879)
Loss before tax from continuing operations attributable to members	Up	\$136,339	to (\$6,174,119)
Profit after tax attributable to members	Up	\$15,572,524	to \$7,989,118
Total comprehensive profit for the year	Up	\$23,643,991	to \$15,638,108

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COMMENTARY ON RESULTS

Overview

Astron Corporation Limited (Astron HK) is the group's holding company. Astron HK controls 100% of Astron Limited. Astron Limited in turn controls three wholly owned operating subsidiaries: Donald Mineral Sands Pty Limited (DMS), Yingkou Mineral Resources Company Limited (Resources) and Astron Titanium Yingkou Company Limited (Titanium). Donald holds the Donald mineral sands mining project (Donald Project). Resources and Titanium are Astron's Chinese operating companies.

Financials

Statement of profit or loss and other comprehensive income

- Total revenue comprising sales, interest received and other income increased over the prior year by 169.4% to \$13,869,552. This is mainly due to the sale of Chinese land, offset by the substantial reduction in cash on deposit and limited trading in Chinese markets.
- Gross margins from the trading business were negative due to poorer trading conditions.
- Administration expenditure decreased by \$1,332,154. This decrease can be explained mainly due to the reduction in remuneration of key management personnel for the year and ongoing expenditure rationalisation.
- Costs associated with Gambia litigation comprise legal fees and associated advisors' costs.

Statement of financial position

- The increase in inventory is mainly attributable to the market price and foreign exchange benefits, in a market showing ongoing difficult trading conditions.
- Available for sale financial assets comprise shares in South American Iron & Steel, Altona Mining, Zambezi Resources and Greenpower Energy. The combined market value of these investments has increased by \$355,706 from 30 June 2014 after the Group received \$669,104 in a return of capital from Altona Mining. This increase has been credited to the financial assets available-for-sale reserve in the statement of financial position.
- The increase in intangible assets arises from development expenditure capitalised in respect of the Donald and Niafarang Projects.
- Land use rights comprise 50 year land use leases. These leases are capitalised and amortised over the 50 year period. Land previously held as available for sale has now been accounted for as sold with material proceeds expected to be received from September 2015.
- The increase in the net asset value from 29.2 cps at 30 June 2014 to 38.8 cps at 30 June 2015 primarily results from the sale of land and 20% appreciation of the Chinese Renminbi against the Australian Dollar.

Operations review

Donald

The development of the Donald project continued during the period under review. Progress was made in the

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following areas:

Regulatory

- The next stage in obtaining the right to mine is the completion of a work plan. A draft work plan has been submitted to the Department of Primary Industries. Stage 1 site surveys were undertaken and completed during the reporting period. A development plan for stage 2 has been completed and work continues.

Geology and mining

- Additional drilling and sampling had been undertaken on the Donald and Jackson mineral sands deposits.
- The company has now released a resource upgrade has been released to comply with the JORC 2012 code.
- Work was undertaken to upgrade the definitive feasibility study, which was announced in July 2014.

Land

- No further land was purchased during the year.

Funding

- The company continues to consider funding and optimisation options on the basis of its feasibility study.
- As announced on 14 April 2014 Donald Mineral Sands Pty Ltd has entered into a framework agreement with the China Machinery Engineering Corporation which sets out the parties' intentions and the process for agreeing on an EPC contract for supply and installation of equipment for the MUP/WCP for the Donald Mineral Sands project and assistance with funding the Project.

China operations

- Work at Yingkou continued with the construction of additional infrastructure, construction of the zircon sponge plant and the purchase of equipment for the laboratory.
- Astron's technical consultants Mineral Engineering Technical Services Pty Ltd have confirmed that the proposed zircon washing process is feasible and capable of reducing the impurities in the Donald zircon sand enabling the production of a premium zircon product. Further development of separation plant was undertaken.

Senegal

- Work continued on the components required to apply for the mining licence which is subject to Government approval.

America

- Astron continues to seek mineral sands deposits in USA for processing and sale in China.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
Sales revenue	1,984,024	1,636,910
Cost of sales	<u>(2,048,434)</u>	<u>(1,983,546)</u>
Gross (loss)/profit	(64,410)	(346,636)
Interest income	146,645	3,270,641
Other income	11,738,883	240,210
Distribution expenses	(42,996)	(88,699)
Marketing expenses	(17,624)	(26,434)
Occupancy expenses	(169,708)	(143,646)
Administrative expenses	(6,086,008)	(7,418,162)
Write back/(down) of stock	392,139	(481,578)
Impairment of capital works in progress	(1,296,742)	-
Impairment of available-for-sale financial assets	-	(19,363)
Bad debts provision write back/(expense)	613,887	(1,117,662)
Costs associated with Gambian litigation	(264,460)	(93,547)
Finance costs	(28,224)	(45,840)
Other expenses	<u>(14,377)</u>	<u>(39,742)</u>
Profit/(Loss) before income tax expense	4,907,005	(6,310,458)
Income tax expense	3,082,113	(1,272,948)
Net profit/(loss) for the year	<u>7,989,118</u>	<u>(7,583,406)</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit and loss</i>		
(Decrease)/ increase in fair value of available-for-sale financial assets	355,706	242,414
Foreign currency translation differences	<u>7,293,284</u>	<u>(664,891)</u>
Other comprehensive income for the year, net of tax	<u>7,648,990</u>	<u>(422,477)</u>
Total comprehensive income for the year	<u>15,638,108</u>	<u>(8,005,883)</u>
Profit/(Loss) for the year attributable to:		
Owners of Astron Corporation Limited	7,989,118	(7,583,406)
Total comprehensive income for the year attributable to:		
Owners of Astron Corporation Limited	15,638,108	(8,005,883)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	Year Ended 30 June 2015	Year Ended 30 June 2014
1. EARNINGS/(LOSS) PER SHARE		
For profit/(loss) profit for the year		
Basic profit/(loss) earnings per share (cents per share)	6.52	(6.19)
2. COMPARISON OF HALF-YEAR RESULTS		
Consolidated profit/(loss) after tax attributable to owners reported for the first half year	(398,545)	(2,778,783)
Consolidated profit/(loss) after tax attributable to owners reported for the second half year	8,387,663	(4,804,623)
Total consolidated profit/(loss) after tax for the year	7,989,118	(7,583,406)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Consolidated Statement of Financial Position

As at 30 June 2015

	As at 30 June 2015	As at 30 June 2014
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	5,695,015	2,905,195
Term deposits greater than 90-days	161,337	7,220,272
Trade and other receivables	22,529,029	1,569,997
Inventories	797,298	449,780
Available-for-sale financial assets	892,851	1,206,249
Current tax assets	-	558,154
	30,075,530	13,909,647
Assets classified as held for sale	-	6,738,679
Total current assets	30,075,530	20,648,326
Non-current assets		
Property, plant and equipment	22,363,317	20,850,447
Intangible assets	64,926,815	61,182,133
Land use rights	3,525,124	2,903,760
Total non-current assets	90,815,256	84,936,340
TOTAL ASSETS	120,890,786	105,584,666
LIABILITIES		
Current liabilities		
Trade and other payables	3,180,479	2,429,298
Provisions	18,546	18,546
Total current liabilities	3,199,025	2,447,844
Non-current liabilities		
Deferred tax liabilities	5,226,361	6,309,530
Long-term provisions	40,000	40,000
Total non-current liabilities	5,266,361	6,349,530
TOTAL LIABILITIES	8,465,386	8,797,374
NET ASSETS	112,425,400	96,787,292
EQUITY		
Contributed equity	1,605,048	1,605,048
Reserves	13,355,012	5,706,022
Retained earnings	97,465,340	89,476,222
TOTAL EQUITY	112,425,400	96,787,292

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

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

	Issued Capital	Retained Earnings	Financial Assets Available For Sale Reserve	Foreign Currency Translation Reserve	Total Equity
Year Ended 30 June 2015	\$	\$	\$	\$	\$
Equity as at 1 July 2014	1,605,048	89,476,222	505,599	5,200,423	96,787,292
Profit/(Loss) for the year	-	7,989,118	-	-	7,989,118
Other comprehensive (loss)/ income					
Increase in fair value of available-for-sale financial assets	-	-	355,706	-	355,706
Exchange differences on translation of foreign operations	-	-	-	7,293,284	7,293,284
Total comprehensive profit for the year	-	7,989,118	355,706	7,293,284	15,638,108
Transactions with owners in their capacity as owners					
Return of capital	-	-	-	-	-
Total of transactions with owners in their capacity as owners	-	-	-	-	-
Equity as at 30 June 2015	1,605,048	97,465,340	861,305	12,493,707	112,425,400

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

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

	Issued Capital	Retained Earnings	Financial Assets Available For Sale Reserve	Foreign Currency Translation Reserve	Total Equity
Year Ended 30 June 2014	\$	\$	\$	\$	\$
Equity as at 1 July 2013	30,061,919	160,462,596	263,185	5,865,314	196,653,014
Loss for the year	-	(7,583,406)	-	-	(7,583,406)
Other comprehensive (loss)/ income					
Decrease in fair value of available-for-sale financial assets	-	-	242,414	-	242,414
Exchange differences on translation of foreign operations	-	-	-	(664,891)	(664,891)
Total comprehensive profit for the year	-	(7,583,406)	242,414	(664,891)	(8,005,883)
Transactions with owners in their capacity as owners					
Return of capital	(28,456,871)	(63,402,968)	-	-	(91,859,839)
Total of transactions with owners in their capacity as owners	(28,456,871)	(63,402,968)	-	-	(91,859,839)
Equity as at 30 June 2014	1,605,048	89,476,222	505,599	5,200,423	96,787,292

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

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

	Year Ended 30 June 2015 \$	Year Ended 30 June 2014 \$
Cash flows from operating activities:		
Receipts from customers	2,548,821	3,827,692
Payments to suppliers and employees	(8,024,085)	(8,000,980)
Interest received	445,184	3,651,188
Interest paid	(28,064)	(45,840)
Dividend received	167,276	-
Income taxes received/(paid)	1,148,989	(275,650)
Net cash (outflow)/inflow from operating activities	(3,741,879)	(843,590)
Cash flows from investing activities:		
Receipts from in short term deposits	7,058,935	55,112,846
Acquisition of property, plant and equipment	(17,506)	(195,535)
Return of capital from other financial assets	669,104	-
Construction in works in progress	(27,847)	(3,791,762)
Capitalised exploration, evaluation expenditure and development costs	(4,013,836)	(1,253,268)
Net cash outflow from investing activities	3,668,850	49,872,281
Cash flows from financing activities:		
Return of capital	-	(91,859,839)
Borrowings	1,000,000	(301,909)
Net cash inflow/(outflow) from financing activities	1,000,000	(92,161,748)
Net increase/(decrease) in cash held	926,971	(43,133,057)
Cash and cash equivalents at beginning of the year	2,905,195	45,790,618
Net foreign exchange differences	1,862,849	247,634
Cash and cash equivalents at end of the year	5,695,015	2,905,195

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

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Additional Information

For the Year Ended 30 June 2015

1. DETAILS OF CONTROLLED ENTITIES

During the financial year ended 30 June 2015 there were no changes in respect to the control of any entities.

2. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Group has no associates or joint venture entities.

3. DIVIDENDS / RETURN OF CAPITAL

No dividends were paid or proposed for the years ended 30 June 2015 and 30 June 2014. There is no Dividend Reinvestment Plan in operation.

4. ACCOUNTING STANDARDS

Australian Accounting Standards and International Financial Reporting Standards have been used in preparing the information contained in this Appendix 4E.

5. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half-year report.

6. CONTINGENCIES

The Group contingencies are broadly in line with those disclosed in the last annual report.

7. OTHER INFORMATION REGARDING THE PRELIMINARY REPORT

The information contained in this Appendix 4E is based on accounts that have not yet been audited.

8. COMPARATIVE INFORMATION

The comparative financial information has been presented on a consistent basis with the prior year's audited financial Statements.

9. TRADE AND OTHER RECEIVABLES

At year end the Group has disposed of leasehold land in China, there is currently \$20,356,248 AUD outstanding and receivable post year end under the terms of the sale contract. There is no other significant information requiring disclosure in the preliminary report.

10. OTHER SIGNIFICANT INFORMATION

There is no other significant information requiring disclosure in the preliminary report.