ASTRON

Astron Limited

2010

Annual Report

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Cautionary Statement

Certain sections of this report contain forward looking statements that are subject to risk factors associated with, amongst other things, 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.

Chairman's Letter

Dear Shareholder,

Firstly, thank you for your support during the current year. The focus of Astron during the 2010 financial year has been the continued development of, and working with potential funders for, the Donald project.

In terms of project development we have upgraded the resource, obtained our mining licence, purchased two blocks of land in the mining area and established a test facility for possible delivery of ground water. In China, we have completed the first phase of construction of our factory at the Yingkou site.

On the corporate side, we signed a memorandum and further agreement with POSCO. The intention is for POSCO to invest in Donald as a strategic equity or joint venture partner. In addition, we are considering ways in which to deliver the intrinsic value of the Astron Group to our shareholders.

I am pleased to report the group generated cash from operating activities of $4 million for the current financial year. This compares to $0.9 million for the last financial year. The improvement can be attributed to increased interest earned and tighter cost and working capital control. We have continued with our share buy-back. We believe the share buy-back provides liquidity in the market for Astron shares and is also value enhancing to current shareholders. The Group's net asset value per share increased marginally, from 325cps in 2009 to 326cps in 2010.

The outlook for zircon and titanium products is improving. During the next few years as the production of ceramic based products and specialty chemicals increases, consumption and therefore demand for zircon will increase. It is anticipated that the zircon price will increase as demand increases at a greater rate than supply. The increase in demand will be driven mainly by the Asia-Pacific countries with China leading the way. Given Astron's strong capabilities and understanding of the Chinese market we are well positioned to take advantage of this growth.

I would like to take this opportunity to thank my fellow directors and the employees of Astron for their efforts during 2010.

Finally, we look are looking forward to further progressing Astron and its projects in the 2011 financial year.

Gerard King
Chairman
24 September 2010

Managing Director’s Report

INTRODUCTION

Astron Limited is the group’s holding company. Astron has three wholly owned operating subsidiaries, namely: Donald Mineral Sands Pty Limited (Donald), Yingkou Mineral Resources Company Limited (Resources) and Astron Titanium Yingkou Company Limited (Titanium). Donald holds the Donald Mineral Sands mining project. Resources and Titanium are Astron’s Chinese operating companies.

Based in China over the last 23 years, the group was built up to become the largest zirconium chemical producer in world with sales branches across China and globally. In 2008, a major part of the Group was sold to Imerys.

Over the past 7 years Astron has increased its net asset value per share at an average rate of 27% per annum. The cash component of the net asset value per share has increased by 38% per annum.

Growth in NAV per share

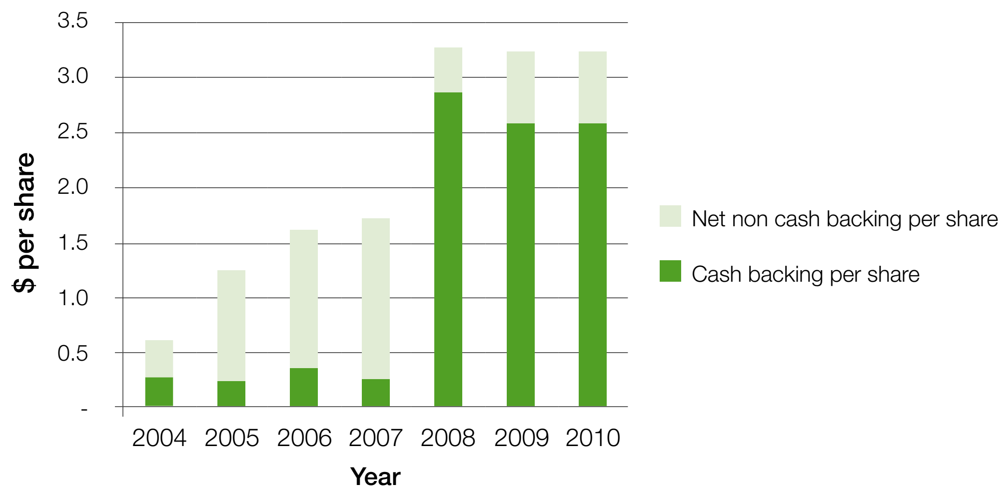


Chart 1: Growth in net asset value per share

This platform sets the Group up with a strong and proven network and track record in China to enable it to develop the market for its mineral sands products and provide confidence of its abilities to its stakeholders.

The Group’s focus during the 2010 financial year has been on:

- Developing the Donald Project and the technologies around its downstream applications.
- Identifying and developing relationships with possible joint venture or strategic equity partners for Donald.
- Updating feasibility studies, undertaking further drilling and resolving impediments around the development of the project.
- Commencing construction of the facilities at Yingkou in China.

OPERATIONAL UPDATE

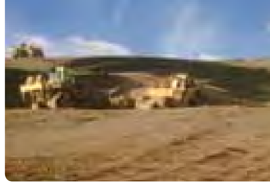
During the year to 30 June 2010, progress was made in the following areas:

- An updated resource has been calculated showing 4.5 billion tonnes of ore at a 1% heavy mineral cut-off grade. Additional drilling and sampling continues to be undertaken.
- Contracts for two blocks of land with a total purchase consideration of $1,401,168 were settled during early July 2010.
- The Donald mining licence was approved in August 2010.
- Astron signed a non-binding memorandum of understanding with Korean steelmaker POSCO, this was followed up with the signature of a further agreement.
- The construction of the factory and warehouse at Yingkou has commenced with the outer walls, roofing and flooring having been completed.
- A 50 ML dam was constructed at the Cope Cope pump site and initial aquifer testing was undertaken.
- A laboratory has been set up at the factory at Yingkou.

FINANCIAL UPDATE

Income statement

- Sales revenue comprises sales of zircon and rutile products. Revenue from sales of Zircon and Rutile resulted in a gross margin of $1,871,349 an increase of $1,506,793 from 2009.
- Interest received increased due to an increase interest rates and Astron extending the term of some deposits from 3 months to 6 months.
- Administrative expenditure decreased due to the continued streamlining of the organisation.
- In addition to administration expenses, costs include the impairment of Astron's available for sale share investments. Astron has incurred expenditure in relation to, financing its legal claims in respect of its damages claim from the Gambian government for the expropriation of its mining rights and development expenditure in respect of its Senegal operations.
- The tax charge of $1,557,398 represents a current tax charge of $262,531 and a deferred tax charge of $1,294,867. The deferred tax charge relates primarily to Donald development expenditure which has been capitalised.
- The Group generated a profit after tax of $1,190,286. This compares favourably to a loss of $2,498,802, from continuing operations, for the 2009 financial year.
- The decision as to Astron's future dividend plan is dependent upon the Group concluding funding arrangements with strategic equity partners and other financiers for the development of its projects.



Balance Sheet

Current assets

- As at 30 June 2010, the Group has $166,504,524 of cash and term deposits on its balance sheet.
- On the face of the balance sheet "cash assets" have been split between cash and term deposits. Term deposits relate to bank deposits with a term of 180 days. This increase in term deposits is shown in the cash flow as an investing activity hence the decrease in cash held.

Non-current assets

- Property, plant and equipment includes work-in-progress relating to the mineral separation plant and the factory at Yingkou.
- The Donald Mineral Sands project is accounted for in terms of AASB 6 - Exploration for and Evaluation of Mineral Resources. This asset is accordingly shown at cost, with expenditure incurred being capitalised.
- Titanium continues to hold the land use rights to the property in Yingkou which will be used as the site to develop Astron's China projects.

Liabilities

- Trade and other payables include creditors and accruals in respect of purchases of stock.

Net asset value per share

- As at 30 June 2010, Astron's net asset value per share was 326cps (2009: 325cps). Cash and cash equivalents and term deposits per share were 259cps (2009: 261cps).

Cash flow

During the year, the Group generated cash from operating activities of $3,954,900. This was an increase of 347% or $3,070,498 from 2009. The increase can be attributed to an increase in interest rates, a reduction in stock holdings, improved debtor collections and across the board cost reductions.

THE FUTURE OF THE INDUSTRY

The Global Financial Crisis had an impact on all components of the titanium and related products supply chain. Global supply is forecast to plateau leading to significant structural deficits. The demand will be led by China as the demand shifts away from traditional markets.

Zircon

Zircon consumption fell 20% from 2007 to 2009. This decline more than reversed the overall growth pattern from 2000 to 2007. China has however shown steady growth in zircon demand utilising 40% of global zircon demand in 2009. With zircon consumption closely linked to GDP, the country's strong growth in the sector is expected to continue.

The zircon market is expected to be in close balance in the period to 2012, and from 2013 increasing supply deficits will occur unless additional supply from new projects can be brought on-stream. Zircon prices have increased strongly during 2010 and further price increases are forecast over the medium term.

TiO2 pigment industry

The demand for titanium feedstocks is driven by their use in production of TiO2 pigment. At the start of 2009 demand collapsed with plants being made idle. The industry has reinvented by keeping high cost plants closed and only ramping up production when there are acceptable margins. This appears to have resulted in global pricing moving upwards.

Forecasts indicate that global demand for pigment will increase to 5.39 million tonnes in 2012 or 15% above 2009 levels. Most of the increase in demand over the next decade will come from Asia-Pacific, particularly China.

Forecasts on the supply side expect output to grow to 5.41 million tonnes or by 24% from 2009.

DELIVERING ON THE STRATEGY

We are continuing the work needed to unlock the value inherent in Astron and our projects. This includes:

- Raising funding for the Donald project from strategic equity or joint venture partners and other investors.
- Continued development of our downstream applications including the ZOC and Zirpaque processes.
- Achieving finality in respect of the Gambia legal case.
- Identifying and concluding appropriate targeted acquisitions which are in line with the Group's strategy.

Alex Brown
Managing Director
24 September 2010

Sustainable Development

Astron's sustainable development encompasses our commitment and policy towards our employees, local communities, health and safety and the environment.

Employees and other stakeholders

Astron Group currently has 44 employees. Our responsibility for our Human Resources Policies and the HR Department is important to us.

Astron's HR policies include care and concern for its staff, training, development and happiness plus care and concern for its customers, suppliers and shareholders.

In Astron, salaries are based on competitiveness within the local market environment. Additionally, all employees have a variable performance related bonus which is determined by pre-agreed individual and team objectives.

Profit sharing and other bonuses relating to overall Group performance and team contribution are paid according to policy.

Astron's programs are designed to encourage a young generation of local managers to gain experience quickly and provide real prospects of a satisfying and rewarding management position quickly. Accordingly Astron is a young person's company – dynamic, vibrant, and enthusiastic.

Local communities

Astron aims to promote the safety and well being of the communities in which we operate and to ensure that we conduct our business in a way that is open and transparent to our neighbours. We encourage and facilitate employees volunteering or fund raising in support of local community organisations.

Health and safety

Employee health and safety is managed according to our ISO18001 system, which includes rigorous procedures to identify and eliminate health hazards.

Environment

Astron strives to best in class performance in all aspects of environmental management. Compliance with all applicable legal requirements and legal codes of practice is seen as a minimum standard and we work to prudently reduce emissions and waste.

Particular emphasis is placed on management's role under our ISO14001 system.

The Group is totally committed to continuing vigilance and improved systems, controls and results in areas such as minimisation of all kind of waste from processes.

Corporate Governance

The Board of Directors

The Board of Directors of Astron Limited is responsible for the corporate governance of the consolidated entity and is committed to achieving a high standard of corporate governance.

The Board of Directors at the time of issue of this report comprises:

- Gerard King (Gerry) (Chairman of Directors (Non-Executive))
- Robert (Bob) John Flew (Non-Executive)
- Ronald (Ron) McCullough (Non-Executive)
- Alexander (Alex) Brown (Managing Director)
- Mdm Kang Rong (Executive)

Detail of qualifications and experience of each the above Directors is out on the Directors' report.

Gerard King, Robert Flew and Ronald McCullough are independent Directors in accordance with the guidelines laid out in the ASX guidelines. Further information about the Directors is set out in the Directors' Report.

Corporate Governance Policy

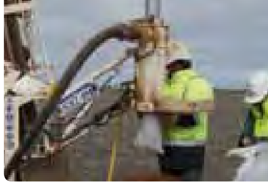
Astron Limited is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council ("the Council") in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance. However, it does not consider that all the practices are appropriate for the Company due to the size and scale of the Company's operations.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board will be responsible for regularly reviewing the performance of its senior management.



In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr. Gerard King, Mr. Robert Flew and Mr. Ron McCullough are Non-Executive Directors. Mr. Gerard King is the Chairman. All Non-Executive Directors are independent Directors as they meet the following criteria for independence adopted by the Company:

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.

- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Managing Director as well as reviewing his performance and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

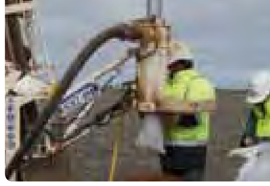
- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company;
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest; and
- if a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.



1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

In addition each Director of the Company must provide the Company Secretary with details of any interest notifiable to ASX in accordance with Listing Rule 3.19A including:

- any relevant interest (within the meaning of section 9 of the Corporations Act) in securities of the Company or a related body Corporate; and
- any interest in contracts to which the Director is a party or under which the Director is entitled to benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company of a related body corporate.

This information must be provided to the Company Secretary as soon as the Director becomes aware of the circumstances referred to above.

1.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities, subject to the prior approval of the Chairman whose approval will not be unreasonably withheld.

1.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

1.9 Trading in Company Shares

Due to the size of the Company, the Board does not consider it appropriate to implement a Share Trading Policy. Rather, it reminds Directors, officers and employees of the prohibition in the Corporations Act 2001 concerning trading in the Company's securities when in possession of "inside information".

1.10 Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation will be to provide best practice corporate governance to the Company.

1.11 Attestations by Chairman and Non-Executive Director

It is the Board's policy, that one of the Non-Executive Directors will be appointed to make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report.

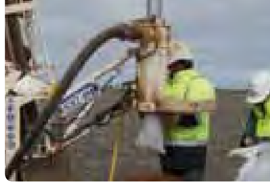
2. Board Committees

2.1 Audit and Finance Committee

Due to the size and scale of operations of the Company the Non-Executive Directors undertake the role of the Audit and Finance Committee. Below is a summary of the role and responsibilities of an Audit and Finance Committee.

2.1.1 Role

The Audit and Finance Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.



2.1.2 Responsibilities

The Audit and Finance Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit and Finance Committee each year reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

The Audit and Finance Committee is also responsible for establishing policies on risk oversight and management.

2.1.3 Risk Management Policies

The Board is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of five (5) members, the Company does not have a separate Risk Management Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2 Code of Conduct

The Company has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and practices necessary to maintain confidence in the Group's integrity.

The Directors require that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the spirit of the law and company policies.

The Code requires employees who are aware of unethical practices within the Group or breaches of the Company's trading policy to report these using the Company's whistleblower program. This can be done anonymously.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

2.3 Remuneration Committee

2.3.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

Due to the size and scale of operations of the Company the Non-Executive Directors undertake the role of the remuneration committee.

2.3.2 Responsibilities

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Managing Director's performance, including, setting with the Managing Director goals and reviewing progress in achieving those goals.

2.3.3 Remuneration Policy

Directors' Remuneration for the majority of Directors is approved at a Board meeting from time to time.

2.3.3.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executives may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders; and
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

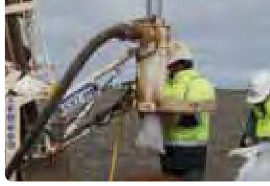
2.3.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.3.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.



2.4 Nomination Committee

2.4.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of five (5) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.4.2 Responsibilities

The responsibilities of a Nomination Committee include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans and evaluates the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.4.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least two Directors with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

2010/11 Financial Calendar (on or before)

Release of quarterly report	29th October 2010
2010 Annual general meeting	25th November 2010
Release of quarterly report	28th January 2011
Release of half year report	25th February 2011
Release of quarterly report	29th April 2011
Release of Appendix 4E	31st August 2011

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 24 September 2010.

Shareholders' interests

(a) Distribution of equity securities

The number of shareholders by size of holding in each class of share are:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	203	96,736	0.15
1,001 - 5,000	272	729,635	1.14
5,001 - 10,000	92	677,561	1.06
10,001 - 100,000	107	2,855,352	4.45
100,001 - 9,999,999,999	30	59,848,249	93.20
Total	704	64,207,533	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 1.94 per unit	258	69	7,877

Note: From 30 June 2010 to 24 September 2010, 24,690 shares were cancelled. These shares were shares acquired in respect of the share buy-back.

(b) Twenty largest shareholders

The twenty largest shareholders are as follows:

Rank	Name	Units	% of Units
1	Firback Finance Limited	27,866,296	43.40
2	P T Arafua Mining Limited	16,180,972	25.20
3	FSC Investment Holdings Ltd	3,718,546	5.79
4	Juhua International Limited	2,000,000	3.11
5	GCC Asset Holdings Pty Ltd	1,442,250	2.25
6	Combined Oil & Gas Pty Ltd	1,000,000	1.56
7	Querion Pty Ltd	1,613,408	2.51
8	ABN Amro Clearing Sydney Nominees Pty Ltd	688,165	1.07
9	HSBC Custody Nominees (Australia) Limited	684,837	1.07
10	J P Morgan Nominees Australia Limited	489,514	0.76
11	Mr Darrell Vaughan Manton + Mrs Veronica Josephine Manton	466,682	0.73
12	Ellrock Pty Ltd	431,884	0.67
13	Mr Donald Alexander Black	376,014	0.59
14	Fylpane Pty Ltd	326,995	0.51
15	National Nominees Limited	311,214	0.48
16	Mr Adrian Robert Nijman + Mrs Jenny Ann Nijman	250,000	0.39
17	Sun Foods Pty Ltd	214,355	0.33
18	Nitco Pty Limited	208,304	0.32
19	Cognition Australia Pty Ltd	190,734	0.30
20	RBC Dexia Investor Services	188,060	0.29

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) Schedule of interests in mining tenements

Location	Tenement	Percentage held
Victoria Australia	EL4432	100
Victoria Australia	EL4433	100
Victoria Australia	EL5255	100
Victoria Australia	EL5263	100
Victoria Australia	EL5186	100
Victoria Australia	EL5261	100
Victoria Australia	EL5262	100

Information policy

It is the policy of the Company to conform with the highest reporting and information standards to its shareholders. Company spokespeople are available and pleased to respond to queries from the financial community, investors and shareholders.

During the year, the Company held one shareholder meeting and at the meeting active discussions took place and questions were answered.

All these initiatives will continue to be improved and expanded in the coming year with the objective of providing the fullest and most detailed information to shareholders consistent with the Company's objectives.

Information on the group and presentations to analysts can be obtained from the Company's Website www.astronlimited.com.

To assist and improve service to shareholders related to the administration of the fully registered shares shareholders can contact our share registry service.

Shareholders can also contact the Company directly by telephone in Australia +61 2 9375 2361

Salient financials

	2010	2009	2008	2007	2006	2005	2004
Share price	1.9	1.8	2.1	2.6	3.1	3.0	2.7
EPS (Overall)	1.8	(3.9)	178.0	0.2	0.4	0.5	0.3
Price Earnings Ratio	105.6	n/a	n/a	13.7	8.9	6.6	8.9
Interest Cover	n/a	n/a	115.0	12.6	n/a	135.0	26.7
Profit and Loss							
Revenue	15.3	10.6	204.2	184.0	151.9	140.7	104.9
Costs	(12.2)	(9.9)	(87.4)	(166.8)	(130.5)	(112.4)	(87.8)
EBITDA	3.1	0.7	116.8	17.2	21.4	28.3	17.1
Depreciation & Amortisation	(0.3)	(0.3)	(2.9)	(2.1)	(1.8)	(1.3)	(1.1)
EBIT	2.8	0.4	113.9	15.1	19.6	27.0	16.0
Borrowing Costs	(0.1)	-	(1.0)	(1.2)	-	(0.2)	(0.6)
NPBT	2.7	0.4	112.9	13.9	19.6	26.8	15.4
Income tax expenses	(1.5)	(2.9)	(1.0)	(2.5)	(1.0)	(0.7)	(0.2)
NPAT	1.2	(2.5)	111.9	11.4	20.6	26.1	15.2
Balance Sheet							
Cash & Term deposits	166.5	168.8	185.6	15.9	20.8	13.4	15.6
Receivables	2.6	2.5	8.4	29.7	21.5	16.7	12.4
Inventories	1.3	2.9	3.4	50.0	28.6	25.9	20.3
Other Financial Assets	0.7	1.1	-	6.1	8.3	-	-
Total Current Assets	171.1	175.3	197.4	101.7	79.2	56.0	48.3
Property, Plant & Equipment	11.4	9.0	6.6	21.7	21.1	14.9	12.6
Investments	-	-	-	2.2	-	6.6	14.1
Intangible assets	21.8	20.4	19.9	24.6	18.3	15.4	-
Land use rights	10.0	10.8	9.0	-	0.3	0.5	1.9
Deferred Tax Assets	-	-	-	0.7	1.1	-	-
Total Non Current Assets	43.2	40.2	35.5	49.2	40.8	37.4	28.6
TOTAL ASSETS	214.3	215.5	232.9	150.9	120.0	93.4	77.0
Payables	1.5	1.8	21.0	31.9	20.6	20.2	17.5
Borrowings	-	-	-	13.6	3.5	-	9.1
Tax Liabilities	0.2	0.9	-	0.3	0.1	1.4	1.4
Total Current Liabilities	1.7	2.7	21.0	45.8	24.2	21.6	28.1
Deferred Tax	2.9	1.6	-	1.1	1.1	-	-
Total Non-Current Liabilities	2.9	1.6	-	1.1	1.1	-	-
Total liabilities	4.6	4.3	21.0	46.9	25.3	21.6	-
NET ASSETS	209.7	211.2	211.9	104.0	94.7	71.8	48.9
Cash flows							
Operating Activities	4.0	0.8	27.3	(6.5)	15.0	19.5	17.7
Investing Activities	(57.8)	(13.5)	157.6	(12.7)	(7.2)	(12.6)	(6.0)
Financing Activities	(1.2)	(6.2)	(8.9)	9.9	(1.0)	(8.3)	(1.5)

Annual Financial Statements

For the Year Ended 30 June 2010

Contents

Directors' Report

The directors of Astron Limited present their report on the consolidated entity (Group), consisting of Astron Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2010.

Directors

The following persons were directors of Astron Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Names

Mr. Gerard King

Mr. Alexander Brown

Mr. Robert Flew

Mr. Ronald McCullough

Mdm Kang Rong

Principal Activities

The principal activities of the Group during the financial year were:

- Evaluation and development of the Donald Project
- Evaluation and development of downstream applications for mineral sands
- Research into competitive titanium manufacturing processes
- Zircon trading

There have been no significant changes in the nature of the Group's principal activities during the financial year.

Financial Position

The net assets of the Group have decreased to $209,741,404 a decrease of $1,424,684 from 2009.

The net assets have been affected by:

- Repurchase of shares of $1,159,812
- Reduction of values of foreign controlled assets of $1,455,158

Dividends

No final dividend was proposed for the current financial year or the year ended 30 June 2009.

Review of Operations

Information on the operations and financial position of the Group and its business strategies and prospects for the future financial years is set out below.

Operations

During the year to 30 June 2010, Astron continued its strategy of developing the Donald Project and its downstream processes. Progress has been made in the following areas:

- As was announced on 27 April 2010 the drill data applicable to EL4432 (Jackson) and EL4433 has been remodelled. An updated resource has been calculated showing 4.5 billion tonnes of ore at a 1% heavy mineral cut-off grade. The revised resource was based on updated processing methodology together with an improved understanding of the ore body and improved extraction methods.
- Contracts for two blocks of land with a total purchase consideration of $1,401,168 were entered into during the period. $140,116 was paid as a deposit before the end of the current financial year. Settlement took place during early July 2010.
- The mining licence application was lodged during May 2010. The application was approved in August 2010.
- As was announced on 11 February 2010, Astron has signed a non-binding memorandum of understanding (MOU) with Korean steelmaker, Posco. The intention behind the MOU is for Posco to co-operate as a funding partner to bring Astron's Donald mineral sands mine and possibly its associated downstream processes into production.
- The construction of the factory and warehouse at Yingkou has commenced with the outer walls and roofing having been completed.
- A 50 ML dam was constructed at the Cope Cope pump site and initial aquifer testing was undertaken. Results look promising and the data is currently being analysed. Further test work will be required.

Commentary of results

- The Group generated cash from operating activities of $3,954,900. This was an increase of 347% or $3,070,498 from 2009. The increase can be attributed to an increase in interest rates a reduction in stock holdings, improved debtor collections and across the board cost reduction.
- On the face of the balance sheet "cash assets" have been split between cash and term deposits. Term deposits relate to bank deposits with a term of 180 days. This increase in term deposits is shown in the cash flow as an investing activity hence the decrease in cash held.
- Revenue from sales of Zircon and Rutile resulted in a gross margin of $1,871,349.
- Operational expenses were in line with budgeted amounts.
- Net profit after tax from continuing operations increased by $8,748,157 from a loss in 2009 of $7,557,871 to a profit of $1,190,286 for the current year.

Prospects

The Group's objectives for the 2011 financial year are to continue with the development of the Donald Project and its downstream applications. The Group will also consider ways in which to unlock its inherent value for shareholders.

Significant Changes in State of Affairs

There have been no significant changes in the Group's state of affairs during the financial year.

Matter Subsequent to the end of the Financial Year

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely Developments

Other than information disclosed elsewhere in this annual report, information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this directors' report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

Environmental Regulation

The Group's operations are in China and Australia. In Australia, our Environmental Effects Statement for the Donald mine has been approved. The Group complied with all environmental regulations in relation to mining operations and there were no reportable environmental matters from the Australian operations.

In China, The Group continues to work closely with the local authorities to ensure high standards are maintained. In relation to the proposed manufacturing processes in China, there were no exceptions noted by regular local government environmental testing and supervision. Furthermore, the development projects will be implemented with best practice standards carefully monitored by the local authorities.

Once these projects have been developed the Group will if applicable apply the National Greenhouse and Energy Reporting Act of 2007.

To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the directors' report.

Director Information

Mr. Gerard King	**Chairman (Non-Executive)**
Qualifications	LLB

Experience

- Board Member since 5 November 1985
- Former partner of law firm Phillips Fox and has had over 30 years of experience in corporate and business advising including acting as a Director of a number of Australian Public Companies.

Interest in Shares	274,519 Ordinary shares

Special Responsibilities

Mr. King is a member of the Audit & Risk Committee and Remuneration & Nomination Committee

Directorships held in other listed entities

Mr. King is a Director of Green Power Energy Limited (appointed 4 November 1985) which was listed on 5 March 2008.

Mr. Alexander Brown	**Managing Director (Executive)**
Qualifications	B AgSc

Experience

- Board Member since 4 February 1988
- Wide commercial experience of over 30 years in construction, mining and exploration including developing the Horseshoe Lights Gold Mine at Meekathara W.A., expanding the Gunnedah Coal Mine, in NSW, and successfully drilling for oil and gas in Thailand and USA.
- He also started with others a major advanced plastics pipe company Europipe Sdn Bhd in Malaysia in 1987 which manufactured and distributed its products throughout Asia and Australasia. In the last 18 years his activities have focused on building the Astron business in China.

Interest in Shares	44,079,651 Ordinary shares

Special Responsibilities

Mr. Brown is the Managing Director and responsible for the operations of the Group

Directorships held in other listed entities

Mr. Brown is not currently a Director of another listed company.

Mr. Robert Flew	**(Non-Executive)**
Qualifications	B Ec (Hons)

Experience

- Board Member since 19 March 2004
- Mr. Flew brings to Astron in excess of 37 years experience in the resources sector. Mr. Flew's experience includes holding the positions of Company Secretary and Vice President Investor Relations of BHP, the Group General Manager of Corporate Development BHP Copper, Group General Manager of International BHP and Group General Manager of BHP's coal business in Queensland.
- He is widely experienced in global issues, in particular the requirements of customers, partners, governments, industry associations, corporate governance and shareholders. He has had hands on experience in working with large multinational projects in the areas of finance, general corporate administration, governance and shareholder interaction.

Interest in Shares: 170,574 Ordinary shares

Special Responsibilities

Mr. Flew is a member of the Audit & Risk Committee and Remuneration & Nomination Committee

Directorships held in other listed entities

Mr. Flew is not currently a Director of another listed company. During the period from 1 July 2007 to 30 June 2010, he was a director of Geodynamics (resigned: May 2009) and Perseverance Resources (resigned: March 2008).

Mr. Ronald McCullough	**(Non-Executive)**
Qualifications	M.B.A., B.E. (Hons), FAustIMM

Experience

- Appointed to the Board 21 August 2006
- Ronald Hugh McCullough is an Honours graduate in Engineering from the University of Western Australia. He also completed a Master of Business Administration at UWA.
- Subsequently, Ron has been involved in civil engineering design, and the construction of various major engineering works in Western Australia, including water supply dams, major water reticulation and suburban infrastructure projects.
- Ron has extensive mining experience, including bauxite and coal mining. Ron has investigated the development of a private power station and the exploitation of coal bed methane deposits in the Gunnedah basin on NSW. While involved with the Maitland Main Collieries, which held an authorisation to develop a large coal deposit at Glennies Creek, near Singleton, in the Hunter Valley, NSW Ron managed all necessary environmental impact studies, authority compliance requirements, mine construction and operation feasibility studies and then obtained a mining lease for the deposit.
- Ron became involved in the sand mining industry in Western Australia with the development, in 1994, and management until 2005 of a silica sand mining and exporting operation at Albany in Western Australia, on behalf of Japanese corporations.

Interest in Shares: 4,000 Ordinary shares

Special Responsibilities

Mr. McCullough is a member of the Audit & Risk Committee and Remuneration & Nomination Committee

Directorships held in other listed entities

Mr. McCullough is a Director of Green Power Energy Limited (appointed 26 October 1994) which was listed on 5 March 2008.

Mdm Kang Rong	**(Executive)**
Qualifications	B.E.(Chem)

Experience

- Appointed to the Board 21 August 2006
- Mdm Kang Rong worked as a Chemical Production Engineer at Shenyang Chemical Company (a major Chinese company based in Shenyang (Liaoning Province)). She then moved to Hainan Island China and worked in sales and administration for the Japanese trading co. Nissei, Ltd.
- She joined Astron in 1995 as marketing manager of Shenyang Astron Mining Industry. Since then she has overseen Astron's China operations and global sales for over 12 years and has been largely responsible for the growth and development of the Company.

Interest in Shares	2,000,000 Ordinary Shares

Special Responsibilities

As Vice General Manager she has been in charge of all Astron's China operations and global sales for over 12 years.

Directorships held in other listed entities

Mdm Kang Rong is not currently a Director of another listed company.

Mr. Mark Nielsen	**Company Secretary**
Qualifications	B.Comm ACA EDP

Experience

- Appointed Company Secretary of Astron Limited on 10 December 2009.
- Mark Nielsen is a Chartered Accountant with 15 years post qualifying experience in corporate finance and as a Chief Financial Officer.
- His experience has been with multi-national corporations, turnaround situations and start-up companies.

Interest in Shares	11,750 Ordinary Shares

Mr. Matthew Suttling	Company Secretary until his resignation on 5 February 2010.

Meetings of Directors

During the financial year, six meetings of directors (excluding committees of directors) were held. Attendances by each director at directors' meeting, audit and risk committee and remuneration and nominating committee meetings during the year were as follows:

	Directors' Meetings		Committee Meetings			
			Audit & Risk Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr. Gerard King	6	6	2	2	1	1
Mr. Alexander Brown	6	6	-	-	-	-
Mr. Robert Flew	6	6	2	2	1	1
Mr. Ronald McCullough	6	6	2	2	1	1
Mdm Kang Rong	6	6	-	-	-	-

Share Options

No options over issued shares or interests in the Group or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Remuneration Report-Audited

1. Policy for determining the nature and amount of Key Management Personnel remuneration

The remuneration policy of the Group has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering potential long term incentives based on key performance areas affecting the Group's financial results. The board of Astron Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount or remuneration for the board members and senior executives of the Group is as follows:

- The remuneration policy for the executive directors and other senior executives was developed by the remuneration committee and approved by the board after seeking professional advice from an independent external consultant.
- All executives receive a market related base salary (which is based on factors such as length of service and experience), other statutory benefits and potential performance incentives.

- The remuneration committee reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to the performance of the individual and are discretionary. The objective is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

At the discretion of the Committee from time to time shares are issued to executives to reflect their achievements. There are presently no option based schemes in place.

Where applicable executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

If shares are given to directors and executives they are valued at the market price of those shares.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in the Group.

Performance based remuneration

As part of each executive director and executives remuneration package there is a discretionary bonus element. The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders.

In determining whether or not each executive director and executive's bonus is due, the remuneration committee bases the assessment on audited figures and independent reports where appropriate.

The remuneration committee reserves the right to award bonuses where performance expectation has prima facie not been met but it is considered in the interests of the Group to continue to reward that individual.

Bonuses are set as a percentage of base remuneration ranging from 0% to 100% of base salary package.

Company performance, shareholder wealth and directors and executives remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by awarding discretionary bonuses to encourage the alignment of personal and shareholder interests. The Group believes this policy to have been effective in increasing shareholder wealth and the Group's consolidated statement of financial position over the past five years.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. The successful sale of the Zircon group in 2008 allowed the Directors to pass back to shareholders through ongoing dividends. The board is of the opinion that these results clearly demonstrate the statements made above.

	2006	2007	2008	2009	2010
	$	$	$	$	$
Revenue ('000)	151,946	184,019	90,818	10,657	15,102
Net Profit/(Loss) ('000)	20,589	11,432	111,887	(2,498)	1,190
Share Price at Year end	3.10	2.63	2.05	1.75	1.85
Dividends Paid ('000)	5,809	5,832	12,087	6,490	-

All share buy backs were on-market buy backs at market share prices. No premium was returned to shareholders on the shares bought back.

2. Key Management Personnel

The following persons were key management personnel of Astron Limited Group during the financial year:

	Position Held
Mr. Gerard King	Chairman - Non-executive
Mr. Alexander Brown	Managing Director
Mr. Robert Flew	Director - Non-executive
Mr. Ronald McCullough	Director - Non-executive
Mdm Kang Rong	Executive Director - Vice General Manager China
Mr. Mark Nielsen	Chief Financial Officer and Company Secretary
Mr. Wang Xuedong	Vice President - China Operations
Mr. Simon Peters	Project Manager - DMS
Ms Emma Vogel	Development Manager - Mining
Mr. Scott McDaniel	Technical Manager - Appointed 7 November 2009
Mr. Jerry Ng	Group Financial Controller - Resigned 30 April 2010
Mr. Boris Matveev	Exploration Manager - Resigned 31 December 2009
Mr. Song Hongxing	President - China Operations - Resigned 1 July 2009

There are no additional persons not disclosed above that are among the five highest remunerated Group executives.

Matt Suttling (Company Secretary resigned on 5 February 2010) is included in the table overleaf as one of the five highest remunerated company executives although he is not considered part of key management personnel, as required under the Corporations Act 2001.

3. Details of Remuneration

Details of compensation by key management personnel and other executives of Astron Limited Group are set out below:

Year ended 30 June 2010

	Short term benefits		Post employment benefits	
Directors	**Cash, salary & commissions $**	**Non cash Benefits/ Other $**	**Super-annuation $**	**Total $**
Mr. Gerard King	120,000	-	-	120,000
Mr. Alexander Brown	350,000	-	-	350,000
Mr. Robert Flew	55,044	-	4,956	60,000
Mr. Ronald McCullough	60,000	-	-	60,000
Mdm Kang Rong	250,000	-	-	250,000
Key management personnel				
Group executives				
Mr. Mark Nielsen*#	155,000	-	25,000	180,000
Mr. Jerry Ng* (1)#	75,895	12,707	41,667	130,269
Mr. Boris Matveev* (2)	75,000	-	6,750	81,750
Mr. Simon Peters#	125,994	-	11,339	137,333
Ms Emma Vogel#	127,901	-	11,511	139,412
Mr. Song Hongxing (3)	-	50,000	-	50,000
Mr. Scott McDaniel (4)	91,608	-	-	91,608
Mr. Wang Xuedong#	193,014	26,885	11,581	231,480
Other executive				
Mr. Matt Suttling*(5)	42,000	-	-	42,000
Total	1,721,456	89,592	112,804	1,923,853

**Denotes company executives*

 # Top 5 highest paid Group executives

There are no Group or company executives other than set out above

No other payments including share based payments were paid to the above employees during the year

None of the above payments were performance related

Note reference:

1. Resigned 30 April 2010
2. Resigned 31 December 2009
3. Resigned 1 July 2009
4. Appointed 7 November 2009
5. Resigned 5 February 2010

Year ended 30 June 2009

	Short term benefits		Post employment benefits	
Directors	**Cash, salary & commissions $**	**Non-cash Benefits $**	**Super-annuation $**	**Total $**
Mr. Gerard King	120,000	-	-	120,000
Mr. Alexander Brown	350,000	-	-	350,000
Mr. Robert Flew	55,044	-	4,956	60,000
Mr. Ronald McCullough	106,000	-	-	106,000
Mdm Kang Rong	250,000	-	-	250,000
Key management personnel				
Group executives				
Mr. Mark Nielsen*	45,798	-	17,611	63,409
Mr. Jerry Ng*	46,276	1,196	31,700	79,172
Mr. Boris Matveev*	42,840	-	4,081	46,921
Mr. Simon Peters	122,936	-	11,064	134,000
Ms Emma Vogel	122,936	-	11,064	134,000
Mr. Song Hongxing	298,935	5,979	-	304,914
Mr. Wang Xuedong	49,823	797	1,214	51,834
Mr. Alan Guy (1)	29,216	-	-	29,216
Other executive				
Mr. Matthew Suttling*	84,000	-	-	84,000
Total	1,723,804	7,972	81,690	1,813,466

**Denotes company executives*

There are no Group or company executives other than set out above

No other payments including share based payments were paid to the above employees during the year

None of the above payments were performance related

Note reference:

1. Resigned 30 September 2008

4. Cash Bonuses

No cash bonuses were paid during the year ended 30 June 2010 or 30 June 2009.

5. Share Based Payment Bonuses

No share based payment bonuses were paid during the year ended 30 June 2010 or 30 June 2009.

6. Service Contracts

Service contracts have been entered into by the Group, or are in the process of being entered into, with most key management personnel and executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms; other than Non-Executives who have long established understanding of arrangements with the Group. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations. There is an understanding of arrangement with respect to the services of the Managing Director, Alexander Brown, which expires in May 2012. The period of notice required to terminate this arrangement is twelve months. Other than repayment of loans and management fees there is no further payment required to terminate this arrangement.

Most other key management personnel have ongoing contracts with a notice period of three months. There are no non-standard termination clauses in any of these contracts.

Employment contract arrangements were reviewed in the 2007 year by external consultants for consistency and appropriateness to the Group's needs. The Remuneration Committee considered that this was appropriate for 2010. A review will be undertaken during the 2011 financial year.

End of audited remuneration report

Indemnifying Officers or Auditors

Insurance premiums paid for directors

During the year Astron Limited paid a premium of $50,359 (2009: $38,324) in respect of a contract insuring directors, secretaries and executive officers of the company and its controlled entities against a liability incurred as director, secretary or executive officer, and to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

Non-audit services

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDO, or their related practices:

	2010 $	2009 $
Audit related services		
Due diligence assistance	14,000	13,739
Other Services		
- Taxation services	17,980	117,813
- Taxation advice relating to China Zircon group sale	-	29,706
- Secretarial services	5,590	368

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

On the advice of the audit committee, the directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditors' Independence Declaration

The lead auditors' independence declaration for the year ended 30 June 2010 has been received and can be found on page 34 of the financial report.

Directors' declaration regarding IFRS compliance statement

The directors declare that these annual financial statements have been prepared in compliance with International Financial Reporting Standards.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Signed in accordance with a resolution of Directors:

Chairman:

Mr. Gerard King

Dated this 23rd day of September 2010

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Sydney NSW 2000
GPO Box 2551, Sydney NSW 2001
Australia

DECLARATION OF INDEPENDENCE BY JEFF ABELA TO THE DIRECTORS OF ASTRON LIMITED

As lead auditor of Astron Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

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

Jeff Abela
Director

BDO Audit (NSW-VIC) Pty Ltd

Sydney, dated this 23rd of September 2010

Consolidated Statement of Comprehensive Income
For The Year Ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Sales revenue	5	7,787,905	3,777,286
Cost of sales		(5,916,556)	(3,412,730)
Gross profit		1,871,349	364,556
Other revenue	5	7,313,673	6,879,891
Other income	5	194,015	76,102
Distribution expenses		(205,743)	(694,145)
Marketing expenses		(139,603)	(65,082)
Occupancy expenses	6	(159,163)	(227,222)
Administrative expenses		(4,497,389)	(5,989,244)
Write down of stock	6	(18,237)	(962,036)
Costs associated with project development expenditure	6	(140,973)	(583,683)
Impairment of available-for-sale financial assets	6	(434,026)	(812,350)
Impairment of capital works in progress	6	(80,900)	-
Costs associated with Gambian and Senegal Investments	6	(693,674)	(1,851,719)
Impairment of Senegal development expenditure		-	(539,787)
Finance costs	6	(69,127)	-
Other expenses		(192,518)	(217,792)
Share of loss of joint ventures accounted for using the proportionate method		-	(52,660)
Profit/(loss) before income tax		2,747,684	(4,675,171)
Income tax expense	7	(1,557,398)	(2,882,700)
Profit/(loss) from continuing operations		1,190,286	(7,557,871)
Profit from discontinued China operations	8	-	5,059,069
Net profit/(loss) for the year		1,190,286	(2,498,802)
Other comprehensive (loss)/income			
Foreign currency translation differences		(1,455,158)	8,061,990
Other comprehensive (loss)/income for the year, net of tax		(1,455,158)	8,061,990
Total comprehensive (loss)/income for the year		(264,872)	5,563,188
Profit/(loss) for the year attributable to:			
Owners of Astron Limited		1,190,286	(2,498,802)
Total comprehensive (loss)/income for the year attributable to:			
Owners of Astron Limited		(264,872)	5,563,188

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Note	Consolidated 2010 Cents	2009 Cents
EARNINGS PER SHARE	9		
For profit from continuing operations			
Basic earnings/(loss) per share (cents per share)		1.8	(11.7)
Diluted earnings/(loss) per share (cents per share)		1.8	(11.7)
For profit from discontinued operations			
Basic earnings per share (cents per share)		-	7.8
Diluted earnings per share (cents per share)		-	7.8
For profit for the year			
Basic earnings/(loss) per share (cents per share)		1.8	(3.9)
Diluted earnings/(loss) per share (cents per share)		1.8	(3.9)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
as at 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
ASSETS			
Current assets			
Cash and cash equivalents	11	113,759,616	168,766,405
Term deposits greater than 90 days	12	52,744,908	50,000
Trade and other receivables	13	2,610,404	2,463,960
Inventories	14	1,283,123	2,884,393
Available-for-sale financial assets	16	665,710	1,099,736
Total current assets		171,063,761	175,264,494
Non-current assets			
Property, plant and equipment	18	11,421,853	8,998,671
Intangible assets	19	21,768,367	20,471,305
Land use rights	20	10,055,400	10,770,472
Total non-current assets		43,245,620	40,240,448
TOTAL ASSETS		214,309,381	215,504,942
LIABILITIES			
Current liabilities			
Trade and other payables	21	1,447,396	1,664,573
Current tax liabilities	23(a)	153,872	920,986
Provisions	22	18,546	100,000
Total current liabilities		1,619,814	2,685,559
Non-current liabilities			
Deferred tax liabilities	23(a)	2,908,163	1,613,295
Long-term provisions	22	40,000	40,000
Total non-current liabilities		2,948,163	1,653,295
TOTAL LIABILITIES		4,567,977	4,338,854
NET ASSETS		209,741,404	211,166,088
EQUITY			
Contributed equity	24	38,216,239	39,376,051
Reserves	25	5,476,409	6,931,567
Retained earnings		166,048,756	164,858,470
TOTAL EQUITY		209,741,404	211,166,088

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

Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2010

Year Ended 30 June 2010	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Total Equity $
Equity as at 1 July 2009	39,376,051	164,858,470	6,931,567	211,166,088
Profit for the year	-	1,190, 286	-	1,190,286
Other comprehensive income				
Exchange differences on translation of foreign operations	-	-	(1,455,158)	(1,455,158)
Total comprehensive income for the year	-	1,190,286	(1,455,158)	(264,872)
Transactions with owners in their capacity as owners				
Shares repurchased during the year	(1,159,812)	-	-	(1,159,812)
Total of Transactions with owners in their capacity as owners	(1,159,812)	-	-	(1,159,812)
Equity as at 30 June 2010	38,216,239	166,048,756	5,476,409	209,741,404

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

Year Ended 30 June 2009	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Equity Account Reserve $	Total Equity $
Equity as at 1 July 2008	39,203,511	172,630,651	(1,130,423)	1,216,859	211,920,598
Loss for the year	-	(2,498,802)	-	-	(2,498,802)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	8,061,990	-	8,061,990
Total comprehensive income for the year	-	(2,498,802)	8,061,990	-	5,563,188
Transactions with owners in their capacity as owners					
Equity investment reserve transfer	-	1,216,859	-	(1,216,859)	-
Shares issued during the year	793,765	-	-	-	793,765
Transaction costs	(3,635)	-	-	-	(3,635)
Shares repurchased during the year	(617,590)	-	-	-	(617,590)
Dividends paid or provided for	-	(6,490,238)	-	-	(6,490,238)
Total of transactions with owners in their capacity as owners	172,540	(5,273,379)	-	(1,216,859)	(6,317,698)
Equity as at 30 June 2009	39,376,051	164,858,470	6,931,567	-	211,166,088

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

Consolidated Statement of Cash Flows
For The Year Ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities:			
Receipts from customers		9,083,204	10,765,773
Payments to suppliers and employees		(10,546,647)	(16,436,469)
Interest received		6,347,672	6,840,857
Interest paid		(69,127)	-
Income taxes paid		(1,029,645)	(348,235)
Other income		169,443	62,476
Net cash inflow from operating activities	30(a)	3,954,900	884,402
Cash flows from investing activities:			
Payments arising from disposal of subsidiaries		-	(8,385,308)
Investments in short term deposits		(52,694,908)	-
Acquisition of property, plant and equipment	18(c)	(20,717)	(411,901)
Payment for deposit on investment	29(c)	(500,000)	-
Construction in works in progress	18(c)	(3,335,934)	(1,133,964)
Payment for purchase of equity securities		-	(1,912,086)
Acquisition of subsidiary		-	(50,000)
Proceeds from disposal of property, plant and equipment		12,986	-
Deferred exploration, evaluation expenditure and development costs	19	(1,311,559)	(1,605,742)
Net cash outflow from investing activities		(57,850,132)	(13,499,001)
Cash flows from financing activities:			
Payment for share buy-back		(1,159,812)	(544,040)
Dividends paid to company shareholders		-	(5,700,107)
Net cash outflow from financing activities		(1,159,812)	(6,244,147)
Net decrease in cash held		(55,055,044)	(18,858,746)
Cash and cash equivalents at beginning of year		168,766,405	185,606,025
Effect of exchange rates on cash held in foreign currencies - beginning of year		48,255	2,019,126
Cash and cash equivalents at end of financial year	30(b)	113,759,616	168,766,405

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

1. Corporate Information

The financial statements of Astron Limited for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on 23 September 2010 and relate to the consolidated entity consisting of Astron Limited and its subsidiaries. Separate financial statements for Astron Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, limited financial information for Astron Limited as an individual entity are included in Note 33.

The financial statements are presented in Australian dollars.

Astron Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have also been prepared on a historical cost basis, except for investment properties, land and buildings, plant and equipment deemed to be at fair value on transition to AIFRS, derivatives, available-for-sale financial assets and held for trading investments that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal groups held for sale are measured at the lower of carrying amounts and fair value less costs to sell.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(b) Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Astron Limited and its subsidiaries at 30 June each year ("the Group"). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively. A list of subsidiary entities is contained in Note 17 to the financial statements.

Associates

Associates are entities over which the Group has significant influence but not control. Associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the consolidated statement of comprehensive income reflects the Group's share of associates' post acquisition profits or losses and the consolidated statement of financial position reflects the Group's share of post acquisition movements in reserves or equity. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends received from associates are not recognised in the parent entity's consolidated statement of comprehensive income but rather reduce the carrying amount of the investment in the consolidated financial statements.

When the Group's share of post acquisition losses in an associate exceeds its interest in the associate (including any unsecured receivables), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

The financial statements of the associates are used to apply the equity method.

Joint venture operations

The proportionate share of the Group's interests in the assets, liabilities, income and expenses of joint venture operations have been incorporated in the financial statements under the appropriate headings.

Joint venture entities

Interests in joint venture entities are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of profits or losses of the entities are recognised in the consolidated statement of comprehensive income and the share of movements in reserves are recognised in the consolidated statement of financial position. Details of joint venture entities are set out in Note 15.

(c) Foreign Currency Translation

The functional and presentation currency of Astron Limited and its Australian subsidiaries is Australian dollars (A$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is primarily Chinese Renminbi. The assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Astron Limited at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation are recognised in the profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Revenue Recognition

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.

Rendering of services

Revenue from the rendering of services such as management fees are recognised upon the rendering of the service to the customers in accordance with the agreements.

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.

Government grant

Grants from the government are recognised on receipt. These grants are intended to compensate for tax paid.

(e) 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 and its wholly owned Australian subsidiaries 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.

(f) Impairment of Assets

At the end of each reporting period the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the profit and loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

(g) Cash and Cash Equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Term deposits with maturity over three months includes bank deposits with fixed terms over three months period. For the purpose of the Consolidated Statement of Cash Flows, term deposits with maturity over three months are shown as cash flows from investing activities.

(h) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 0 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 180 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the de-recognition of the original instrument.

Receivables from related parties are recognised and carried at the nominal amount due.

(i) Inventories

Raw materials, works in progress and finished goods

Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

(j) Non-current Assets Classified as Held For Sale

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These assets are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised. Interest expense continues to be recognised on liabilities of a disposal group classified as held for sale.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for subsequent increases in fair value less costs to sell of an asset but not exceeding any cumulative impairment losses previously recognised.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the consolidated statement of comprehensive income.

(k) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

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.

Investments in subsidiaries, associates and joint venture entities are accounted for in the consolidated financial statements as described in note 2(b).

Loans and receivables

Impairment losses are measured as the difference between the investment's carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the investment's original effective interest rate. Impairment losses are recognised in profit or loss.

Non-current loans and receivables include loans due from related parties repayable within 366 days of consolidated statement of financial position date. These are interest bearing using a market rate of interest for a similar instrument with a similar credit rating. In the case of loans and receivables, objective evidence of impairment includes confirmation that the company will not be able to collect all amounts due according to the original terms.

(l) Fair Values

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(m) 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 each consolidated statement of financial position date.

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 the consolidated statement of comprehensive income 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.

(n) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

(o) Land Use Rights

The upfront prepayments made for land use rights are expensed in profit or loss on a straight line basis over the period of the lease or, when there is impairment, it is expensed immediately. The period of the lease is 50 years.

(p) Intangibles

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.

Other intangibles

Expenditure on internally generated assets are expensed as incurred except where they specifically relate to the development of a Mineral Separation Plant. The capitalised expenditure is stated at cost and is considered to have finite useful life. The useful life is assessed annually to determine whether events or circumstances continue to support the carrying value. The project is in the development phase and hence no amortisation has been brought to account. An amortisation policy has yet to be determined.

(q) 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.

(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.

(r) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30 to 90 day payment terms.

Payables to related parties are carried at the principal amount.

(s) Interest Bearing Liabilities

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(v) Employee Benefit Provisions

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries and annual leave are included as part of Other Payables.

Bonus plan

The Group recognises an expense and a liability for bonuses when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

Retirement benefit obligations

The Group contributes to employee superannuation funds in accordance with its statutory obligations. Contributions are recognised as expenses as they become payable.

(w) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares associated with the acquisition of a business are included as part of the purchase consideration.

(x) Share Based Payments

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares ("equity settled transactions"). To date share based payments have been undertaken at the discretion of the Remuneration Committee. For shares issued to employees as remuneration, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity. There is not an Employee Share Option Plan (ESOP) in operation.

(y) Dividends

Provision is made for dividends declared, and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(z) 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.

(aa) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Astron Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(bb) Goods and Services Tax (GST)

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(cc) Change in Accounting Policy

The accounting policies adopted are consistent with those of the previous financial year

(dd) Standards Issued but not yet Effective

The following amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2010. They have not been adopted in preparing the financial statements for the year ended 30 June 2010 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

AASB reference	Title and effected standards	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification and measurement of financial assets	Periods beginning on or after 1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.
AASB 2009-5 (Amendment to AASB 5)	Non-current Assets Held for Sale and Discontinued Operations	Clarifies that disclosures required for non-current assets (or disposal groups) classified as held for sale or discontinued operations are limited to those required by AASB 5 unless: - Disclosures are specifically required for these assets by other AASBs; or - Assets and liabilities of a disposal Group are not within the measurement requirements of AASB 5 and disclosures are required by other AASBs.	Periods commencing on or after 1 January 2010	There will be no impact as these requirements are only required to be applied prospectively to disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations.
AASB 2009-5 (Amendment to AASB 107)	Statement of Cash Flows	Clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the statement of financial position.
AASB 2009-5 (Amendment to AASB 136)	Impairment of Assets	Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8 Operating Segments before aggregation.	Periods commencing on or after 1 January 2010	There will be no impact as these requirements are only required to be applied prospectively to goodwill impairment calculations for periods commencing on or after 1 July 2010 and the Group presently has no goodwill.

3. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events based on current trends and economic data, obtained both externally and within the Group.

(a) Key estimates: Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment has been recognised in respect of the Group's costs incurred in developing the Senegal project (refer note 19 (e)) and the TiO2 project (note 19 (e)), the impairment to the carrying value of inventories (note 14) and capital works in progress (Note 18) and the impairment to available-for sale investments in terms of the relevant accounting standards (note 16).

(b) Capitalisation of Exploration and Evaluation Assets

The Group has continued to capitalise expenditure, in terms of AASB 6, incurred on the exploration and evaluation of the Donald Mineral Sands project in Victoria, Australia, This has been done as the technical feasibility and economic viability of extracting the mineral resources is not demonstrable. The Group has assessed that the balances capitalised will be recoverable through the projects successful development (refer note 19 for further details).

(c) Deferred Tax Assets

Deferred tax assets have not been recognised for capital losses and China revenue losses as the utilisation of these losses is not considered probable at this stage.

(d) Available-for sale Financial Assets

Available-for-sale financial assets have been classified as current assets as it is the Group's intention to dispose of these assets within one year.

4. Segment Information

(a) Description of Segments

The Group has adopted AASB 8 Operating Segments from 1 July 2009 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. This has resulted in an increase in the number of reportable segments but had no impact on goodwill impairment in the financial statements because the Group has no goodwill. Comparatives for 2009 have been restated on this basis. Operating segments have been determined on the basis of reports reviewed by the managing director who is considered to be the chief operating decision maker of the Group. The reportable segments are as follows:

- Astron Corporate: Group treasury and head office activities
- 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

(b) Information provided to the managing director

30 June	Astron Corporate		Donald Mineral Sands		Mineral Resources		Titanium		Total of Continuing Operations		Discontinued Operations		Consolidated	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Revenue from external customers														
Sales	2,244	-	-	-	7,350,563	3,777,286	435,098	-	7,787,905	3,777,286	-	-	7,787,905	3,777,286
Interest revenue	7,180,692	6,719,101	683	-	13,250	2,009	101,637	119,747	7,296,262	6,840,857			7,296,262	6,840,857
Rent	-	-	17,411	25,971	-	13,063	-	-	17,411	39,034			17,411	39,034
Total revenue	7,182,936	6,719,101	18,094	25,971	7,363,813	3,792,358	536,735	119,747	15,101,578	10,657,177	-	-	15,101,578	10,657,177
Segment profit														
Segment profit	3,430,094	1,069, 279	18,094	37, 501	(313, 635)	(5,781,951)	(386 ,869)	-	2, 747,684	(4,675,171)	-	5,059,069	2, 747,684	383,898
									2,747,684	(4,675,171)	-	5,059,069	2, 747,684	383,898

	Astron Corporate		Donald Mineral Sands		Mineral Resources		Titanium		Total of Continuing Operations		Consolidated	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Assets												
Segment assets	152,326,946	160,519,450	23,568,629	20,997,323	14,000,584	17,729,505	24,413,222	16,258,664	214,309,381	215,504,942	214,309,381	215,504,942
Total segment assets	152,326,946	160,519,450	23,568,629	20,997,323	14,000,584	17,729,505	24,413,222	16,258,664	214,309,381	215,504,942	214,309,381	215,504,942
Liabilities												
Segment liabilities	1,579,819	1,092,083	2,276,445	2,331,890	666,108	924,231	45,605	(9,350)	4,567,977	4,338,854	4,567,977	4,338,854
Total segment liabilities	1,579,819	1,092,083	2,276,445	2,331,890	666,108	924,231	45,605	(9,350)	4,567,977	4,338,854	4,567,977	4,338,854
Impairment losses	523,016	1,435,353	-	-	-	-	-	554,467	523,016	1,989,820	523,016	1,989,820
Share of losses from joint ventures	-	52,660	-	-	-	-	-	-	-	52,660	-	52,660
Acquisition of PPE, Intangible assets and other non-current segment assets	17,238	1,681	1,315,036	1,099,432	373,107	1,510,794	2,963,279	525,625	4,668,660	3,137,532	4,668,660	3,137,532
Depreciation and amortisation	6,232	61	8,197	-	153,766	314,921	149,399	32,662	317,594	347,644	317,594	347,644

(c) Geographical Information

Although the Group is managed globally, it operates in the following main geographical areas:

Australia

The home country of the parent entity and one of the subsidiaries which performs evaluation and exploration activities. Rental income all comes from Australian source.

China

The home country of subsidiaries which operate in the mineral trading and downstream development segment.

	Sales revenues		Interest revenue		Non-current assets	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Australia	-	-	7,181,360	6,719,101	22,089,132	20,773,587
China	7,785,661	3,644,426	114,888	121,756	21,156,488	19,462, 946
Other countries	2,244	132,860	14	-	-	3,915
Total	7,787,905	3,777,286	7,296,262	6,840,857	43,245,620	40,240,448

(d) Major customers

Revenues of $1,875,973 (2009: $91,168) are derived from SuPaiTe Metal (Kunshan) Company Limited as part of the sales by the Mineral Resources Segment. These revenues amount to more than 10% of the Group's sales revenues from external customers.

5. Revenue and Other Income

	Consolidated 2010 $	Consolidated 2009 $
Continuing operations		
Revenue		
- sale of goods	7,787,905	3,777,286
- rental revenue	17,411	39,034
- interest income	7,296,262	6,840,857
Total revenue: continuing	15,101,578	10,657,177
Other income: continuing operations		
- gains on foreign exchange	63,494	-
- hedge gain	-	30,323
- other income	-	45,779
- government grant	130,521	-
Total other income: continuing	194,015	76,102

	Consolidated 2010 $	Consolidated 2009 $
Other income: discontinued		
- Net gain on disposal of subsidiaries (note 8)	-	5,059,069
Total other income: discontinued	-	5,059,069

6. Profit/(Loss) Before Income Tax

(a) Profit/(Loss) before income tax includes the following specific expenses:

	Consolidated	
	2010 $	2009 $
Interest Paid	69,127	-
Foreign currency translation losses	160,682	1,318,974
Gain on foreign currency hedge transaction	-	30,323
Bad and doubtful debts		
- trade receivables	70,753	-
Premises-contractual amounts	159,163	227,222
Research and development costs	327,075	15,373
Depreciation and amortisation	317,594	347,644
Superannuation	102,372	114,081
Employee benefits	983,746	1,176,407
Impairment of available-for sale investments (note 16)	434,026	812,350
Costs associated to Gambia (note 15)	693,674	1,851,719
Costs associated with project development expenditure (note 19 (e))	140,973	583,683
Impairment of capital works in progress (note 18)	80,900	-
Write down of stock (note 14)	18,237	962,036
Impairment of Senegal exploration expenditure	-	539,787

This note reflects expenses for both continuing and discontinued operations in the 2009 financial year.

7. Income Tax Expense

The components of tax expense comprise:

	Note	Consolidated 2010 $	Consolidated 2009 $
Current tax expense in respect of current year		262,531	920,300
Adjustments recognised in the current year in relation to the prior year		-	349,104
Recognition of deferred tax liability		1,294,867	1,613,296
Total		1,557,398	2,882,700
Attributable to:			
Continuing operations		1,557,398	2,882,700
Discontinued operations		-	-
Total		1,557,398	2,882,700

(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows:

	Consolidated 2010 $	Consolidated 2009 $
Prima facie tax payable on profit/ (loss) 30% (2009: 30%)		
- continuing operations	824,305	(1,402,552)
- discontinued operations	-	1,517,721
	824,305	115,169
Add/(Less) Tax effect of:		
- deferred tax asset not brought to account	130,208	243,705
- deferred tax liability raised	-	1,922,999
- indemnification on sale not assessable	-	(1,686,252)
- benefit arising from previously unrecognised tax losses	-	(490,409)
- non deductible items	351,228	540,535
- deferred tax asset not recognized for China losses and timing differences	206,020	1,583,207
- under provision for income tax in prior year	-	337,104
- Impact of overseas tax differential	45,637	316,642
Income tax attributable to entity	1,557,398	2,882,700
The applicable weighted average effective tax rates are as follows:	57%	750%

The decrease in the weighted average effective consolidated tax rate for 2010 is in the main a result of deferred taxation raised on prior year's capitalised expenditure.

(c) Income tax rates

Australia

In accordance with the Australian Income Tax Act, Astron Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group, tax funding or sharing agreements have been entered into. Australia has a double tax agreement with China and there are currently no impediments to repatriating profits from China to Australia. Dividends paid to Astron Limited from Chinese subsidiaries are non assessable under current Australian Income Tax Legislation.

China

Astron Limited's subsidiaries in China and are subject to Chinese income tax laws.

Chinese taxation obligations have been fully complied with, confirmed by regular audits completed by the Chinese tax authorities.

(d) Items not chargeable or not deductible for tax purposes

Items not chargeable or deductible for tax purposes for the Group principally represent profits derived in China which receive a number of tax concessions (such as accelerated depreciation allowances) and are not required to be assessed at the Australian Corporate Income Tax rate of 30%. With respect to the parent entity, items not chargeable or deductible for tax purposes relate to non deductible items.

8. Discontinued Operations

On 30 November 2007, Astron Limited announced its intention to sell its China Zircon Group to Imerys. The division was sold with effect from 4 February 2008 and was reported as a discontinued operation in 2008. During the 2009 financial year the final settlements were obtained resulting in further revenue for the Group which related primarily to the settlement of warranty and indemnification provisions. No operations were discontinued in the 2010 financial year.

	Consolidated	
	2010 $	2009 $
Revenue and other income	-	-
Expenses	-	-
Profit before income tax	-	-
Income tax expense	-	-
Loss attributable to members of the parent entity	-	-
Profit on sale of China Zircon Group before income tax	-	5,059,069
Profit on sale after income tax	-	5,059,069
Net cash inflow from operating activities	-	-
Net cash outflow from investing activities	-	(8,385,308)
Net cash outflow from financing activities	-	-
Net decrease in cash generated by the discontinued operation	-	(8,385,308)

The gain on sale of the China Zircon Group has been calculated as follows:

	2010 $	2009 $
Consideration received-cash	-	-
Carrying amount of net assets sold and other costs	-	-
Gain on sale	-	-
Over provision directly attributable to sales of business	-	5,059,069
Recycling of foreign exchange reserve in respect of disposal of foreign subsidiaries	-	-
Net forgiveness of intercompany balances	-	-
Gain on sale after income tax	-	5,059,069

9. Earnings Per Share

(a) Reconciliation of earnings used in the calculation of earnings per share to Profit or Loss:

	Consolidated	
	2010 $	2009 $
Profit/(Loss) attributable to owners	1,190,286	(2,498,802)
Earnings/(Loss) used to calculate basic EPS	1,190,286	(2,498,802)
Earnings/(Loss) used in calculation of dilutive EPS	1,190,286	(2,498,802)
Profit/(Loss) from continuing operations	1,190,286	(7,557,871)
Profit/(Loss) used to calculate basic EPS from continuing operations	1,190,286	(7,557,871)
Profit/(Loss) used in the calculation of dilutive EPS from continuing operations	1,190,286	(7,557,871)
Profit from discontinued operations	-	5,059,069
Earnings used to calculated basic EPS from discontinued operations	-	5,059,069

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

	Consolidated	
	2010	2009
Weighted average number of ordinary shares outstanding during the year		
- used in calculating basic EPS	64,644,545	64,757,109
Weighted average number of ordinary shares outstanding during the year		
- used in calculating dilutive EPS	64,644,545	64,757,109

(c) Dilutive shares

There were no shares issued under escrow at or post year end.

10. Auditors' Remuneration

	Consolidated 2010 $	Consolidated 2009 $
Remuneration of the auditor		
For auditing or reviewing the financial statements		
BDO	94,500	175,535
BDO network firm	11,290	-
Other audit firms	-	23,914
	105,790	199,449
Other services – BDO		
- taxation services	17,980	17,813
- taxation advice relating to China Zircon Group sale	-	29,706
- due diligence assistance	14,000	13,739
- secretarial services	5,590	368

11. Cash and Cash Equivalents

	Consolidated 2010 $	Consolidated 2009 $
Cash on hand	10,647	3,396
Current & call account balances	16,265,569	18,021,688
Short term deposits	97,483,400	150,741,321
	113,759,616	168,766,405

Cash on hand is non interest bearing. Bank balances and short term deposits at call bear floating interest rates between 0.0% and 5.8% (2009: 0.0% and 3.5%). Deposits have an average maturity of 90 days (2009: 60 days). Bank balances included letter of credit deposits of $1,103,981 as at 30 June 2010 (2009: $203,533).

(a) Geographic concentration of risk

	Consolidated	
	2010 $	2009 $
Australia	98,675,650	159,023,793
China	15,048,483	9,677,906
United Kingdom	26,882	58,512
Senegal	8,601	6,194
Total	113,759,616	168,766,405

(b) Concentration of risk by bank

	Consolidated	
	2010 $	2009 $
Australia		
Commonwealth Bank-S&P rating of AA (2009:AA-)	69,074,073	150,739,467
Goldman Sachs JB Were-unrated	20,944,264	1,159,502
Bank of China-S&P rating of A-	7,365,883	7,089,643
Other Australian banks	1,291,430	35,181
	98,675,650	159,023,793
China		
Bank of China-S&P rating of A-	14,228,807	6,473,596
Construction Bank-S&P rating of A-	755,835	2,764,564
Other Chinese banks	63,841	439,746
	15,048,483	9,677,906

12. Term deposits greater than 90 days

	Consolidated	
	2010 $	2009 $
Term deposits with maturity over 90 days	52,744,908	50,000

As at 30 June 2010, term deposits with maturity over three months of $52,744,908 (2009: $50,000) bear fixed interest rates of 5.8% (2009: 3.5%) and have a maturity of 6 months. All term deposits with maturity over 90 days are banked with Commonwealth Bank in Australia.

13. Trade and Other Receivables

		Consolidated	
	Note	2010 $	2009 $
Current			
Trade debtors (gross)	13(b)	215,682	328,883
Allowance for doubtful debts	13(b)	(70,513)	-
Trade debtors (net)		145,169	328,883
Drafts and other receivables	13(a)	2,465,235	2,135,077
Total		2,610,404	2,463,960

(a) Drafts receivable

Drafts receivable represent bank guarantees on behalf of trade and other debtors with current maturity dates. Settlement through bank draft is common trading practise in China. All the drafts are with the counterparties in China. There is no industry concentration of risk in respect to these drafts.

(b) Ageing analysis

The ageing analysis of trade receivables is as follows:

	Consolidated	
	2010 $	2009 $
0-30 days (not past due)	65,090	175,639
31-60 days (not past due)	19,202	35,936
61-90 days (past due not impaired)	60,407	37,596
91+ days (past due not impaired)	470	79,712
91 + days (past due impaired)	70,513	-
Total	215,682	328,883

At year end the Group's trade debtors are predominantly receivable from Chinese trading partners. The Group considers that its history of trading indicates that there are no impairment indicators at the end of the reporting period. The Chinese debtors are regularly reviewed and as is common practise in China the terms maybe extended without which there would be overdue balances, however, the Group is satisfied that payment will be received in full.

It is the Group's policy that where possible that sales are made in exchange for notes (guaranteed by a Chinese bank) ensuring that the Group does not have an impairment issue.

(c) Analysis of allowance for trade debtors

	Consolidated	
	2010 **$**	**2009** **$**
Opening balance	-	-
Provisions raised during the year	70,513	-
Total	70,513	-

(d) Analysis of allowance for other debtors

	Consolidated	
	2010 **$**	**2009** **$**
Opening balance	-	3,975,639
Elimination on gaining control of joint venture	-	(3,975,639)
Provision raised during the year	-	-
Total	-	-

14. Inventories

	Consolidated	
	2010 **$**	**2009** **$**
Raw Materials	427,741	-
Works in progress	-	343,086
	427,741	343,086
Finished goods – at cost	855,382	1,016,523
Finished goods – at net realisable value	-	1,524,784
Total Finished goods	855,382	2,541,307
Total	1,283,123	2,884,393

Write downs of inventories to net realisable value during the current financial year amounted to $18,237 (2009 $962,036).

15. Investments in Joint Venture Entity

On 22 December 2008, the Group paid $50,000 to acquire Coast Resources Limited which holds a 50% interest in Carnegie Minerals (Gambia) Limited (Carnegie) and the Senegal Joint Venture.

This resulted in the Group acquiring the remaining 50% of Joint Venture Entity Carnegie Minerals (Gambia) Limited and this becoming a 100% subsidiary of Astron Limited for the sum of $1 as all assets of the company have been impaired. This acquisition was transacted to simplify the process of the Group pursuing its legal rights under that mining lease (if it chooses to do so) in an endeavour to recover the operation or damages for its loss.

Carnegie was incorporated to commence mining activities in The Gambia. The investments and receivables associated with the company have been impaired in full.

The original agreement prior to the seizure of the assets was that Astron Limited had an obligation to fund the development and operating costs of the mine by way of loans (refer Note 28(c) for further details).

Furthermore, expenditure of $693,674 (2009: $1,851,719) relating to Gambia and Senegal has been expensed directly to profit and loss.

16. Available-For-Sale Financial Assets

	Consolidated	
	2010 $	2009 $
Listed Securities		
Current listed investments, at fair value		
shares in listed corporations	665,710	1,099,736
Total available-for-sale financial assets	665,710	1,099,736

Available-for-sale financial assets comprise of investment in the ordinary issued capital of three public companies listed on the Australian Stock Exchange (ASX). The cost of these investments was $1,912,086. There are no fixed returns or fixed maturity date attached to these investments. An amount of $434,026 (2009: $812,350) has been recorded in profit or loss as relating to an impairment under AASB 139.

There will be no capital gains tax payable on the sale of these assets due to existing capital losses carried forward.

For listed equity securities and preference shares, fair value is determined by reference to closing bid prices on the ASX.

17. Subsidiaries

	Country of incorporation	Percentage Owned Ordinary Shares 2010	Percentage Owned Ordinary Shares 2009
Parent entity			
Astron Limited	Australia		
Subsidiaries of parent entity			
Astron Advanced Materials Limited	UK	100	100
Astron Titanium (Yingkou) Co Ltd	China	100	100
Carnegie Minerals (Gambia) Limited	The Gambia	100	100
Coast Resources Limited	Isle of Man	100	100
Dickson & Johnson Pty Limited	Australia	100	100
Donald Mineral Sands Pty Ltd	Australia	100	100
Sovereign Gold NL	Australia	100	100
WIM 150 Pty Limited	Australia	100	-
Yingkou Astron Mineral Resources Co Ltd	China	100	100
Zirtanium Pty Limited	Australia	100	100

(a) Equity

The proportion of ownership interest is equal to the proportion of voting power held.

(b) Acquisition and incorporation of subsidiaries

On 24 March 2010 the Group incorporated WIM 150 Pty Limited. WIM 150 Pty Limited is a wholly owned subsidiary of Zirtanium Pty Limited, which in turn is a wholly owned subsidiary of Astron Limited. The purpose of this company is to hold the WIM 150 Project.

On 22 December 2008 Astron Limited paid $50,000 to acquire Coast Resources Limited which holds a 50% interest in Carnegie Minerals (Gambia) Limited. This acquisition was transacted to simplify the process of Astron pursuing its legal rights under that mining lease (if it chooses to do so) in an endeavour to recover the operation or damages for its loss.

Details of the net assets acquired and goodwill in respect of the transaction are as follows:

	Gambia	Senegal	Total
Cash paid	1	49,999	50,000
Fair value of net identifiable assets acquired (see below)	-	49,999	49,999
Goodwill (Discount on acquisition)	1	-	1

Further to the above, Astron acquired the remaining 50% of the Senegal joint venture for the sum of $49,999. The assets arising from the acquisition are as follows:

	Acquiree's carrying value	Fair value
Cash	26,175	26,175
Capitalised exploration costs	520,472	19,315
Plant and equipment	4,509	4,509
Net identifiable assets acquired	551,156	49,999

The acquired businesses contributed no revenue and no profits to the Group from acquisition date to 30 June 2009. If the acquisition had occurred on 1 July 2008 consolidated revenue and profit would have been unchanged.

(c) Disposal of subsidiaries

During the current year and prior years no subsidiaries were of disposed of or wound up.

18. Property, Plant and Equipment

	Consolidated	
	2010 $	2009 $
Land and buildings		
Land		
At cost	537,981	537,981
Total land	537,981	537,981
Leasehold buildings		
At cost	2,355,929	2,530,929
Less accumulated depreciation	(208,974)	(182,442)
Total leasehold buildings	2,146,955	2,348,487
Total land and buildings	2,684,936	2,886,468
Plant and equipment and works in progress		
Capital works in progress		
At cost	8,260,205	5,494,137
Total capital works in progress	8,260,205	5,494,137
Plant and equipment		
At cost	925,915	908,277
Less accumulated depreciation	(449,203)	(290,211)
Total plant and equipment	476,712	618,066
Total plant and equipment and works in progress	8,736,917	6,112,203
Total property, plant and equipment	11,421,853	8,998,671

(a) Assets pledged as security

As at 30 June 2010 there were no mortgages granted as security over bank loans (2009: nil).

(b) Capital works in progress

Capital works in progress are not ready for use and not yet being depreciated.

(c) Movements in carrying amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year

	Consolidated				
	Capital works in progress $	Land $	Buildings $	Plant and equipment $	Total $
Year ended 30 June 2010					
Balance at the beginning of year	5,494,137	537,981	2,348,487	618,066	8,998,671
Additions	3,335,934	-	-	20,717	3,356,651
Depreciation expense		-	(38,859)	(160,609)	(199,468)
Transfers	(300,024)	-	-	-	(300,024)
Impairment	(80,900)	-	-	-	(80,900)
Disposals	-	-	(10,236)	(2,750)	(12,986)
Foreign exchange movements	(188,942)	-	(152,437)	1,288	(340,091)
Carrying amount at the end of year	8,260,205	537,981	2,146,955	476,712	11,421,853
Year ended 30 June 2009					
Balance at the beginning of year	3,664,922	534,870	2,020,047	419,413	6,639,252
Additions	1,133,964	3,111	-	408,790	1,545,865
Depreciation expense	-	-	(128,783)	(189,055)	(317,838)
Foreign exchange movements	695,251	-	457,223	(21,083)	1,131,392
Carrying amount at the end of year	5,494,137	537,981	2,348,487	618,066	8,998,671

19. Intangible Assets

		Consolidated	
	Note	2010 $	2009 $
Development costs			
Cost	19(b)	7,371,075	7,536,161
Accumulated impairment loss		(7,116,514)	(7,266,653)
Net carrying value		254,561	269,508
Exploration expenditure capitalised			
Exploration and evaluation phases	19(a)(c)	21,513,806	20,201,797
Net carrying value		21,513,806	20,201,797
Total Intangibles		21,768,367	20,471,305

(a) Intangible assets

Movements during the year ended 30 June 2010 in intangible assets represent additions and foreign exchange adjustments only. No amortisation has been brought to account. For capital expenditure commitments refer note 29(b).

(b) Development costs

These costs relate to the development of the mineral projects in Senegal and TiO2 project (both fully impaired refer (e) below). The remaining balance of $254,561 (2009:$269,508) relates to capitalised testing and design fees for the MSP.

(c) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Mineral Sands Project. The Group has complied with the conditions of the granting of EL4432 and EL4433 as at 30 June 2010. As such the Directors believe that the tenements are in good standing with the Department of Primary Industries in Victoria, who administers the Mineral Resources Development Act 1990.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the area of interest.

	Consolidated		
	Exploration and Evaluation Phase $	Development costs $	Total $
Year ended 30 June 2010			
Opening balance	20,201,797	269,508	20,471,305
Additions	1,312,009	-	1,312,009
Foreign exchange movements	-	(14,947)	(14,947)
Balance at 30 June 2010	21,513,806	254,561	21,768,367
Year ended 30 June 2009			
Opening balance	19,183,628	714,627	19,898,255
Acquired – business combination	-	19,315	19,315
Additions	1,018,169	3,890	1,022,059
Impairment loss	-	(539,787)	(539,787)
Foreign exchange movements	-	71,463	71,463
Balance at 30 June 2009	20,201,797	269,508	20,471,305

(d) Finite lives

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

(e) Impairment

The impairment provision against capitalised TiO_2 development costs has been maintained on the basis of the uncertainty around the project.

In the 2009 financial year $539,787 of capitalised development expenditure relating to Gambia and Senegal was impaired. In 2010 expenditure relating to TiO_2, Senegal and Gambia was not capitalised but taken directly to profit and loss.

20. Land Use Rights

	Consolidated	
	2010 **$**	**2009** **$**
Land use rights	10,055,400	10,770,472

(a) Reconciliation

	Consolidated	
	2010 **$**	**2009** **$**
Opening balance	10,770,472	9,009,128
Additions	4,068	-
Amortisation	(118,126)	(29,806)
Foreign exchange movements	(601,014)	1,791,150
Closing balance	10,055,400	10,770,472

21. Trade and Other Payables

	Consolidated	
	2010 **$**	**2009** **$**
Unsecured liabilities		
Trade payables	1,027,291	737,502
Other payables	420,105	877,295
Amount payable to:		
- other related parties (Director related entity)	-	49,776
	1,447,396	1,664,573

22. Provisions

		Consolidated	
	Note	**2010** **$**	**2009** **$**
Current			
Provision for indemnification on discontinued operations	22(a)	18,546	100,000
		18,546	100,000
Non-current			
Environmental rehabilitation	22(a)	40,000	40,000
		40,000	40,000

(a) Movement in carrying amounts

	Consolidated		
	Environmental rehabilitation $	Indemnification $	Total $
Opening balance at 1 July 2009	40,000	100,000	140,000
Amounts used	-	(81,454)	(81,454)
Balance at 30 June 2010	40,000	18,546	58,546

	Environmental rehabilitation $	Indemnification $	Total $
Opening balance at 1 July 2008	40,000	14,154,348	14,194,348
Amounts used	-	(8,385,308)	(8,385,308)
Unused amounts reversed	-	(5,669,040)	(5,669,040)
Balance at 30 June 2009	40,000	100,000	140,000

(b) Provision for indemnification on discontinued operations

As part of the sale of the China Zircon Group, Astron Limited provided an indemnification to Imerys for potential liabilities. A provision has been recognised representing the Group's best estimate of amounts due to the purchaser as a result of the indemnification given.

(c) Provision for environmental rehabilitation

The provision for rehabilitation represents the estimated costs to rehabilitate the Donald Mineral Sands evaluation excavation.

23. Taxation

(a) Liabilities

	Consolidated	
	2010 $	2009 $
Current tax liability	153,872	920,986
Deferred tax liability arises from the following:		
Capitalised expenditure	2,650,243	2,256,776
Interest accrued	284,577	-
Provisions	(26,657)	(26,526)
Unrealised foreign exchange losses	-	(395,007)
Tax losses available for set off against future tax income taxes	-	(221,948)
	2,908,163	1,613,295

(b) Deferred tax assets not brought to account

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 2(e) occur.

	Consolidated	
	2010 **$**	**2009** **$**
temporary differences unrecognised	1,376,669	1,376,669
tax losses:		
- Revenue losses (China)	1,620,550	1,124,365
- capital losses	17,960,959	17,702,245

24. Issued Capital

	Consolidated	
	2010 **$**	**2009** **$**
64,232,223 (2009: 64,824,502) Fully Paid Ordinary Shares – no par value	38,216,239	39,376,051
Total	38,216,239	39,376,051

(a) Reconciliation of ordinary shares (number)

	Consolidated	
	2010	**2009**
At the beginning of year	64,824,502	64,667,538
Shares issued during the year		
- On 12 December 2009 shares issued in accordance with the dividend reinvestment plan	-	518,832
- Shares bought back during the year	(592,279)	(361,868)
At reporting date	64,232,223	64,824,502

(b) Reconciliation of ordinary shares (value)

	Consolidated	
	2010 $	2009 $
At the beginning of the year	39,376,051	39,203,511
Shares issued during the year		
- On 12 December 2009 shares issued in accordance with the dividend reinvestment plan	-	793,765
- Shares bought back during the year	(1,159,812)	(617,590)
- Costs of share issues	-	(3,635)
Total	38,216,239	39,376,051

(c) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(d) Capital risk management

The Group considers its capital to comprise its ordinary share capital, reserves, accumulated retained earnings and net debt.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and dividends. In order to achieve this objective, the Group has made decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or share buy backs, the Group considers not only its short term position but also its long term operational and strategic objectives.

	Consolidated	
	2010 $	2009 $
Net debt	-	49,776
Total equity	209,741,404	211,166,088

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

(e) Share based payments

During the year and the previous year no bonuses in cash or in shares were paid to employees.

No share based payment expense was recognised during the current financial year or during the 2009 financial year.

25. Reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

(b) Reconciliation of reserves

	Consolidated	
	2010 $	2009 $
Foreign currency translation reserve		
As at beginning of period	6,931,567	(1,130,423)
Exchange differences on translation of foreign operations	(1,455,158)	8,061,990
Total	5,476,409	6,931,567
Share of contributions by other joint venture party in investments accounted for using the equity method (refer to note 15)		
As at beginning of period	-	1,216,859
Transfer to retained earnings	-	(1,216,859)
Total	-	-
Reserves		
Foreign currency translation reserve	5,476,409	6,931,567
Total	5,476,409	6,931,567

26. Dividends

Distributions paid

	Consolidated	
	2010 $	2009 $
Final unfranked dividend (of 10c paid 12 December 2008 per share)	-	6,490,237
Total	-	6,490,237

During the year no dividend was proposed.

At the end of the reporting period the Astron Limited tax group had franking credits of $1,357,760 (2009:$333,894).

27. Key Management Personnel Disclosures

(a) Key management personnel compensation

	Consolidated	
	2010 $	2009 $
Short-term employee benefits	1,769,049	1,647,776
Post-employment benefits	112,804	81,690
Total	1,881,853	1,729,466

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report.

(b) Shareholdings

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

30 June 2010	Balance 1/07/2009	Received as Remuneration	Dividend Reinvestment	Net Change*/ Other	Balance 30/06/2010
Key Management Personnel					
Mr. Gerard King	274,519	-	-	-	274,519
Mr. Alexander Brown	45,079,651	-	-	(1,000,000)	44,079,651
Mr. Robert Flew	170,574	-	-	-	170,574
Mr. Ronald McCullough	-			4,000	4,000
Mdm Kang Rong	-	-	-	2,000,000	2,000,000
Mr. Mark Nielsen	10,000	-	-	1,750	11,750
Mr. Wang Xuedong	-	-	-	-	-
Mr. Jerry Ng	-	-	-	-	-
Mr. Boris Matveev	-	-	-	-	-
Mr. Simon Peters	12,700	-	-	8,568	21,268
Ms Emma Vogel	11,450			8,568	20,018
Mr. Scott McDaniel	-	-	-	-	-
Mr. Song Hongxing	-	-	-	-	-
	45,558,894	-	-	1,022,886	46,581,780

30 June 2009	Balance 1/07/2008	Received as Remuneration	Dividend Reinvestment	Net Change*/ Other	Balance 30/06/2009
Key Management Personnel					
Mr. Gerard King	274,519	-	-	-	274,519
Mr. Alexander Brown	45,079,651	-	-	-	45,079,651
Mr. Robert Flew	170,574	-	-	-	170,574
Mr. Ronald McCullough	-	-	-	-	-
Mdm Kang Rong	-	-	-	-	-
Mr. Mark Nielsen	-	-	-	10,000	10,000
Mr. Wang Xuedong	-	-	-	-	-
Mr. Jerry Ng	-	-	-	-	-
Mr. Boris Matveev	-	-	-	-	-
Mr. Simon Peters	10,000	-	-	2,700	12,700
Ms Emma Vogel	10,000	-	-	1,450	11,450
Mr. Song Hongxing	-	-	-	-	-
Mr. Alan Guy	92,991	-	-	(92,991)	-
	45,637,735	-	-	(78,841)	45,558,894

* Net change other refers to shares purchased or sold during the financial year.

(c) Loans to/from key management personnel

No loans were provided to/from Key Management Personnel during the reporting period (2009: $49,776 from a Director related entity Firback Finance to Astron Limited)

During the current and prior years there was no interest paid on loans

28. Related party transactions

(a) Parent entity

Astron Limited is the parent entity of the Group.

(b) Subsidiaries

Interests in subsidiaries are disclosed in note 17.

(c) Interest free loans

The Group had provided interest free loans to Carnegie Minerals (Gambia) Limited of which the Group had a 50% ownership until 22 December 2008. The loan related to the funding of the Gambian mining venture which was to be repaid through the mineral off-take agreement. During 2008 through actions taken by The Gambian government the receivable from Carnegie Minerals (Gambia) Limited was valued at $Nil after impairment of $3,975,639. Following the acquisition of the remaining 50% of Carnegie, the loan is 100% within the Group and is therefore eliminated on consolidation.

(d) Management services provided

Management and administrative services are provided at no cost to subsidiaries.

29. Capital and Leasing Commitments

(a) Operating lease commitments

There are no non-cancellable operating leases contracted for but not capitalised in the financial statements (2009: Nil)

(b) Capital expenditure commitments

	Consolidated	
	2010 **$**	**2009** **$**
Capital expenditure commitments contracted for:		
Chinese capital projects	523,993	-
Chinese subsidiary capitalisation	3,859,500	4,987,500
Donald Mineral Sands	50,000	50,000
Purchase of Land in VIC Australia	1,261,052	-
	5,694,545	5,037,500
Payable:		
- not later than 12 months	5,694,545	5,037,500
	5,694,545	5,037,500

(c) Other commitments and contingencies

Land

In June 2008 Astron Titanium (Yingkou) Co Ltd acquired an industrial land site from the Chinese Government. The Group has completed development of phase 1 of the site through September 2009 until July 2010. The intention is to continue with development of phase 2 which should be completed by August 2011.

If the Group fails to develop the land the Chinese Government has an option to re acquire the land with a penalty of up to 20% of the purchase price and/or a penalty fee equivalent of 0.1% of the land transfer fee will be imposed for each day delayed. The potential liability is estimated to be $1,469,398 (2009: $1,555,682).

The intention for the block of land held by Yingkou Astron Mineral Resources Co Ltd is currently being evaluated. The Group may decide to sell the block to a third party.

Acquisition of the Business of WIM 150

In March 2010 Astron entered into an agreement to acquire the WIM 150 Project for $5,000,000. $500,000 of this amount has been paid as a refundable deposit which is included in prepayments. The sale is conditional upon transfer of the exploration licence from the seller to the Company. As at the date of signature of these financial statements this condition as has not been met.

30. Cash Flow Information

(a) Reconciliation of cash provided by operating activities with profit/(loss) attributable to members

	Consolidated 2010 $	Consolidated 2009 $
Net profit/(loss) for the year	1,190,286	(2,498,802)
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	317,594	347,644
Impairment of capitalised development expenditure	-	583,683
Impairment of Senegal development expenditure	-	539,787
Remuneration-non cash	-	128,454
Net foreign currency loss	-	1,352,583
Net gain on disposal of subsidiaries	-	(5,059,069)
Impairment of capital works in progress	80,900	-
Stock impairment loss	-	962,036
Impairment of available-for-sale assets	434,026	812,350
Decrease in trade and other receivables	417,462	6,988,487
Decrease in inventories	1,382,364	139,823
Decrease in trade payables and accruals	(395,485)	(5,946,855)
(Decrease)/Increase in income taxes payable	(767,114)	920,986
Increase in deferred tax liabilities	1,294,867	1,613,295
	3,954,900	884,402

(b) Reconciliation of cash

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the consolidated statement of financial position as follows:			
Cash on hand	11	10,647	3,396
Bank balances	11	16,265,569	18,021,688
Short term deposits	11	97,483,400	150,741,321
		113,759,616	168,766,405

(c) Loan facilities

As at 30 June 2010 the Group does not have any loan facilities (2009: None). All facilities were transferred to Imerys on disposal of the four Chinese subsidiaries.

(d) Non cash financing and investing activities

During the year no dividends (2009: $518,832) were paid in cash or by the issue of shares under a dividend reinvestment plan.

(e) Acquisition of entities

During the year Astron Limited invested $5,997,759 (2009: $6,614,729) into Chinese subsidiaries. In addition, a new subsidiary, WIM 150 Pty Limited, was incorporated (refer Note 17). In the prior year Astron Limited acquired 100% of Coast Resources (refer Note 17).

(f) Disposal of entities

There were no disposals of entities in the current or prior financial years.

(g) Restrictions on cash

The short term deposits include $60,000 (2009: $50,000) of cash backed Bank Guarantees for the operations of the Donald Mineral Sands project and WIM 150 Pty Limited.

Bank balances also include letter of credit deposits of $1,103,981 at 30 June 2010 (2009: $203,533). These are pledged as collateral for letters of credit and are therefore not available for drawdown.

31. Employee Benefit Obligations

As at 30 June 2010 and 30 June 2009, the majority of employees are employed in China. It is not normal business practice to remunerate employees in China with employee benefits including superannuation. Any Chinese provisions for employee entitlements at year end would be insignificant.

32. Subsequent events

The financial statements were authorised for issue on 23 September 2010 by the board of directors.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

33. Parent Company Disclosure

The following information relates to the parent entity, Astron Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 2.

	Astron Limited	
	2010	**2009**
	$	**$**
Current assets	160,794,577	167,609,068
Non-current assets	52,440,272	46,391,694
Total assets	213,234,849	214,000,762
Current liabilities	6,731,886	8,160,201
Non-current liabilities	270,456	-
Total liabilities	7,002,342	8,160,201
Contributed equity	38,216,239	39,376,051
Retained earnings	168,016,268	166,464,510
Total equity	206,232,507	205,840,561
Profit for the year	1,551,758	9,118,835
Other comprehensive income for the year	-	-
Total comprehensive income	1,551,758	9,118,835

(a) Guarantees in relation to subsidiaries

Astron Limited has not provided any guarantees in relation to its subsidiary companies.

(b) Contingent liabilities

The contingency set out in Note 29 (c) in respect of the acquisition of the WIM 150 Project is attributable to Astron Limited.

(c) Capital Commitments

Astron Limited is committed to adequately capitalise its Chinese subsidiaries to the amount of $3,859,500 (2009:4,987,500).

34. Financial Instruments

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The principal financial instruments from which financial instrument risk arises are cash at bank, term deposits greater than 90 days, trade receivables and payables and available-for-sale investments.

The disposal of the Chinese subsidiaries in 2008 resulted in substantial scale down of both imports and exports to and from China which significantly reduced the Group's exposure to foreign currency risk. This disposal of the Zircon businesses allowed borrowings to be assumed by the purchaser reducing the Group's exposure to interest rate risk.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Group has significant experience in its principal markets which provides the Directors with assurance as to the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group engages a number of external professionals to ensure compliance with best practise principles.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

In respect of cash investments the majority of cash, cash equivalents and term deposits greater than 90 days are held with institutions with a AA-to A-credit rating.

In respect of trade receivables, there is no concentration of credit risk as the Group has a large number of customers. Group policy is that sales are only made to customers that are credit worthy. Trade receivables are predominantly situated in China.

Credit risk is managed on a Group basis and reviewed regularly by management and Audit & Risk Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

Refer to note 11 (a) & (b) for concentration of credit risk for cash and cash equivalents. Refer to Note 12 for concentration of credit risk for term deposits with maturity over 3 months.

The maximum exposure of the Group to credit risk at the end of the reporting period is as follows:

	Consolidated	
	2010 $	2009 $
Cash & cash equivalents	113,759,616	168,766,405
Term deposits with maturity over 90 days	52,744,908	50,000
Receivables	2,171,050	1,627,332
	168,675,574	170,443,737

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. As at the year end the Group had cash of $113,759,616 (2009: $168,766,405).

Maturity analysis

		Consolidated		
	Note	Carrying Amount $	Contractual Cash flows $	< 6 months $
Year ended 30 June 2010				
Non-derivatives				
Trade payables	21	1,027,291	1,027,291	1,027,291
Other payables and accruals	21	57,808	57,808	57,808
Total Non-interest bearing liabilities		1,085,099	1,085,099	1,085,099
Total liabilities		1,085,099	1,085,099	1,085,099
Year ended 30 June 2009				
Non-derivatives				
Trade payables	21	737,502	737,502	737,502
Other payables and accruals	21	799,296	799,296	799,296
Amounts payable to associates	21	49,776	49,776	49,776
Total Non-interest bearing liabilities		1,586,574	1,586,574	1,586,574
Total liabilities		1,586,574	1,586,574	1,586,574

(d) Fair value

The fair values of

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at the end of the reporting period. For unlisted investments where there is no organised financial market the fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- Other assets and other liabilities approximate their carrying value.

At 30 June 2010 and 30 June 2009, the aggregate fair values and carrying amounts of financial assets and financial liabilities approximate their carrying amounts.

Available-for-sale financial instruments are recognised in the statement of financial position of the Group according to the hierarchy stipulated in AASB7.

As at 30 June 2010, the Group only had one hierarchy being the investments with quoted prices (unadjusted) in active markets for identical assets or liabilities.

	Consolidated	
	2010 $	2009 $
Available-for-sale financial assets		
ASX Listed equity shares Level 1	665,710	1,099,736
	665,710	1,099,736

(e) Interest rate risk

The Group manages its interest rate risk by continuously monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents and term deposits are held with institutions with a AA-to A- credit rating.

The Groups' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables opposite:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing within 1 Year		Non-interest Bearing		Total	
	2010 %	2009 %	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Financial Assets:										
Cash and cash equivalents	5.4%	3.1%	28,183,122	38,313,626	85,565,847	130,449,383	10,647	3,396	113,759,616	168,766,405
Term deposits greater than 90 days	5.9%	3.5%	-	-	52,744,908	50,000	-	-	52,744,908	50,000
Receivables	-	-		-		-	2,171,050	1,627,332	2,171,050	1,627,332
Available-for-sale investments	-	-		-		-	665,710	1,099,736	665,710	1,099,736
Total Financial Assets			28,183,122	38,313,626	138,310,755	130,499,383	2,847,407	2,730,464	169,341,284	171,543,473
Financial Liabilities:										
Trade and sundry payables	-	-		-		-	1,085,099	1,536,798	1,085,099	1,536,798
Amounts payable to related parties	-	-		-		-	-	49,776	-	49,776
Total Financial Liabilities				-		-	1,085,099	1,586,574	1,085,099	1,586,574

Sensitivity analysis

The following table shows the movements in profit due to higher/lower interest costs from variable interest rate financial instruments in Australia and China.

	Consolidated			
	+ 1% (100 basis points)		-1% (100 basis points)	
	2010 $	2009 $	2010 $	2009 $
Cash at bank	1,032,408	1,501,819	(1,032,408)	(1,501,819)
Term deposits greater than 90 days	323,747	500	(323,747)	(500)
	1,356,155	1,502,319	(1,356,155)	(1,502,319)
Tax charge of 30%	(406,847)	(450,546)	406,847	450,546
Total	949,308	1,051,773	(949,308)	(1,051,773)

(f) Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency, however, this exposure has reduced following the scale down of operations after the sale of the Zircon group. The Group manages this risk through the offset of Trade receivables and payables where the majority of trading is undertaken in either the USD or Chinese Reminbi which is pegged to the USD. Current trading terms ensure that foreign currency risk is reduced by not trading on terms but cash on delivery.

(g) Price risk

Given that price movements are not considered material to the Group, the Group does not have a risk management policy for price risk. However, the Group's management regularly review the risks associated with fluctuating input and output prices.

As at 30 June 2010, the maximum exposure of price risk to the Group was the available-for-sale investments for $665,710 (2009: $1,099,736). 100% of the Group's holding is in the mining sector.

The Group's exposure to equity price risk is as follows:

	Consolidated 2010 $	Consolidated 2009 $
Carrying amount of listed equity shares on ASX	665,710	1,099,736
	665,710	1,099,736

Sensitivity Analysis

	Consolidated			
	2010 $		2009 $	
	Increase/(decrease) in share price		Increase/(decrease) in share price	
	+10%	10%	+10%	-10%
Listed equity shares on ASX				
Profit before tax - decrease	-	**(66,571)**	-	(109,974)
Other comprehensive income - increase	**66,571**	-	109,974	-

The above analysis assumes all other variables remain constant.

35. Company Details

Registered office

Astron Limited
C/ BDO
Level 19, 2 Market Street
Sydney NSW 2000

Principal places of business

China
Level 18, Building B, Fortune Plaza
53 Beizhan Road
Shenhe District, Shenyang
Liaoning Province, China 110016

Australia
Level 29
2 Chifley Square
Sydney, NSW
2000

Astron Limited
ABN 97 000 285 272

DECLARATION BY DIRECTORS

For The Year Ended 30 June 2010

The directors of the company declare that:

1. The financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. 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.

4. The remuneration disclosures included in pages 27 to 32 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2010, comply with section 300A of the *Corporations Act 2001*.

5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

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:

GA King
Director

AG Brown
Director

Sydney, 23rd September 2010

Tel: +61 2 9286 5555
Fax: +61 2 9286 5599
www.bdo.com.au

Level 19, 2 Market St
Sydney NSW 2000
GPO Box 2551, Sydney NSW 2001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Astron Limited

Report on the Financial Report

We have audited the accompanying financial report of Astron Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Astron Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 32 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Astron Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

BDO

BDO Audit (NSW-VIC) Pty Ltd

J Abela

Jeff Abela
Director

Sydney, dated this 23rd day of September 2010

Corporate Information

Directors

Mr. Gerard King (Chairman)
Mr. Alexander Brown (Managing Director)
Mr. Robert Flew (Non-Executive Director)
Mr. Ronald McCullough (Non-Executive Director)
Mdm. Kang Rong (Executive Director)

Company Secretary

Mr. Mark Nielsen

Registered Office

Level 19, 2 Market Street
Sydney NSW 2000

Mailing Address

Level 29, 2 Chifley Square
Sydney NSW 2000

Principal Places of Business

China
Level 18, Building B, Fortune Plaza
53 Beizhan Road
Shenhe District, Shenyang
Liaoning Province, China 110016

Australia
Level 29
2 Chifley Square
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
Level 24, 20 Sussex Street
Sydney NSW 2000

Share Register

Computershare Investor Services Limited
Level 3, 60 Carrington Street
Sydney NSW 2001
Telephone No.: 61 2 8234 5000

Auditors

BDO
Level 19, 2 Market Street
Sydney NSW 2000

Internet address

www.astronlimited.com

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ASTRON

Astron Limited

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