

ANNOUNCEMENT

2007 FINANCIAL REPORTS, DIRECTORS REPORT AND AUDIT REPORT

Astron will, later today, lodge its statutory 2007 Financial Report, Directors Report and Auditors Report (all "the 2007 Audited Financial Reports") with the Australian Stock Exchange (ASX). The Directors would like to provide the following explanations to shareholders.

Delay in lodgment of 2007 Audited Financial Reports

- a. On September 3rd 2007 Astron released its Appendix 4E report. Following this release, Astron advised that there would be a delay in the production of the company's final financial report for the year ended June 30th 2007.
- b. The delay was the result of a number of factors including significant audit activities associated with the Imerys Sale process and the implementation of a new management and financial accounting system.
- c. The Imerys Sale process meant that at the same time as preparing audited accounts for each of Astron's 4 Chinese subsidiary companies being sold under the Imerys sale, these companies were in the process of implementation of a roll out of an enterprise resource planning system (ERP). The ERP is a comprehensive business management and planning financial accounting system.
- d. There were significant problems associated with the ERP, stemming from significant installation issues. Specifically, the installation has now been audited by the software vendor and a number of errors have been made in the set up by the vendor's agent.
- e. Development of the ERP is ongoing, the system is now working well and the Directors are confident that this implementation will generate a substantial benefit for the company and shareholders.
- f. Directors would like to express their sincere regret at these delays and for any inconvenience caused to Shareholders.

Differences between 2007 Audited Financial Report and the Appendix 4E report

- a. Through the audit process the Audited Financial Reports have been amended from the Appendix 4E report.
- b. The group brought to account adjustments to inventory valuations, income tax provisions and foreign currency losses on group loans and as a result the profit of \$11,431,821 has differed from that reported to the ASX on 3 September under listing rule 4 of \$14,053,025.

- c The net equity of the company has not changed significantly, however an extensive reclassification of individual line items has been made, to meet IFRS disclosure , which arose through new ERP system being set up for China GAAP reporting. Regrettably errors occurred in calculation of the Foreign currency reserve in respect of overseas entities with a functional currency other than AUD, and calculation was complicated by reorganizations of overseas entities and elimination of intercompany loans (as well as a number of ERP set up issues).
- d Reconciliation of movements from Appendix 4E ASX report to 2007 Audited Financial Report

	Consolidated 30 June 2007
Impact on the Income Statement	\$
Net profit attributable to members of Astron Limited per ASX Appendix 4E	14,053,025
- Net adjustment to valuation of inventory	(1,705,053)
- Finalization of equity accounting	(406,584)
- Errors on accounting for the liquidation of a subsidiary	(709,856)
- Income tax expense adjustment	200,289
Net profit attributable to members of Astron Limited per Audited Financial Statements	11,431,821

Implications for Imerys sale transaction of the amended profit result

- a. The share sale agreement entered into between Imerys and Astron contains a condition precedent to the completion of the transaction that for the year ended 30th June 2007 the Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") of the Astron businesses that are the subject of the sale to Imerys be no less than Rmb 130 million.
- b. As the audited accounts for the sale companies disclose a lower earnings result, discussions with Imerys have commenced to determine the impact on the sale. In these preliminary discussions Imerys have confirmed their desire in principle to proceed with the transaction, provided a satisfactory agreement can be reached during the ongoing further discussions, on issues such as the commercial terms of the sale and timetable to completion.

Matthew Suttling

Secretary

29 October 2007