XRF Scientific Limited

ABN 80 107 908 314

Annual Financial Report

For the year ended 30 June 2015

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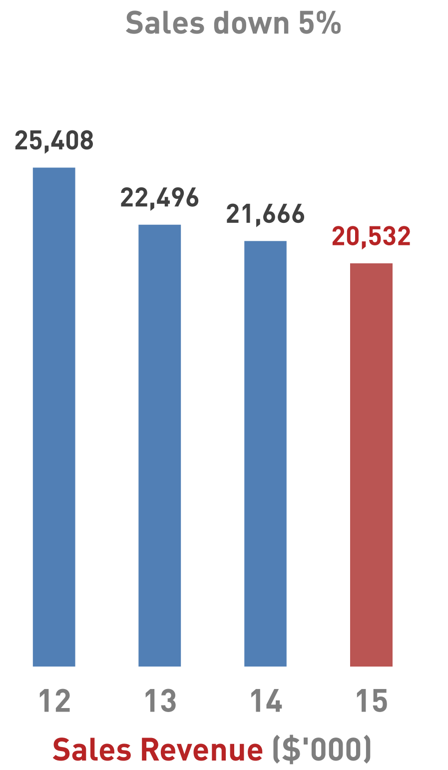
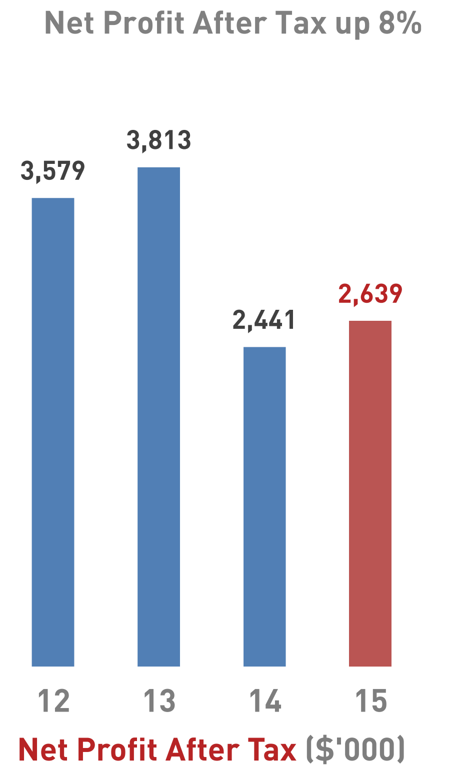
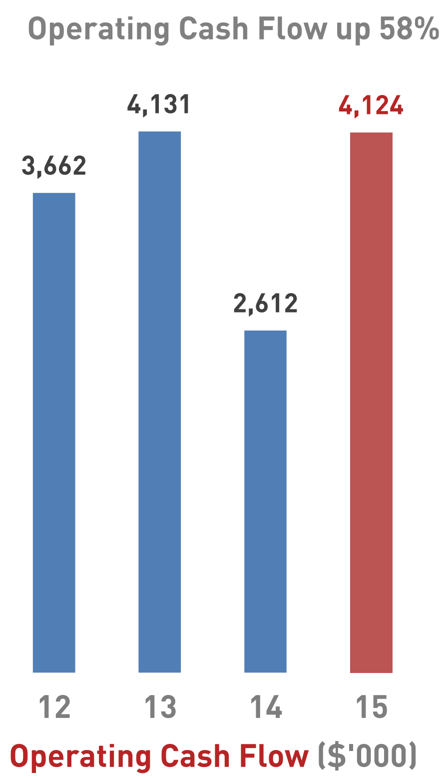
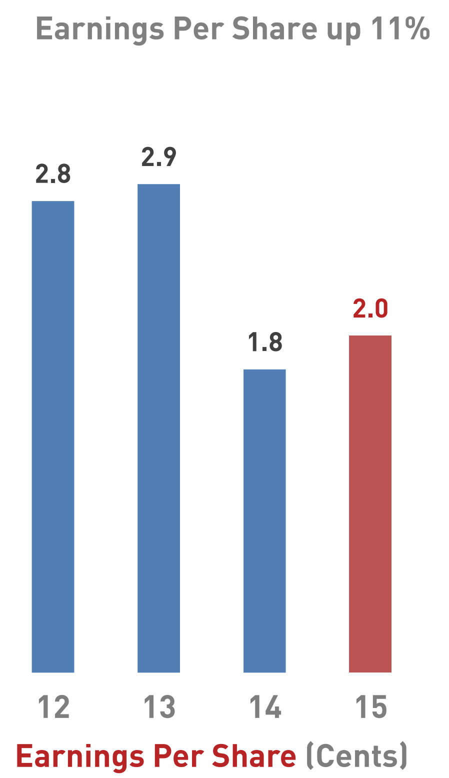
FINANCIAL RESULTS SUMMARY









CHAIRMAN'S LETTER

Dear Shareholder,

The laboratory services sector in Australia and around the world suffered a very difficult period following the substantial falls in natural resources prices and a reduction in the exploration, extraction and manufacturing sectors. While not the total cause, the significant drops in iron ore, minerals and metals prices brought with them downward pressure on laboratory services costs – especially from the exploration and mining sectors in Australia, Canada and South Africa.

XRF Scientific Ltd (XRF), through very tight control of individual divisional costs and of management overall, has been able to maintain margins and profits. The net profit for the year is $2,639,463 and the total dividends paid increased to 1.2 cents per share, fully franked.

The Company has remained debt-free and continues to hold cash. It has maintained very tight control on staff numbers, operating costs and streamlined its management structure.

Over the next 12 – 18 months, the assessment is that all of XRF's customers will continue to be under strong pressure to increase efficiency and reduce operating costs. The drive for efficiency and automation amongst our larger minerals exploration and mining companies will continue and we are confident that our efficiency and competitiveness will continue to improve.

While there have been some reservations, the Company and its shareholders have benefited from the decision to maintain sufficient cash reserves and incrementally expand our markets in North America, Europe and South America.

There have been several small, but strategic acquisitions of businesses in Australia, Europe and North America that are adding to our penetration of key markets. This growth will be assisted by the realignment of the Australian dollar.

The Board decided that any expansion of the business had to meet credible and sustainable earnings ratios. In this respect, the Board and management are seriously pursuing opportunities that have arisen as a result of some small international acquisitions and an intake of staff with special skills and experience.

The successful acquisition of Sigma Chemicals in 2011 and a smaller Canadian acquisition in 2013 demonstrated that the Company can grow organically, maintain its market position and reward shareholders. Also, it is seeking to build its international client base in major mining countries such as Canada, South Africa, and Brazil as well as in parts of Europe where there is a demand for the chemicals, platinum labware and the specialised furnaces and laboratory equipment that XRF manufactures.

The Board, senior management team and staff in Australia and overseas have faced a very difficult year. They deserve great credit for keeping tight financial control and delivering a sound result, whilst at the same time maintaining a strategic approach to the medium to long term growth of the business.

Kenneth Baxter
Chairman

DIRECTORS' REPORT

Your directors present their report on the company XRF Scientific Limited and its controlled entities for the financial year ended 30 June 2015.

DIRECTORS

The names of the directors in office at any time during or since the end of the financial year are:

Kenneth Baxter (Chairman)
David Brown
David Kiggins
Fred Grimwade

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITY

The principal activity of the economic entity during the financial year was the business of manufacturing and marketing precious metal products, specialised chemicals and instruments for the scientific and analytical industries and in particular, the mining industry.

No significant change in the nature of these activities occurred during the year.

DIVIDENDS – XRF SCIENTIFIC LIMITED AND CONTROLLED ENTITIES

Dividends paid to members during the financial year were as follows:

	2015	2014
	$	$
Final dividend for the year	1,453,727	2,246,329
Interim dividend	660,785	-

In addition to the above dividends, since the end of the financial year the directors have declared the payment of a fully franked final dividend of 0.7 cents per share to be paid on 25 September 2015 out of retained earnings at 30 June 2015.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

A review of the operations of the economic entity during the financial year and the results of those operations found that during the year, the economic entity continued to engage in its principal activity and the results and financial position are disclosed in the attached financial statements.

The consolidated entity has produced a Net Profit After Tax (NPAT) of $2,639,463 for the year ended 30 June 2015, compared with $2,441,258 for the previous year.

Details of the results for the financial year ended 30 June 2015 are as follows:

	June 2015	June 2014	Increase / (decrease) over prior year
	$	$	%
Total revenue and other income	20,928,668	22,043,121	(5)
NPAT	2,639,463	2,441,258	8
Basic earnings per share – (cents per share)	2.0	1.8	11
Diluted earnings per share – (cents per share)	2.0	1.8	11
Underlying profit before tax [1]	3,905,276	3,880,991	1

[1] Non-IFRS financial information. Normalised for non-operational adjustments. Refer below for details.

OPERATING RESULTS

XRF Scientific Ltd ("XRF" or "Company") is pleased to report its June 2015 full-year results to shareholders. The Company has generated revenue of $20.7m and underlying profits before tax of $3.9m, before expensing $262k in acquisition related due diligence and integration costs.

Despite revenue falling by 5% to $20.7m, profits were maintained and margins improved. This is the result of new products such as xrFuse 2 and xrFuse 6, which are being produced efficiently in larger volumes.

The Directors have confirmed that a final dividend of 0.7 cents per share, fully franked, will be payable with a record date of 11 September 2015 and payment date of 25 September 2015. In conjunction with the interim dividend already paid, this provides a dividend payout ratio that is consistent with prior years of 60%.

The cash at bank balance increased strongly from $6.2m as at 30 June 2014 to $6.8m as at 30 June 2015, after paying for $1m in acquisitions and $2.1m in dividends. NTA slightly decreased to $0.11 as at 30 June 2015, due to intangibles capitalised from acquisitions and the maiden interim dividend paid in March 2015.

The Consumables division delivered sales of $6.0m, compared to the previous corresponding period (PCP) of $6.4m, mainly as a result of the continued downturn in the exploration industry, in particular for iron-ore. Revenue in general remained reasonably stable, which has been approximately $3m per half for the last 18 months. Profits before tax were reduced to $1.93m from $2.36m in the PCP. Results were negatively affected by the strength of the USD against the AUD, in which many of our raw production materials are purchased. XRF continues to remain as world leader for its consumable products, supported by strong intellectual property and significant experience in dealing with market cycles.

The Precious Metals division delivered growth in profit before tax, generating $1.49m, compared to $1.34m in the PCP. The increase in profits was in part due to XRF's Canadian division, which increased its profitability in 2015. XRF's Canadian business, recently rebranded as "XRF Scientific Americas" is assisting with growth throughout the Americas across all three product lines. Service and support to end-users and distributors in the region is now being provided in the relevant time zone and language.

DIRECTORS' REPORT

OPERATING RESULTS continued

The Capital Equipment division performed extremely well, delivering profit before tax of $632k as compared to $354k in the PCP. The result included the impact of an obsolete stock write off of $120k. The result was primarily driven by the growing success of the Company's flagship electric fusion machine, xrFuse 6, as well as the smaller xrFuse 2 that was launched in August 2014. Both of these machines filled voids in the division's product range and have been well received. The xrFuse 2 machine is targeted at non-mining export markets, for industries such as cement, glass, steel and research. Since its launch, a large number of orders have been completed.

Capital equipment sales were difficult in the second half, with some improvement towards the end of the year. Further new products were launched in the second half, including the Phoenix 2 gas fusion machine and xrWeigh automatic flux weighing unit. The Phoenix 2 offers significant advantages over both the previous generation unit and competing offerings. The xrWeigh allows laboratory customers to achieve a higher level of accuracy with their results, as well as a reduction in labour costs. Additional new product releases are expected in FY16, to meet the continually changing requirements of XRF's customers.

In line with the Company's strategy to grow its export business and non-mining revenue streams, a number of high quality distributors were appointed in South Korea, Malaysia, Vietnam, Singapore, Taiwan and Turkey. Excellent progress is already being made and initial sales levels have been pleasing. Further expansion of the Company's international distribution network is planned throughout FY16, particularly in parts of Asia and South America.

Throughout the year the Company completed two bolt-on acquisitions. The first of which was Coltide XRF Drift Monitors (Coltide), which was acquired in November 2014. Coltide is a manufacturer and supplier of XRF Drift Monitors, which are sold worldwide to mining companies and research organisations that need to establish an accurate calibration for a series of elements, on a regular basis on their xray spectrometers. Coltide's products were manufactured in Adelaide by Dr Keith Norrish, who is regarded as the preeminent pioneer of wavelength dispersive xray spectrometry for the analysis of minerals. Manufacturing has since been transferred to the Company's facility in Melbourne and the first product sales occurred in December.

XRF also acquired the business of ICPH Flux, based in France, for total upfront consideration of €658,000 (AUD $986,000), with potential deferred consideration of up to €70,000 (AUD $105,000) payable, linked to certain revenue targets for the first twelve months that follows settlement. The upfront consideration included €110,000 (AUD $160,000) of platinum labware, which is not required for production and was liquidated back into cash assets. The business was established in 1984 by Mr Gérard Lang, using a unique manufacturing process, and was one of the first producers of x-ray flux in the world. Under XRF's ownership, manufacturing has been transferred to the Company's facility in Perth using existing equipment. Sales are being managed directly from Perth, with a transition program in place with the assistance of the vendor. The business is expected to generate EBIT of approximately $200,000 per annum under XRF's ownership.

Additional high quality acquisition opportunities are currently under review, which may be completed in FY16. With significant cash reserves available, XRF is well positioned to take advantage of these opportunities.

In FY16, the focus of the Board and Management will revolve around growing non-mining revenue, international sales, new product developments and acquisitions. During FY15 total revenue generated by non-mining was approximately 30%. Opportunities to extend this figure have presented themselves, both via acquisition and through organic expansion. Although in general, conditions remain challenging, the Board and Management are working to continue to deliver a high level of sustainable earnings.

DIRECTORS' REPORT

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

A final dividend of 0.7 cents per share fully franked was declared on 20 August 2015, bringing the total dividend for the year to 1.2 cents per share fully franked (FY14: 1.1 cents per share fully franked), with a record date of 11 September 2015 and payment date of 25 September 2015.

There were no other events subsequent to the reporting date which have significantly affected or may significantly affect the XRF Scientific Limited operations, results or state of affairs in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely results in the operations of the economic entity and the expected results of those operations in the future financial year have not been included in this report, as the disclosure of such information may lead to commercial prejudice to the economic entity.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the affairs of the Group.

ENVIRONMENTAL REGULATION

All companies within the group continued to comply with all environmental requirements. Wherever possible, carbon emissions have been limited, and new production techniques adopted to reduce energy use.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report greenhouse gas emissions and energy use. For the measurement period 1 July 2014 to 30 June 2015 the directors have assessed that there are no current reporting requirements, but the Company may be required to do so in the future. The economic entity is also subject to the environmental regulations under the laws of the Commonwealth or of a State or Territory in which it operates. The Directors are not aware of any breaches of these regulations.

INFORMATION ON DIRECTORS

Kenneth Baxter	**Chairman (Non-Executive)**
Date of appointment	5 July 2005 (10 years)
Qualifications:	Bachelor of Economics, Fellow of Australian Institute of Management and Fellow of the Australian Institute of Company Directors
Experience:	Part time Commissioner with the Australian Government Productivity Commission, former Chairman of PNG Energy Developments Ltd, former Chairman of TFG International Pty Ltd, former Non-Executive Director of the Hydro Electric Corporation of Tasmania, former Director of Air Niugini Ltd, former Secretary of Department of Premier & Cabinet Victoria, former Chairman of the Australian Dairy Corporation & Thai Dairy Industries Ltd.
Other current directorships:	Chairman of PNG Sustainable Infrastructure Ltd and Infraco Asia Developments Pte Ltd; Non-Executive Director of Dairy NSW and other private companies
Former directorships in last 3 years:	Chairman of PNG Energy Developments Ltd and other private companies
Special responsibilities:	Chairman of the Board, member of the Audit & Governance Committee and Remuneration Committees
No. of options:	Nil
No. of shares:	610,623 fully paid ordinary shares

DIRECTORS' REPORT

INFORMATION ON DIRECTORS continued

David Brown	**Director (Non-Executive)**
Date of appointment	7 June 2004 (11 years)
Qualifications:	Bachelor of Science, Bachelor of Economics
Experience:	Has 40 years of experience in research and development and manufacturing of X-Ray Flux chemicals, formerly chief chemist for Swan Brewery Co. Ltd, formerly Chairman of Scientific Industries Council of WA.
Other current directorships:	Private companies only
Former directorships in last 3 years:	Private companies only
Special responsibilities:	Technical consultant to XRF Chemicals Pty Ltd
No. of options:	Nil
No. of shares:	8,213,300 fully paid ordinary shares
David Kiggins	**Director (Non-Executive)**
Date of appointment	1 May 2012 (3 years)
Qualifications:	Bachelor of Science (HONS), member of the Institute of Chartered Accountants of England and Wales, member of the Institute of Chartered Secretaries and Administrators, and member of Australian Institute of Company Directors
Experience:	Started his career with ten years at Arthur Andersen, working in audit and business consulting in the UK, Australia, Africa and the Middle East. Significant public company experience, including ASX IPO, capital raising and M&A in the roles of GM Business Development and Company Secretary at Automotive Holdings Group Limited, and as Finance Director and Company Secretary at Global Construction Services Limited. Currently the Chief Financial Officer at the Heliwest Group.
Other current directorships:	Private companies only
Former directorships in last 3 years:	Private companies only
Special responsibilities:	Chairman of the Audit & Governance Committee, member of the Remuneration Committee
No. of options:	Nil
No. of shares:	212,900
Fred Grimwade	**Director (Non-Executive)**
Date of appointment	1 May 2012 (3 years)
Qualifications:	Bachelor of Commerce, Bachelor of Law, Master of Business Administration, Fellow of the Governance Institute of Australia, Fellow of the Australian Institute of Company Directors, and Life Member of the Financial Services Institute of Australasia
Experience:	Has held general management positions at Colonial Agricultural Company, the Colonial Group, Western Mining Corporation and Goldman, Sachs & Co. He has a broad range of experience in strategic management, mining, finance, corporate governance and law. Currently a Principal and Executive Director of Fawkner Capital, a specialist corporate advisory and investment firm.
Other current directorships:	Chairman of CPT Global Limited; Acting Chairman of Troy Resources Limited; Non-Executive Director of Select Harvests Limited, Australian United Investment Company Limited, NewSat Limited and other private companies
Former directorships in last 3 years:	Chairman of Fusion Retail Brands Pty Ltd and other private companies
Special responsibilities:	Chairman of the Remuneration Committee, member of the Audit & Governance Committee
No. of options:	Nil
No. of shares:	400,000

COMPANY SECRETARIES

Vance Stazzonelli, B.Comm, CPA – Vance has held the role of Company Secretary since June 2008.
Andrew Watson, B.Comm, CA – Andrew was appointed Joint Company Secretary in August 2013.

DIRECTORS' REPORT

OTHER KEY MANAGEMENT

Vance Stazzonelli (Chief Executive Officer – XRF Scientific Limited)
Vance joined XRF Scientific as Chief Financial Officer in October 2009. He was subsequently appointed to Chief Operating Officer in January 2011 and then Chief Executive Officer in August 2012. He has held the role of Company Secretary since June 2008.

Andrew Watson (Chief Financial Officer – XRF Scientific Limited)
Andrew joined XRF Scientific as Group Accountant in August 2012. He was promoted to Chief Financial Officer in July 2014 and also been the joint Company Secretary since August 2013. He is a member of the Chartered Accountants Australia and New Zealand and is currently completing a Graduate Diploma of Applied Corporate Governance.

MEETINGS OF DIRECTORS

The number of meetings held by the Board of Directors including meetings of the committees of the Board and the number of meetings attended by each of the Directors during the financial year ended 30 June 2015 were as follows:

	Full meetings of Directors		Meetings of committees - Audit, Corporate Governance & Remuneration	
	A	**B**	**A**	**B**
Kenneth Baxter	12	11	4	3
David Brown	12	12	**	**
David Kiggins	12	12	4	4
Fred Grimwade	12	12	4	4

A = Meetings held during the time the director held office or was a member of the Committee during the year
B = Meetings attended
****** = Not a member of the relevant Committee

REMUNERATION REPORT (Audited)

(a) Principles used to determine the nature and amount of remuneration.

Remuneration governance
The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the over-arching executive remuneration framework
- operation of the incentive plans which apply to the executive team, including key performance indicators and performance hurdles
- remuneration levels of executive directors and other key management personnel, and
- non-executive director fees

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company. The Corporate Governance Statement provides further information on the role of this committee.

Non-executive directors
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed periodically by the Board.

REMUNERATION REPORT (Audited) continued

The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. The Chairman's remuneration is inclusive of committee fees.

Non-executive directors may receive share options.

Directors' fees

The current base remuneration was last reviewed in November 2012, as ratified by a resolution passed at the 2012 Annual General Meeting. The maximum currently stands at $400,000 per annum and was approved by shareholders at the Annual General Meeting in November 2012.

Base director fees

Chairman	$80,000
Non-Executive Directors	$50,000
Committee Chairman	$7,500

Executive pay

The executive pay and reward framework has three components:

1. Base pay and benefits, including superannuation
2. Short-term performance incentives, and
3. Long-term incentives.

It is Board policy to review key management annually, and adjust such compensation taking into account the manager's performance, the performance of the entity which they manage, and the performance of the group of companies.

Where appropriate, there is a direct link between financial performance (profit or growth) to key managers' compensation by way of bonus, which is assessed under a weighted balanced scorecard method, as set out by the Remuneration Committee at the start of each year. This method is accepted by the Board as being an appropriate incentive for encouraging key management personnel to reach targets that are in excess of budgeted growth.

(i) Base Pay

Executives are offered a competitive base pay that forms the fixed component of pay. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is reviewed on promotion.

(ii) Benefits

Executives may receive benefits including car/mileage allowance.

(iii) Superannuation

Retirement benefits of 9.5%, effective 1 July 2014 (2014: 9.5%), of the base pay are delivered to the individual super fund of the executive's choice.

(iv) Short-term performance incentives

Bonuses may be paid on the performance of the individual entity based on full year performance for the financial year. In most instances bonus payments are based on the achievement of a percentage of that year's budget and targets/objectives being met. A short term incentive (STI) pool is available for executives during the annual review, which is subject to caps that are in place.

Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. Specific details of key management personnel bonuses can be found under the service contracts section of this report. For the 2015 financial year, the Board determined that no bonuses would be paid.

REMUNERATION REPORT (Audited) continued

(v) Long-term incentives

There are no specific long term incentives in place, however the matter is currently being considered by the Remuneration Committee.

(vi) Assessing performance and claw-back of remuneration

The Board is currently reviewing the Executive Performance Reward Policy with regards to the following: in the event of serious misconduct or a material misstatement in the Group's financial statements, the Board may cancel or defer remuneration and may also claw back performance-based remuneration paid in previous financial years.

(b) Details of remuneration

(i) Non-Executive

Kenneth Baxter	Chairman
David Brown	Non-Executive Director
David Kiggins	Non-Executive Director
Fred Grimwade	Non-Executive Director

(ii) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group:

Vance Stazzonelli	Chief Executive Officer
Andrew Watson	Chief Financial Officer

Percentage of performance related compensation of total remuneration

Certain key management personnel are paid performance bonuses in addition to set remuneration amounts. The Board of Directors have set these bonuses to encourage growth and profitability. Bonuses are paid as per the conditions set out in page 10.

Fixed Remuneration

The level of fixed remuneration is set as to provide base level of remuneration which is both appropriate to the position and its competitive market. Fixed remuneration is reviewed annually by the Remuneration Committee based on market rates, as well as having regard to the Company, divisional and individual performance. The fixed remuneration of other key management personnel is contained in information that follows.

Variable Remuneration (Short-Term Incentive)

To assist in achieving the objective of retaining a high quality executive team, the Remuneration Committee links the nature and amount of the executive emoluments to the Company's financial and operating performance.

Variable remuneration is calculated based on an assessment of the executive's achievement of key performance indicators, which is assessed under a weighted balanced scorecard method, as set out by the Remuneration Committee at the start of each year.

Options issued as part of total remuneration

No options have been issued in 2014 or 2015 as part of total remuneration.

Securities Trading Policy

The Company has adopted a policy that imposes certain restrictions on Directors and employees trading in the securities of the Company. The restrictions have been imposed to prevent trading in contravention of the insider trading provisions of the Corporations Act.

REMUNERATION REPORT (Audited) continued

(b) Details of remuneration continued

Voting and comments made at the company's 2014 Annual General Meeting

The company received validly appointed proxies of 99% of "yes" votes on its remuneration report for the 2014 financial year. The remuneration resolution was carried on a show of hands. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Amounts of remuneration

Details of the remuneration of directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of XRF Scientific Limited are set out in the following:

	Short-term Benefits			Post-employment Benefits	Long-term Benefits		
2015	**Cash Salary $**	**Cash Bonuses $**	**Other**	**Superannuation $**	**Long Service Leave $**	**Termination benefits $**	**Total $**
Non-executive directors							
Kenneth Baxter	71,374	-	-	6,781	-	-	78,155
David Brown	44,607	-	[1] 154,860	4,238	-	-	203,705
David Kiggins	51,300	-	-	4,874	-	-	56,174
Fred Grimwade	51,300	-	-	4,874	-	-	56,174
Sub-total non-executive directors	218,581	-	154,860	20,767	-	-	394,208
Other key management personnel							
Vance Stazzonelli	237,443	-	-	22,557	3,912	-	263,912
Andrew Watson	137,846	-	-	13,095	2,952	-	153,893
Sub-total key management personnel	375,289	-	-	35,652	6,864	-	417,805
	593,870	**-**	**154,860**	**56,419**	**6,864**	**-**	**812,013**

	Short-term Benefits			Post-employment Benefits	Long-term Benefits		
2014	**Cash Salary $**	**Cash Bonuses $**	**Other**	**Superannuation $**	**Long Service Leave $**	**Termination benefits $**	**Total $**
Non-executive directors							
Kenneth Baxter	73,226	-	-	6,774	-	-	80,000
David Brown	45,767	-	[1] 163,032	4,233	-	-	213,032
David Kiggins	52,632	-	-	4,868	-	-	57,500
Fred Grimwade	52,632	-	-	4,868	-	-	57,500
Sub-total non-executive directors	224,257	-	163,032	20,743	-	-	408,032
Other key management personnel							
Vance Stazzonelli	237,986	-	-	24,977	4,499	-	267,462
Sub-total key management personnel	237,986	-	-	24,977	4,499	-	267,462
	462,243	**-**	**163,032**	**45,720**	**4,499**	-	**675,494**

[1] Technical services provided by consultancy (such as technical sales and support, analytical method development).

REMUNERATION REPORT (Audited) continued

(b) Details of remuneration continued

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At risk - STI		At risk - LTI	
	2015	2014	2015	2014	2015	2014
Other key management personnel						
Vance Stazzonelli	100%	100%	-	-	–	–
Andrew Watson	100%	-	-	-	–	–

Refer to page 11 for details of the Company's policies on short-term incentives.

(c) Shareholder Wealth

The following is a summary of key shareholder wealth statistics for the Company over the past 5 years (listed since 2006).

	EBIT	Earnings Per Share	Dividends Declared Per Share	Share Price	Market Capitalisation
	$	Cents	Cents	Cents	$
2010/11	3,841,980	2.5	1.0	22	22,798,237
2011/12	4,809,646	2.8	1.5	26	33,494,179
2012/13	5,142,299	2.9	1.7	31	40,968,700
2013/14	3,358,127	1.8	1.1	21	27,752,990
2014/15	3,477,167	2.0	0.7	21	27,752,990

(d) Shares held by key management personnel

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:

Name	Balance at 1 July 2014	Granted as compensation	Received on exercise of options on rights	Other changes	Balance at 30 June 2015
Directors of XRF Scientific Limited					
Kenneth Baxter	578,334	-	-	[1] 32,289	610,623
David Brown	7,870,916	-	-	[1] 342,384	8,213,300
David Kiggins	212,900	-	-	-	212,900
Fred Grimwade	400,000	-	-	-	400,000
Other key management personnel					
Vance Stazzonelli	230,000	-	-	[1] 90,000	320,000

[1] On-market trade.

Option holdings

There were no options over ordinary shares in the company held during the financial year by directors of XRF Scientific Limited or other key management personnel of the Group.

REMUNERATION REPORT (Audited) continued

(e) Service Agreements

Remuneration for the Chief Executive Officer and Chief Financial Officer is set out in service agreements, which are detailed below:

Vance Stazzonelli, Chief Executive Officer of XRF Scientific Limited

Terms of agreement – Ongoing employment contract effective 1 July 2012. Base salary is $260,000 per annum, including superannuation benefits of 9.5%. Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to six months full pay. Notice period by the employee of six months. Payment of bonuses is based on a range of strategic, financial, operational, personnel, and Board-related key performance indicators.

Andrew Watson, Chief Financial Officer of XRF Scientific Limited

Terms of agreement – Ongoing employment contract effective 24 July 2014. Base salary is $140,000 per annum, plus superannuation benefits of 9.5%. Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to three months full pay. Notice period by the employee of three months. Payment of bonuses is based on a range of strategic, financial, operational, personnel, and Board-related key performance indicators.

No other key management personnel are currently employed under service contracts.

(f) Share-based compensation

There was no share based compensation to any Director or Key Management Personnel for the years ended 30 June 2014 and 2015. The Company has not adopted an employee share option scheme.

(g) Bonuses

No cash bonuses were provided for in the years ended 30 June 2015 and 30 June 2014.

(h) Remuneration consultants

No remuneration consultants were used in the years ended 30 June 2015 and 30 June 2014.

(i) Other transactions with key management personnel

Premises were rented from a related entity of Director David Brown during the financial year. These properties were rented on normal commercial terms and conditions, totalling $112,012 (2014: $108,434). No amounts were outstanding at the end of the year.

As the sole director of XRF Chemicals Pty Ltd, Vance Stazzonelli is currently guarantor on a lease in Osborne Park.

(j) Loans to directors and executives

No loans were made to directors and executives during the financial years ended 30 June 2015 and 30 June 2014.

End of remuneration report (Audited).

DIRECTORS' REPORT

OPTIONS

No unissued ordinary shares of XRF Scientific Limited remain under option at the date of this report.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the company paid insurance premiums to insure the directors and officers of the company and its Australian–based controlled entities, and general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or some criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF OR INVOLVING THE ECONOMIC ENTITY

No person has applied for leave of Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company or 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 any 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.

NON-AUDIT SERVICES

Details of the non-audit services provided by the Company's external auditor BDO Audit (WA) Pty Ltd during the year ended 30 June 2015 are outlined in the following table. Based on advice from the Company's Audit and Governance Committee, the Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and the scope of each type of non-audit service provided means that auditor independence was not compromised.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2015	**2014**
	$	**$**
Assurance & other services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	103,779	106,105
Taxation services	47,420	34,119
Other services	11,089	3,535
Total remuneration for audit and other services	162,288	143,759

The Board is satisfied that the auditors of the Company, BDO Audit (WA) Pty Ltd remain independent.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors and signed for and on behalf of the Board by:

Kenneth Baxter
Chairman

Perth
24 September 2015

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Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF XRF SCIENTIFIC LIMITED

As lead auditor of XRF Scientific Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 24 September 2015

CORPORATE GOVERNANCE DISCLOSURE

ASX CORPORATE GOVERNANCE COUNCIL'S PRINCIPLES

The table below summarises the Company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

			Comply?	Reference/Explanation
Principle 1 – Lay solid foundations for management and oversight				
1.1	A listed entity should disclose:			
	(a)	the respective roles and responsibilities of its board and management; and	Yes	Page 23
	(b)	those matters expressly reserved to the board and those delegated to management.	Yes	Page 25
1.2	A listed entity should:			
	(a)	undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and	Yes	Page 23
	(b)	provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	Pages 7 to 8
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.		Yes	Senior executives sign employment contacts on the date of their appointment. The term of employment for directors is specified in the Company's Constitution.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.		Yes	Page 23
1.5	A listed entity should:			
	(a)	have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	No	The Company implemented an Equal Opportunity policy in 2013, however, measurable objectives for gender diversity have not yet been set.
	(b)	disclose that policy or a summary of it; and	Yes	Page 26
	(c)	disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:	No	Measurable objectives for gender diversity have not yet been set.
		(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	Yes	Whole organisation – 16% Senior Executive Positions – 10% Board of Directors – 0%
		(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	N/A	

CORPORATE GOVERNANCE DISCLOSURE

			Comply?	Reference/Explanation
1.6	A listed entity should:			
	(a)	have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes	Page 23
	(b)	disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	A Board review will be conducted in the second half of the 2015 calendar year.
1.7	A listed entity should:			
	(a)	have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes	Pages 10 to 11
	(b)	disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	Performance reviews for FY15 have been completed as per Company policy.
Principle 2 - Structure the board to add value				
2.1	The board of a listed entity should:			
	(a)	have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	No	Given the size of the Board, it is determined that the Board will execute the functions of a nomination committee and that a separate nomination committee is not warranted.
	(b)	if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes	Page 23
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.		Yes	Page 24
2.3	A listed entity should disclose:			
	(a)	the names of the directors considered by the board to be independent directors;	Yes	K. Baxter, D. Kiggins and F. Grimwade are independent directors.
	(b)	if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and	N/A	
	(c)	the length of service of each director.	Yes	Pages 7 to 8
2.4	A majority of the board of a listed entity should be independent directors.		Yes	Three out of four board members are considered independent.

CORPORATE GOVERNANCE DISCLOSURE

					Comply?	Reference/Explanation
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.				Yes	K. Baxter is an independent, non-executive director and does not perform the role of CEO.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.				Yes	Page 23
Principle 3 – Act ethically and responsibly						
3.1	A listed entity should:					
	(a)	have a code of conduct for its directors, senior executives and employees; and			Yes	Page 25
	(b)	disclose that code or a summary of it.			Yes	Page 25
Principle 4 – Safeguard integrity in corporate reporting						
4.1	The board of a listed entity should:					
	(a)	have an audit committee which:			Yes	Page 24
		(1)	has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and		Yes	Page 24
		(2)	is chaired by an independent director, who is not the chair of the board,		Yes	Page 24
		and disclose:				
		(3)	the charter of the committee;		Yes	Page 24
		(4)	the relevant qualifications and experience of the members of the committee; and		Yes	Pages 7 to 8
		(5)	in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		Yes	Page 9
		(b)	if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		N/A	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.				Yes	The Board has received a statement from the CEO and the CFO, as per the requirements of section 295A of the Corporations Act 2001.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.				Yes	BDO attends each AGM and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

CORPORATE GOVERNANCE DISCLOSURE

				Comply?	Reference/Explanation
Principle 5 – Make timely and balanced disclosure					
5.1	A listed entity should:				
	(a)	have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and		Yes	Page 26
	(b)	disclose that policy or a summary of it.		Yes	Page 26
Principle 6 – Respect the rights of security holders					
6.1	A listed entity should provide information about itself and its governance to investors via its website.			Yes	Information about the Company and its governance is available in the "Corporate Governance" section of the Company's website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.			Yes	Page 26
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.			Yes	All shareholders receive written notice of general meetings and are encouraged to attend and participate.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.			Yes	Contact details for the Company and its share registry are available on their respective websites. Shareholders can provide their email address to receive certain communications electronically.
Principle 7 – Recognise And manage risk					
7.1	The board of a listed entity should:				
	(a)	have a committee or committees to oversee risk, each of which:		Yes	Page 24
		(1)	has at least three members, a majority of whom are independent directors; and	Yes	Page 24
		(2)	is chaired by an independent director,	Yes	Page 24
		and disclose:			
		(3)	the charter of the committee;	Yes	Page 24
		(4)	the members of the committee; and	Yes	Pages 7 to 8
		(5)	as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	Page 9
		(b)	if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	N/A	
7.2	The board or a committee of the board should:				
	(a)	review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and		Yes	Page 26
	(b)	disclose, in relation to each reporting period, whether such a review has taken place.		Yes	A review of the risk register will be conducted in the second half of the 2015 calendar year.

		Comply?	Reference/Explanation
7.3	A listed entity should disclose:		
	(a) if it has an internal audit function, how the function is structured and what role it performs; or	No	Due to the size and nature of the Company's operations, the Company does not currently have a formal internal audit function.
	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes	The Audit and Governance Committee is responsible for monitoring the Company's risk management and internal financial control systems.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Company has a risk register in place which assigns ratings to potential risks, based on the impact and likelihood of a negative outcome. Mitigation strategies are outlined for each risk identified.
Principle 8 – Remunerate fairly and responsibly			
8.1	The board of a listed entity should:		
	(a) have a remuneration committee which:	Yes	Page 24
	(1) has at least three members, a majority of whom are independent directors; and	Yes	Page 24
	(2) is chaired by an independent director,	Yes	Page 24
	and disclose:		
	(3) the charter of the committee;	Yes	Page 24
	(4) the members of the committee; and	Yes	Pages 7 to 8
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes	Page 9
	(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	N/A	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	Pages 9 to 11
8.3	A listed entity which has an equity-based remuneration scheme should:	N/A	The Company does not currently have any equity-based remuneration schemes in place.
	(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and		
	(b) disclose that policy or a summary of it.		

CORPORATE GOVERNANCE DISCLOSURE

ROLE OF THE BOARD

The Board of Directors is responsible for the overall corporate governance of XRF Scientific Limited, and is committed to the principles underpinning best practice in corporate governance, applied in a manner that meets ASX standards and best addresses the Directors' accountability to shareholders. Whilst the Company will endeavour to comply with all of the guidelines under the ASX Corporate Governance Recommendations, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the additional expense of compliance with all recommendations.

A brief summary of XRF's main corporate governance policies and practices is outlined below.

THE BOARD OF DIRECTORS

The Board is comprised of non-executive Directors. Presently there are four non-executive Directors (three independent). The chairman is an independent director. It is XRF's aim to have a majority of non-executive directors on the Board.

All new directors are appointed by an ordinary resolution of the Company's shareholders at the annual AGM. The Company's Constitution requires that directors submit for re-election after a maximum period of three years. The remainder of the Board is responsible for ensuring that new directors are provided with a comprehensive induction programme.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, experience and achievement, credibility within the Company's scope of activities, intellectual ability to contribute to the Board's duties and ability to undertake Board duties and responsibilities. The Company's full Board is responsible for such nominations and appointments rather than a separate committee.

Relationship with management
Directors may delegate their powers as they consider it appropriate. Ultimate responsibility for strategy and control and oversight of sound and prudent management of the Company rests with the directors, however, the day-to-day operation and administration of the Company is delegated by the Board to the Chief Executive Officer.

The Company Secretaries are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Performance of the Board
The Board undertakes an annual self-assessment of its collective performance, the performance of the Chairman and the performance of its committees. The results are discussed at Board level and any action plans are documented together with specific performance goals which are agreed for the coming year. Further, the Chairman undertakes an annual assessment of the performance of individual directors and meets privately with each director to discuss this assessment. A Board review will be conducted in the second half of the 2015 calendar year.

CORPORATE GOVERNANCE DISCLOSURE

COMMITTEES OF THE BOARD

Audit and Governance Committee

The Audit and Governance Committee comprises three Board members, one being the non-executive Chairman, and two non-executive directors. The Chairman of the Committee is different from the Chairman of the Board. The primary responsibility of this Committee is to monitor the integrity of the financial statements of the Company, and to review and monitor the Company's internal financial control system. The Committee has implemented a formal charter, which is accessible in the Corporate Governance section of XRF's website.

Remuneration Committee

The Remuneration Committee comprises three Board members, one being the non-executive Chairman, and two non-executive directors. The Chairman of the Committee is different from the Chairman of the Board. The primary responsibility of this Committee is to discharge the Board's responsibilities in relation to remuneration of the Company's executives, including securities and benefit plans. Further information on directors' and executives' remuneration is set out in the Remuneration Report. The Committee has implemented a formal charter, which is accessible in the Corporate Governance section of XRF's website.

BOARD SKILLS MATRIX

The following matrix summarises the range of skills and experiences possessed by the Company's Board of Directors:

Skill	No. of Board members	No. of Audit and Governance Committee members	No. of Remuneration Committee members
Industry professional experience	1	0	0
Executive experience	4	3	3
International experience	3	3	3
Corporate governance	3	3	3
Mergers and acquisitions experience	4	3	3
Shareholder relations	3	3	3
Corporate financing	3	3	3
Accounting	4	3	3
Sales and marketing	4	3	3
Legal knowledge	4	3	3

RESPONSIBILITIES OF THE BOARD

The management and control of the business is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the shareholders. The Board strives to create shareholder value and ensure that shareholder's funds are safeguarded.

The key responsibilities of the Board include:

- The overall corporate governance of the Company including its strategic direction and financial objectives, establishing goals for management and monitoring the attainment of these goals;
- Approving strategic plans, key operational and financial matters, and investment/divestment proposals;
- Approving the nominations of Directors to the Board and appointment of key executives;
- Evaluating and rewarding senior management and ensuring executive succession planning;
- Ensuring that the Directors have a good understanding of the Company's business;
- Ensuring Management maintains a sound system of internal controls to safeguard the assets of the Company;
- Monitoring the performance of the Company;
- Appointing and removing Managing Director or Chief Executive Officer;
- Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and/or the company secretary;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance, safety and occupational health policies, community and environmental issues;
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available; and
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures, together with any recommendations from management associated with these activities.

POLICIES AND PROCEDURES

Code of Conduct

The Company recognises the importance of a work environment which actively promotes best practice. The purpose of this Code is to describe the standards of behaviour and conduct expected from workplace participants in their dealings with customers, suppliers, clients, co-workers, management and the general public at all times during their engagement with the Company.

The Company expects all workplace participants to observe the standards set out in this Code. Compliance with this Code is expected and non-compliance may result in disciplinary action, including the termination of employment or contract for services.

A copy of the Code of Conduct can be found in the Corporate Governance section of XRF's website.

POLICIES AND PROCEDURES continued

Risk Management Policy

The Board has developed and implemented policies and practices which ensure that the material risks facing the Company are adequately identified, assessed, monitored, and managed throughout the whole organisation. These include:

- A risk register has been designed and implemented, stating the significant business risks faced by the Company. The Risk Matrix has been approved by the Board and is reviewed on a regular basis.
- Comprehensive Board papers containing relevant operational, strategic, financial and legal information circulated to Directors before each meeting;
- Actual results for the Company presented to the Board at each meeting, compared against budget and forecast, with revised forecasts if required; and
- Insurance cover appropriate to the size and nature of the Company's operations to reduce the financial impact of any significant insurable losses.

Shareholder Communications Strategy

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Company. Information is communicated to shareholders through:

- Continuous disclosure in the form of public announcements on the ASX;
- Annual and half-year reports to shareholders;
- Investor briefings;
- The Chief Executive Officer's address delivered at the Annual General Meeting; and
- Notices of all meetings of shareholders and explanatory notes of proposed resolutions.

Continuous Disclosure Policy

The Company has adopted a continuous disclosure policy so as to comply with its continuous disclosure obligations of ASX. The aims of this policy are to:

- Report continuous disclosure matters to the Board;
- Assess new information and co-ordinate any disclosure or releases to the ASX, or any advice required in relation to that information, in a timely manner;
- Provide an audit trail of the decisions regarding disclosure to substantiate compliance with the Company's continuous disclosure obligations; and

Ensure that employees, consultants, associated entities and advisors of the Company understand the obligations to bring material information to the attention of the Board.

Securities Trading Policy

The Company has adopted a policy that imposes certain restrictions on Directors and employees trading in the securities of the Company. The restrictions have been imposed to prevent trading in contravention of the insider trading provisions of the Corporations Act.

Equal Opportunity Policy

The Company values its employees and believes in conducting business ensuring fair, equitable and non-discriminatory employment and operational practices. Equal opportunity in employment means that an employee is judged on their ability to do their job based on merit rather than any assumption about the employee based on particular characteristics.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		2015	2014
		$	$
Revenue from continuing operations	5	20,670,839	21,850,062
Cost of sales		(11,972,857)	(13,242,679)
Gross profit		8,697,982	8,607,383
Other income	5	257,829	193,059
Share of profit / (loss) of investments accounted for using the equity method		18,627	(92,158)
Administration expenses		(4,003,642)	(3,760,155)
Other expenses		(714,603)	(789,947)
Occupancy expenses		(611,733)	(616,466)
Finance costs		(1,272)	(500)
Profit before income tax		3,643,188	3,541,216
Income tax expense	7	(1,003,725)	(1,099,958)
Profit after income tax from continuing operations attributable to equity holders of XRF Scientific Limited		2,639,463	2,441,258
Other comprehensive income			
Items that will be classified to profit or loss			
Foreign currency translation differences		121,960	(136,997)
Total comprehensive income for the year		2,761,423	2,304,261
Total comprehensive income attributable to equity holders of XRF Scientific Limited		2,761,423	2,304,261
Earnings per share for the year attributable to equity holders of XRF Scientific Limited			
Basic earnings per share (cents per share)	31	2.0	1.8
Diluted earnings per share (cents per share)	31	2.0	1.8

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated	
		2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	8	6,759,893	6,201,770
Trade and other receivables	9	3,182,240	3,867,255
Inventories	10	2,560,227	2,977,727
Other assets	11	297,889	210,926
Total Current Assets		12,800,249	13,257,678
NON-CURRENT ASSETS			
Property, plant and equipment	13	3,400,626	3,582,303
Intangible assets	14	14,641,537	13,566,922
Investments accounted for using the equity method	12	555,142	656,300
Deferred tax asset	15	430,425	432,301
Total Non-Current Assets		19,027,730	18,237,826
Total Assets		31,827,979	31,495,504
CURRENT LIABILITIES			
Trade and other payables	16	961,649	1,291,430
Provisions	17	503,836	369,580
Other current liabilities		130,371	157,882
Current income tax liability		101,349	252,521
Total Current Liabilities		1,697,205	2,071,413
NON-CURRENT LIABILITIES			
Deferred tax liability	18	233,073	171,978
Provisions	19	132,410	133,733
Total Non-Current Liabilities		365,483	305,711
Total Liabilities		2,062,688	2,377,124
Net Assets		29,765,291	29,118,380
EQUITY			
Issued capital	20	18,257,772	18,257,772
Reserves	21(a)	744,206	622,246
Retained profits	21(b)	10,763,313	10,238,362
Total Equity		29,765,291	29,118,380

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 2015

30 JUNE 2015 – CONSOLIDATED	Issued Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	$	$	$	$	$
Balance at 1 July 2014	18,257,772	759,243	(136,997)	10,238,362	29,118,380
Profit for the period	-	-	-	2,639,463	2,639,463
Other comprehensive income / (loss)	-	-	121,960	-	121,960
Total comprehensive income / (loss) for the period	-	-	121,960	2,639,463	2,761,423
Transactions with Equity Holders in their capacity as Equity Holders					
Dividends paid	-	-	-	(2,114,512)	(2,114,512)
	-	-	-	(2,114,512)	(2,114,512)
Balance at 30 June 2015	18,257,772	759,243	(15,037)	10,763,313	29,765,291

30 JUNE 2014 – CONSOLIDATED	Issued Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	$	$	$	$	$
Balance at 1 July 2013	18,257,772	759,243	-	10,043,433	29,060,448
Profit for the year	-	-	-	2,441,258	2,441,258
Other comprehensive income / (loss)	-	-	(136,997)	-	(136,997)
Total comprehensive income / (loss) for the period	-	-	(136,997)	2,441,258	2,304,261
Transactions with Equity Holders in their capacity as Equity Holders					
Dividends paid	-	-	-	(2,246,329)	(2,246,329)
	-	-	-	(2,246,329)	(2,246,329)
Balance at 30 June 2014	18,257,772	759,243	(136,997)	10,238,362	29,118,380

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

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2015

	Note	Consolidated	
		2015	2014
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		21,440,738	21,656,004
Payments to suppliers and employees (inclusive of GST)		(16,363,016)	(17,814,574)
Finance costs		(1,272)	(500)
Income taxes paid		(1,091,926)	(1,412,025)
Interest received		139,196	183,590
Net cash inflow (outflow) from operating activities	29	4,123,720	2,612,495
Cash flows from investing activities			
Payments for property, plant and equipment		(296,325)	(408,366)
Payment for acquisition of business	23	(1,022,480)	(1,798,890)
Payments for research and development		(252,271)	(459,693)
Payments for intangibles		(11,613)	-
Amounts received under LIBS IP license agreements		-	122,527
Payments for additional investments accounted for under the equity method		-	(261,782)
Return of capital from investments accounted for under the equity method		119,785	-
Proceeds from sale of property, plant and equipment		11,819	-
Net cash inflow (outflow) from investing activities		(1,451,085)	(2,806,204)
Cash flows from financing activities			
Dividends Paid		(2,114,512)	(2,246,329)
Net cash inflow (outflow) from financing activities		(2,114,512)	(2,246,329)
Cash and cash equivalents at the beginning of the financial period		6,201,770	8,641,808
Net increase (decrease) in cash and cash equivalents		558,123	(2,440,038)
Cash and cash equivalents at the end of the financial period	8	6,759,893	6,201,770

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of preparation

The financial report of XRF Scientific Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 24 September 2015 and covers XRF Scientific Limited as an individual entity as well as the consolidated entity consisting of XRF Scientific Limited and its subsidiaries.

These financial statements are presented in the Australian currency.

XRF Scientific Limited is a company limited by shares incorporated in Australia and is a for-profit entity whose shares are publicly traded on the Australian Stock Exchange.

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

Compliance with IFRS

The financial statements of XRF Scientific Limited also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Financial statement presentation

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of XRF Scientific Limited ("company" or "parent company") as at 30 June 2015 and the results of all subsidiaries for the year then ended.

XRF Scientific Limited and its subsidiaries together are referred to in this report as the Group or the consolidated entity.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

All controlled entities have a 30 June financial year end.

The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the consolidated entity, being the company (the parent company) and its subsidiaries as defined in AASB 127 'Consolidated and Separate Financial Statements'. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit or loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entities. All intercompany balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(ii) Investments in associates and joint-ventures

Investment in associates is accounted for using the equity method of accounting in the consolidated financial statements.

Under the equity method, the investment in the associates is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate.

The Group's share of the associate post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in the associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(iii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of XRF Scientific Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

(d) Foreign currency translation

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. The differences taken to equity are recognised in profit or loss on disposal of the net investment.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction, and are recognised in the profit or loss.

Group Companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary currency economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows.

Assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statement of financial position. Income and expenses for each profit or loss item are translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

(i) Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of goods to the customer.

(ii) Interest income
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(iii) Dividends
Dividend revenue is recognised when the right to receive a dividend has been established.

(iv) Rendering of services
Revenue from rendering of services is recognised by reference to the stage of completion of a contract. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current years 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 bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences 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 or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent 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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

XRF Scientific Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, XRF Scientific Limited, and the controlled entities in the tax consolidated group account for their own deferred tax amounts. Current tax is accounted for by each subsidiary entity, which is then consolidated up into the tax consolidated group, as per the tax sharing agreement. In addition to its own share of current and deferred tax amounts, XRF Scientific Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Income tax is allocated under the separate taxpayer within group approach. Details about the tax funding agreement are disclosed in note 7.

(g) Leases

Leases of property, plant and equipment where the entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 25(a)(i)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently re-measured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

If the group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the group's net profit after tax.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original 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. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for doubtful debts.

Trade receivables are due for settlement no more than 90 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off to the income statement. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Another indicator that determines the trade receivable is impaired is if the party is deemed to be bankrupt.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The movement in the provision is recognised in the income statement.

(l) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: other financial assets, loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position (note 9).

(ii) Recognition and derecognition
Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss and other changes in carrying amount are recognised in equity.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Details of how the fair value of financial instruments is determined is discussed in note 2.

(iv) Fair value
The fair value of quoted investments are based on current bid prices. If the market for a financial asset is not active (or for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(v) Impairment
The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the profit or loss.

(n) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and available-for-sale securities) is based on quoted market prices at the reporting date.

The quoted market price used for financial assets held by the Company is the current bid price: the appropriate quoted market price for financial liabilities is the current ask price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. 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 Company for similar financial instruments.

(o) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using a mixture of the straight line and diminishing value methods to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and Equipment	5%-40%
Furniture, Fixtures and Fittings	5%-20%
Motor Vehicles	15%-25%
Office Equipment	5%-66.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(p) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/associate/business at the date of acquisition. Goodwill on acquisitions of subsidiaries and businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is assigned to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Company's investment in each country of operation by each primary-reporting segment (note 14(a)).

(ii) Patents, trademarks and licences

Patents, trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of patents, trademarks and licences over their estimated useful lives, which vary from 3 to 20 years.

(iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 1 to 4 years.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(r) Borrowings

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 profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(s) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

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

(t) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(u) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experiences of employee departures and periods of service. There amounts are not expected to be settled wholly within 12 months of the reporting date.

Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
The amount charged to profit or loss in respect of superannuation represents the contributions made by the Group to superannuation funds as nominated by the individual employee.

Contributions made by the Company to employee superannuation funds are charged as expenses when incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(iv) Share-based payments

For options issued the fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (e.g. profitability and sales forecast targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(x) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments* (issued December 2014) (effective from 1 January 2018)

Classification and measurement

AASB 9 amendments the classification and measurement of financial assets:

- Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).
- Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL.
- All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss.

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:

- Classification and measurement of financial liabilities, and
- Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Impairment

The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receviables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.

Hedge accounting

Under the new hedge accounting requirements:

- The 80-125% highly effective threshold has been removed
- Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable
- An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure
- When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI
- When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI
- Net foreign exchange cash flow positions can qualify for hedge accounting.

Adoption of AASB 9 is only mandatory for the year 30 June 2019. The entity has not yet made an assessment of the impact of these amendments.

(ii) AASB 15 *Revenue from Contracts with Customers* (issued December 2014) (effective from 1 January 2018)

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

Management is currently assessing the impact of the new rules. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next 12 months.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(iii) AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101* (issued January 2015) (effective from 1 January 2016)

- Amends AASB 101 Presentation of Financial Statements to clarify that:
- Materiality applies to all primary financial statements and notes, and applies even to a list of specific, minimum disclosures
- Line items can be disaggregated if doing so could influence a user's decision
- Subtotals must be made up of items recognised in accordance with Australian Accounting Standards
- Additional subtotals in the Statement of Profit or Loss and Other Comprehensive Income must be reconciled back to subtotals required by AASB 101
- Notes no longer need to follow the order of items in the financial statements and related items can be grouped together (e.g. all financial instruments)
- Accounting policies can be placed at the end of the notes to the financial statements
- Share of other comprehensive income of associates and joint ventures must be separately classified into amounts that will be reclassified to profit or loss in future, and amounts that will not be reclassified to profit or loss in future.

These amendments affect presentation and disclosures only. Therefore on first time adoption of these amendments on 1 July 2016, comparatives will need to be restated in line with presentation and note ordering.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the Australian Dollar. The currencies giving rise to this risk are predominantly Euros, the US Dollar, and the Canadian Dollar.

Foreign currency risk arises where settlement of a trade receivable, payable or borrowings is denominated in a currency that is not the entity's functional currency, which may result in a foreign currency gain or loss. The group seeks to mitigate this risk by engaging in a majority of commercial transactions that are generally in AUD. The group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2015			30 June 2014		
	CAD	EUR	USD	CAD	EUR	USD
Trade receivables	20,273	124,803	416,970	78,231	50,101	152,070
Trade payables	35,277	-	32,780	172,247	-	-
Deferred and contingent consideration payable	-	122,500	-	-	-	-
Loan to associate	90,897	-	-	-	-	-

Group sensitivity

Based on the financial instruments held at 30 June 2015, had the Australian dollar strengthened / weakened by 10% (based on historical reasonableness movements) against the exchange rates in the above tables, with all other variables held constant, the Group's post-tax profit for the year would have been $52,967 lower / $64,738 higher (2014: $12,790 lower / $15,632 higher), mainly as a result of foreign currency exchange gains/losses on translation of foreign currency denominated financial instruments as detailed in the table above.

NOTE 2: FINANCIAL RISK MANAGEMENT continued

(ii) Price risk

As the group does not have any investments in equities or commodities, its exposure to equities price risk and commodity price risk is minimal.

While the group uses commodities in its operations, customer commitments to spot rates purchased result in the Group's exposure to commodities price risk being immaterial.

(iii) Cash flow, fair value and interest rate risk

As at 30 June 2015 the group had no variable interest rate debt, therefore consider fair value interest rate risk minimal.

Group sensitivity

At 30 June 2015, if interest rates had changed by -/+ 100 basis points (based upon forward treasury rates) from the year-end rates with all other variables held constant, post-tax profit for the year would have been $11,711 higher / lower (2014: $12,851 higher / lower), mainly as a result of higher/lower interest income from cash and cash equivalents. Cash and cash equivalent balances at 30 June 2015 would have been higher/lower by the same amount.

(b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk arises from cash and cash equivalents, trade receivables and other receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The Group trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Counterparties without external credit ratings are in majority existing customers (<6months) with no history of defaults (Group 2).

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, and trade and other receivables, the Group's exposure to credit risk arises from the default of the counter party, with a maximum exposure equal to the carrying amount of these financial assets.

There are no significant concentrations of credit risk within the Group at the reporting date.

The following table represents the group's exposure to credit risk:

	Consolidated	
	2015 $	2014 $
Cash and cash equivalents (AA- rated)	6,759,893	6,201,770
Trade receivables, net of impairment provision (note 9) (Group 2)	3,024,190	3,782,504
Other receivables (external parties)	158,050	84,751
	9,942,133	10,069,025

Credit risk exposure is not significantly different for any of the segments of the group.

Details of impaired trade receivables, and trade receivables overdue but not impaired can be found at note 9. An analysis of the Group's consolidated trade receivables is as follows:

	Current	Over 30 days	Over 60 days	Over 90 days	Total
2015	2,036,741	621,824	196,042	169,583	3,024,190
2014	2,433,113	737,280	525,944	91,167	3,787,504

NOTE 2: FINANCIAL RISK MANAGEMENT continued

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts. The below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. There have been no breaches or defaults on the repayment of debt.

Contractual maturities of financial liabilities As at 30 June 2015	Less than 6 months $	6 – 12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $	Carrying Amount (assets)/ liabilities $
Non-derivatives							
Trade and other payables	560,907	-	-	-	-	560,907	560,907
Deferred consideration	30,550	30,550	15,274	-	-	76,374	76,374
Contingent consideration	101,832	-	-	-	-	101,832	101,832
Total non-derivatives	693,289	30,550	15,274	-	-	739,113	739,113
As at 30 June 2014							
Non-derivatives							
Trade and other payables	966,438	-	-	-	-	966,438	966,438
Total non-derivatives	966,438	-	-	-	-	966,438	966,438

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated 2015 $	Consolidated 2014 $
Bank overdraft facility	1,000,000	1,000,000
Bank guarantee facility	1,498,837	1,501,545
	2,498,837	2,501,545

(d) Fair value estimation

The fair value bases of financial assets and financial liabilities are outlined in note 1(n).

All financial assets and liabilities have carrying values that are reasonable approximates of their fair values, for the Consolidated Entity.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(p). Please refer to note 14 for the details on impairment tests performed on goodwill.

(b) Capitalisation of development expenditures

The Group capitalises development costs where management considers it probable that the related projects will be commercially and technically feasible and successful, in accordance with the accounting policy stated in note 1(p)(iii).

(c) Tax

The determination of the group's provision for income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Contingent consideration

The agreement requires XRF to pay the former owners of ICPH additional consideration up to a maximum undiscounted amount of €70,000. The potential undiscounted amount of all future payments under the agreement is between €0 and €70,000. The fair value of the contingent consideration of $104,874 was estimated by applying the income approach. The 'income approach' uses probability-weighted expectations of the acquiree's revenue. See note 23 for further details.

NOTE 4: SEGMENT INFORMATION

Operating Segments – AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. This is consistent to the approach used in previous periods.

Operating segments are reported in a uniform manner to which is internally provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer.

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including those that relate to transactions with any of the Group's other components. Each operating segment's results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Chief Executive Officer monitors segment performance based on profit before income tax expense. Segment results that are reported to the Chief Executive Officer include results directly attributable to a segment as well as those allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

The consolidated entity has determined that strategic decision making is facilitated by evaluation of operations on the customer segments of Capital Equipment, Precious Metals & Consumables. For each of the strategic operating segments, the Chief Executive Officer reviews internal management reports on a monthly basis.

(a) Description of segments

The following summary describes the operations in each of the group's reportable segments:

Capital Equipment

Design, manufacture and service organisation, specialising in automated fusion equipment, high temperature test and production furnaces, as well as general laboratory equipment.

Precious Metals

Manufactures products for the laboratory and platinum alloy markets.

Consumables

Produces and distributes consumables, chemicals and other supplies for analytical laboratories.

NOTE 4: SEGMENT INFORMATION continued

(b) Primary reporting format – business segments

Segment information provided to the Chief Executive Officer for the full-year ended 30 June 2015 is as follows:

Full-year ended 30 June 2015	Capital Equipment $	Precious Metals $	Consumables $	Total $
Segment revenue				
Total segment revenue	5,695,161	9,975,471	6,037,457	21,708,089
Inter segment sales	(395,706)	(808,795)	-	(1,204,501)
Revenue from external customers	5,299,455	9,166,676	6,037,457	20,503,588
Profit before income tax expense	**632,620**	**1,492,269**	**1,929,631**	**4,054,520**
Full-year ended 30 June 2014				
Segment revenue				
Total segment revenue	5,553,570	10,445,135	6,402,883	22,401,588
Inter segment sales	(146,598)	(597,431)	-	(744,029)
Revenue from external customers	5,406,972	9,847,704	6,402,883	21,657,559
Profit before income tax expense	**354,106**	**1,340,612**	**2,357,681**	**4,052,399**
Segment assets				
At 30 June 2015	5,840,417	11,002,336	18,242,963	35,085,716
At 30 June 2014	5,500,293	10,082,109	16,540,705	32,123,107
Segment liabilities				
At 30 June 2015	371,064	2,435,887	422,825	3,229,776
At 30 June 2014	483,189	2,590,257	171,624	3,245,070
Depreciation expense				
For the year ended 30 June 2015	56,829	201,344	160,758	418,931
For the year ended 30 June 2014	50,007	210,540	173,456	434,003

	2015 $	2014 $
Revenue from external customers – segments	**20,503,588**	**21,657,559**
Unallocated revenue	167,251	192,503
Revenue from external customers – total	**20,670,839**	**21,850,062**
Profit before income tax expense – segments	**4,054,520**	**4,052,399**
Loss incurred by parent entity	(411,332)	(511,183)
Profit before income tax expense from continuing operations	**3,643,188**	**3,541,216**
Total segment assets	**35,085,716**	**32,123,107**
Related party loan elimination	(10,666,046)	(7,644,240)
Cash and cash equivalents	6,129,139	5,443,011
Investments accounted for using the equity method	555,142	759,676
Deferred tax asset	430,425	432,301
Other corporate assets	293,603	381,649
Total assets	**31,827,979**	**31,495,504**
Total segment liabilities	**3,229,776**	**3,245,070**
Related party loan elimination	(1,881,148)	(2,001,824)
Other corporate liabilities	714,060	1,133,878
Total liabilities	**2,062,688**	**2,377,124**

NOTE 5: REVENUE

	Consolidated	
	2015 $	2014 $
From continuing operations		
Revenue from continuing operations		
Sale of goods	20,503,547	21,666,472
Interest received	167,292	183,590
	20,670,839	21,850,062
Other income		
Profit on sale of non-current assets	122	-
Recoveries	31,872	41,507
Other revenue	225,835	151,552
	257,829	193,059

NOTE 6: EXPENSES

	Consolidated	
	2015 $	2014 $
Profit/(loss) before income tax includes the following specific expenses		
Depreciation		
Depreciation (included in administration expenses)	196,811	152,811
Depreciation (included in cost of goods sold)	300,999	313,114
Total depreciation	497,810	465,925
Amortisation		
Patents and trademarks (included in administration expenses)	23,000	10,806
Research and development (included in administration expenses)	73,836	78,103
Total amortisation	96,836	88,909
Other specific expenses		
Employee benefits expenses (included in administration expenses)	2,842,286	2,622,891
Rental expense relating to operating leases (included in occupancy expenses)	533,951	515,675
Acquisition of business costs (included in other expenses)	262,088	339,776

NOTE 7: INCOME TAX EXPENSE

	Consolidated	
	2015 $	2014 $
(a) Income tax expense		
Current tax	997,973	1,113,297
Deferred tax	62,971	6,148
Adjustments for current tax of prior periods	(57,219)	(19,487)
	1,003,725	1,099,958
Income tax expense is attributed to:		
Profit from continuing operations	1,003,725	1,099,958
Deferred income tax expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 15)	1,876	(83,264)
(Decrease) increase in deferred tax liabilities (note 18)	61,095	89,412
	62,971	6,148
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense	3,643,188	3,541,216
	3,643,188	3,541,216
Tax at the Australian rate of 30% (2014: 30%)	1,092,956	1,062,365
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Acquisition of business costs	78,626	85,337
Research and development expenditure	(75,681)	(114,786)
Share of (profit) / loss of investments accounted for using the equity method	6,609	27,648
Sundry items	(41,566)	58,881
	1,060,944	1,119,445
Adjustments for current tax of prior periods	(57,219)	(19,487)
Income tax expense	1,003,725	1,099,958

(c) Tax consolidation legislation

XRF Scientific Limited and its wholly-owned Australian controlled entities elected to enter into the tax consolidation regime from 1 July 2005. The accounting policy in relation to this legislation is set out in note 1(f).

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate XRF Scientific Limited for any current tax payable assumed and are compensated by XRF Scientific Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to XRF Scientific Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables.

NOTE 8: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2015 $	2014 $
Cash at bank and on hand	1,958,013	2,563,657
Deposits at call	4,801,880	3,638,113
	6,759,893	6,201,770
Reconciliation to cash at the end of the year		
Balances as above	6,759,893	6,201,770
Balance per statements of cash flows	6,759,893	6,201,770

(a) Cash at bank and on hand

Cash at bank earns interest at floating rates based on daily bank deposit rates of between 0.01% to 1.35% pa (2014: 0.01% to 3.00%). Cash available for use is as reported above, with no restrictions applicable.

(b) Deposits at call

Short-term deposits are made for varying periods of between no set term and 4 months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates. Deposits at call are subject to interest rates between 2.72% to 3.47% pa (2014: 3.17% to 3.65% pa).

(c) Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

NOTE 9: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2015 $	2014 $
Trade receivables	3,024,190	3,787,504
Allowance for impairment of receivables	-	(5,000)
Other receivables from:		
Associated entity	95,175	80,939
Other external parties	62,875	3,812
Total trade and other receivables	3,182,240	3,867,255
Past due but not impaired		
Up to 3 months	817,866	1,263,224
Up to 6 months	169,583	91,167
	987,449	1,354,391
Allowance for impairment of receivables		
Balance at 1 July	(5,000)	(5,000)
(Increase)/Decrease in allowance during the year	5,000	-
Balance at 30 June	-	(5,000)

(a) Impaired trade receivables

The consolidated entity has recognised no losses (2014: $0) in respect of impaired trade receivables during the year ended 30 June 2015. Prior year losses have been included as 'other expenses' in the statement of profit or loss and other comprehensive income.

(b) Past due but not impaired

As at 30 June 2015, trade receivables of the Group of $987,449 (2014: $1,354,391) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is in note 2. The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Refer to note 27 for terms of the loan to the associated entity. All other receivables are subject to the same terms as trade receivables. Those terms have been described in note 1(k).

(d) Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in note 2.

(e) Non-current receivables

There are no non-current receivables in the current year (2014: Nil).

NOTE 10: CURRENT ASSETS – INVENTORIES

	Consolidated	
	2015 $	2014 $
Raw materials	2,067,172	2,461,600
Work-in-progress	-	-
Finished goods	493,055	516,127
	2,560,227	2,977,727

Stock was valued at lower of cost and net realisable value on 30 June 2015 and 30 June 2014.

Inventory expense

Inventories recognised as expense during the year ended 30 June 2015 amounted to $7,764,364 (2014: $8,997,518). The cost of writing down inventories to net realisable value during the year ended 30 June 2015 was $119,534 (2014: $6,110).

NOTE 11: OTHER CURRENT ASSETS

	Consolidated	
	2015 $	2014 $
Deposits paid	64,764	18,982
Accrued income	28,097	15,985
Prepayments (insurance policies, rates and other fees)	205,028	175,959
	297,889	210,926

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below are the associates and joint ventures of the group as at 30 June 2015 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business	% of ownership interest 2015	% of ownership interest 2014	Nature of relationship	Measurement method	Quoted fair value 2015	Quoted fair value 2014	Carrying amount 2015	Carrying amount 2014
Gestion Scancia Inc.	Canada	49.99	49.99	Associate [1]	Equity	N/A [2]	N/A [2]	555,142	529,414
Immaterial joint venture (c)								-	126,886
Total equity accounted investments						-	-	555,142	656,300

[1] Scancia is a manufacturer of chemical x-ray fluxes, used for x-ray fluorescence analysis and is based in Quebec, Canada. Its products complement the XRF's existing range and the investment supports the Group's international expansion strategy.

[2] Private entity – no quoted price available.

(a) Commitments and contingent liabilities in respect of associates and joint ventures

As at 30 June 2015, there are no contingent liabilities or commitments to provide funding for the capital commitments of associates and joint venture entities (2014: Nil).

NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD continued

(b) Summarised financial information for associate

Gestion Scancia Inc. has a reporting date of 31 May. The different date does not have a material effect on the reportable balances of the Group, so no adjustments have been made.

	Gestion Scancia Inc.	
	2015 $	2014 $
(i) Summarised balance sheet		
Current assets	416,563	200,367
Non-current assets	272,144	343,701
Current liabilities	(416,140)	(168,336)
Non-current liabilities	(229,789)	(385,374)
Net assets	42,778	(9,642)
Reconciliation to carrying amounts:		
Opening net assets 1 July	(9,642)	148,649
Total comprehensive income / (loss) for the period	52,420	(312,596)
Issue of shares	-	154,305
Closing net assets	42,778	(9,642)
Group's share in % of closing net assets	49.99%	49.99%
Group's share in $ of closing net assets	21,385	(4,820)
Goodwill	533,757	534,234
Carrying amount	555,142	529,414
(ii) Summarised income statement		
Revenue	968,618	877,294
Total comprehensive income / (loss)	52,420	(312,596)

(c) Individually immaterial joint venture

In addition to the interest in the associate disclosed above, the group also had an interest in an individually immaterial joint venture, XRock Automation Pty Ltd, which is accounted for using the equity method.

	XRock Automation Pty Ltd	
	2015 $	2014 $
Aggregate carrying amount of individually immaterial joint venture	-	126,885
Aggregate amount of the Group's share of:		
Profit/(loss) from continuing operations	-	(54)
Post-tax profit or loss from discontinued operations	(4,971)	-
Other comprehensive income	-	-
Total comprehensive income	(4,971)	(54)

(d) Group's share of profit / (loss) of investments accounted for using the equity method

	2015 $	2014 $
Gestion Scancia Inc.	25,728	(92,104)
XRock Automation Pty Ltd	(7,101)	(54)
	18,627	(92,158)

NOTE 13: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

Consolidated	Plant & Equipment $	Motor Vehicles $	Property Improvements $	Office Equipment $	Total $
At 30 June 2013					
Cost or fair value	4,200,930	101,405	405,024	500,732	5,208,091
Accumulated depreciation	(1,102,171)	(32,776)	(194,352)	(213,240)	(1,542,539)
Net book amount	3,098,759	68,629	210,672	287,492	3,665,552
Year ended 30 June 2014					
Opening net book amount	3,098,759	68,629	210,672	287,492	3,665,552
Transfers between asset classes	(5,456)	-	5,456	-	-
Additions	17,780	54,739	178,489	157,358	408,366
Disposals	(25,005)	-	(405)	(280)	(25,690)
Depreciation charge	(314,131)	(16,255)	(63,268)	(72,271)	(465,925)
Closing net book amount	2,771,947	107,113	330,944	372,299	3,582,303
At 30 June 2014					
Cost or fair value	4,165,835	157,652	579,383	649,699	5,552,569
Accumulated depreciation	(1,393,888)	(50,539)	(248,439)	(277,400)	(1,970,266)
Net book amount	2,771,947	107,113	330,944	372,299	3,582,303
Year ended 30 June 2015					
Opening net book amount	2,771,947	107,113	330,944	372,299	3,582,303
Transfers between asset classes	35,000	-	-	-	35,000
Additions	254,327	37,959	24,060	12,209	328,555
Disposals	(18,353)	(23,348)	(2,737)	(2,984)	(47,422)
Depreciation charge	(299,883)	(20,897)	(68,116)	(108,914)	(497,810)
Closing net book amount	2,743,038	100,827	284,151	272,610	3,400,626
At 30 June 2015					
Cost or fair value	4,364,696	144,944	592,983	547,674	5,650,297
Accumulated depreciation	(1,621,658)	(44,117)	(308,832)	(275,064)	(2,249,671)
Net book amount	2,743,038	100,827	284,151	272,610	3,400,626

All items of property, plant and equipment were recorded at cost as at 30 June 2015 and 30 June 2014. The cost values of all items are not considered to be materially different to their fair values.

NOTE 14: NON-CURRENT ASSETS – INTANGIBLE ASSETS

Consolidated	Research & Development $	Goodwill $	Patents trademarks & other rights $	Total $
At 30 June 2013				
Cost or fair value	530,914	11,335,437	216,131	12,082,482
Accumulated amortisation and impairment	(465,502)	(30,000)	(79,208)	(574,710)
Net book amount	65,412	11,305,437	136,923	11,507,772
Year ended 30 June 2014				
Opening net book amount	65,412	11,305,437	136,923	11,507,772
Additions	460,299	1,798,890	-	2,259,189
Disposals	-	-	-	-
Foreign currency adjustment	-	(111,130)	-	(111,130)
Amortisation charge	(78,103)	-	(10,806)	(88,909)
Closing net book amount	447,608	12,993,197	126,117	13,566,922
At 30 June 2014				
Cost or fair value	990,607	13,023,197	216,131	14,229,935
Accumulated amortisation and impairment	(542,999)	(30,000)	(90,014)	(663,013)
Net book amount	447,608	12,993,197	126,117	13,566,922
Year ended 30 June 2015				
Opening net book amount	447,608	12,993,197	126,117	13,566,922
Transfers between asset classes	(35,000)	-	-	(35,000)
Additions	252,268	751,265	111,615	1,115,148
Disposals	-	-	(140)	(140)
Foreign currency adjustment	-	91,443	-	91,443
Amortisation charge	(73,836)	-	(23,000)	(96,836)
Closing net book amount	591,040	13,835,905	214,592	14,641,537
At 30 June 2015				
Cost or fair value	676,963	13,835,905	327,554	14,840,422
Accumulated amortisation and impairment	(85,923)	-	(112,962)	(198,885)
Net book amount	591,040	13,835,905	214,592	14,641,537

All intangible assets were recorded at cost as at 30 June 2015 and 30 June 2014. The cost values of all items are not considered to be materially different to their fair values.

(a) Impairment tests for goodwill

Goodwill is allocated to the consolidated entity's cash generating units (CGU's) identified according to business segment. A segment-level summary of the goodwill allocation is presented below.

	Consolidated 2015 $	Consolidated 2014 $
Capital Equipment CGU	1,650,171	1,650,171
Precious Metals CGU	3,897,497	3,756,054
Consumables CGU	8,288,237	7,586,972
	13,835,905	12,993,197

NOTE 14: NON-CURRENT ASSETS – INTANGIBLE ASSETS continued

(b) Key assumptions used for fair value less costs to sell calculations

The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board covering a five-year period. Growth rates of 3% to 5% used do not exceed the long-term average growth rates for the industry in which each CGU operates. Discount rates of 13% to 16% used reflect specific risks relating to the relevant segments.

(c) Impact of possible changes in key assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values to materially exceed recoverable amounts.

(d) Impairment charge

No impairment charges have been deemed necessary for the current period.

NOTE 15: NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated	
	2015 $	2014 $
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Share issue expenses	18,056	36,174
Amounts recognised in profit or loss:		
Employee benefits	219,144	212,224
Business acquisition expenses	107,446	34,568
Depreciation of tangible assets	33,836	36,502
Accruals	37,819	90,430
Provisions	15,000	21,600
Other	(876)	803
	412,369	396,127
Net deferred tax assets	430,425	432,301
Movements:		
Opening balance at 1 July	432,301	349,037
(Charged)/credited to profit or loss (note 7)	(1,876)	83,264
(Charged)/credited to equity	-	-
Closing balance at 30 June	430,425	432,301
Deferred tax assets expected to be recovered within 12 months	168,880	189,845
Deferred tax assets expected to be recovered after more than12 months	261,545	242,456
	430,425	432,301

NOTE 16: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2015 $	Consolidated 2014 $
Trade payables	176,107	380,213
Deferred consideration	76,374	-
Sundry creditors and accruals	384,800	586,225
Employee benefits – annual leave (a)	324,368	324,992
	961,649	1,291,430

Terms and conditions of trade payables vary between suppliers, however terms of trade are generally 30 days.

(a) Amounts not expected to be settled within the next 12 months

The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated 2015 $	Consolidated 2014 $
Annual leave obligations expected to be settled after 12 months	214,083	214,495

(b) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 2.

NOTE 17: CURRENT LIABILITIES – PROVISIONS

	Consolidated 2015 $	Consolidated 2014 $
Long service leave (a)	273,702	248,689
Dividends payable to ordinary shareholders	78,302	48,891
Making good of leases (b)	50,000	72,000
Deferred payments	101,832	-
	503,836	369,580
Movements in provision for Making good of leases:		
Opening balance at 1 July	72,000	65,000
Charged to profit or loss	-	12,000
Write back of over provision	(22,000)	-
Reversed to fund building repairs on vacation of premises	-	(5,000)
Closing balance at 30 June	50,000	72,000

(a) Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. Based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be paid within the next 12 months:

	Consolidated 2015 $	Consolidated 2014 $
Long service leave obligations expected to be settled after 12 months	205,276	186,517

NOTE 17: CURRENT LIABILITIES – PROVISIONS continued

(b) Making good of leases provision

XRF Scientific Limited is required to restore leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required for general repairs to premises. All amounts provided for have been expensed in full through the profit or loss as occupancy expenses.

NOTE 18: NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Consolidated	
	2015 $	2014 $
The balance comprises temporary differences attributed to:		
Amounts recognised in profit or loss		
Research and development	177,312	134,282
Depreciation	38,280	24,050
Other	17,481	13,646
Net deferred tax liabilities	233,073	171,978
Movements:		
Opening balance at 1 July	171,978	82,566
Charged/(credited) to profit or loss (note 7)	61,095	89,412
Closing balance 30 June	233,073	171,978

NOTE 19: NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2015 $	2014 $
Employee benefit – long service leave	132,410	133,733

NOTE 20: ISSUED CAPITAL

	Consolidated		Consolidated	
	2015 Shares	2014 Shares	2015 $	2014 $
Issued capital				
Ordinary shares fully paid	132,157,097	132,157,097	18,257,772	18,257,772
Total issued capital	132,157,097	132,157,097	18,257,772	18,257,772

Effective 1 July 1998 the corporations legislation abolished the concept of authorised capital and par value of shares. Accordingly these are not disclosed.

Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	$
1 July 2013	**Opening balance**	**132,157,097**		**18,257,772**
30 June 2014	**Closing balance**	**132,157,097**		**18,257,772**
1 July 2014	**Opening balance**	**132,157,097**		**18,257,772**
30 June 2015	**Closing balance**	**132,157,097**		**18,257,772**

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amount paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Dividend reinvestment plan

The parent entity does not have a dividend reinvestment plan in place.

(c) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	Consolidated	
	2015 $	2014 $
The gearing ratios at 30 June 2015 and 30 June 2014 were as follows:		
Total borrowings	-	-
Less: cash and cash equivalents	(6,759,893)	(6,201,770)
Net debt / (positive cash position)	(6,759,893)	(6,201,770)
Total equity	29,765,291	29,118,380
Total equity plus net debt	23,005,398	22,916,610
Gearing ratio	**Net cash (29.4%)**	**Net cash (27.1%)**

NOTE 21: RESERVES AND RETAINED PROFITS

	Consolidated	
	2015	2014
	$	$
(a) Reserves		
Foreign currency translation reserve	(15,037)	(136,997)
Share-based payments reserve	759,243	759,243
Balance 30 June	744,206	622,246
(b) Retained Profits		
Movements in retained profits were as follows:		
Balance 1 July	10,238,362	10,043,433
Net profit for the year	2,639,463	2,441,258
Dividends paid or provided for	(2,114,512)	(2,246,329)
Balance 30 June	10,763,313	10,238,362

(c) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to recognise the unrealised gains and losses arising from the consolidation of subsidiaries denominated in currencies other than Australian dollars.

Share-based payment reserve

The share-based payments reserve is used to store the historic movements in the fair value of exercised options.

NOTE 22: DIVIDENDS

	Consolidated	
	2015	2014
	$	$
Final dividend for the year ended 30 June 2014 of 1.1 cent per share paid on 26 September 2014	1,453,727	2,246,329
Interim dividend for the year ended 30 June 2015 of 0.5 cent per share paid on 6 March 2015	660,785	-
Total dividends provided for or paid	2,114,512	2,246,329

A fully franked dividend of 0.7 cents per share has been declared on ordinary shares post 30 June 2015.

Franked Dividends

	Consolidated	
	2015	2014
	$	$
Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	4,217,846	4,146,509

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- **(a)** franking credits that will arise from the payment of the amount of the provision for income tax;
- **(b)** franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- **(c)** franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The franked portions of the final dividends recommended after 30 June 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2015. The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $396,471 (2014: $623,026).

NOTE 23: BUSINESS COMBINATIONS

(a) Summary of acquisition

On 15 December 2014 XRF Scientific Limited acquired the business of ICPH Flux, a supplier and manufacturer of x-ray flux based in Malzéville, France. The business was established in 1984 by Mr Gérard Lang, using a unique manufacturing process, and was one of the first producers of x-ray flux in the world.

Details of the purchase consideration and goodwill are as follows:

	2015 $
(i) Purchase consideration:	
Cash paid upfront	859,963
Deferred consideration (note iii)	125,848
Contingent consideration (note iv)	104,874
Total potential purchase consideration	1,090,685

The assets and liabilities recognised as a result of the acquisition are as follows:

Goodwill	701,265
X-ray flux stock	179,420
Platinum	160,000
Intellectual property	50,000
	1,090,685

The goodwill is attributable to ICPH Flux's strong position and expected future profitability in trading in the x-ray flux market and synergies expected to arise after the Company's acquisition of the business. None of the goodwill is expected to be deductible for tax purposes.

(ii) Revenue and profit contribution

The acquired business contributed revenues of $269k and net profit before tax of $174k to the group for the period of 15 December 2014 to 30 June 2015.

If the acquisition had occurred on 1 July 2014, consolidated revenue and consolidated net profit before tax for the period ended 30 June 2015 would have been $20.9m and $3.8m respectively. These amounts have been calculated using the group's accounting policies.

(iii) Deferred consideration

The agreement requires XRF to pay the former owners of ICPH additional deferred consideration of €84,000. This sum will be paid in quarterly amounts in advance, with the final payment occurring in the 21st month post-completion. The first instalment of €10,500 was paid on 17 December 2014. Payment of this additional deferred consideration is a firm commitment.

(iv) Contingent consideration

The agreement requires XRF to pay the former owners of ICPH additional consideration up to a maximum undiscounted amount of €70,000. The terms of the contingent consideration are as follows:

- Additional cash paid via deferred consideration of €35,000, should the business generate revenue of €300,000 in the period of 12 months from completion
- Further cash paid via deferred consideration of €35,000 should the business generate revenue of between €300,000 and €350,000 in the period of 12 months from completion.

The potential undiscounted amount of all future payments under the agreement is between €0 and €70,000. The fair value of the contingent consideration of $104,874 was estimated by applying the income approach. The 'income approach' uses probability-weighted expectations of the acquiree's revenue.

(v) Acquisition related costs

Direct costs relating to the acquisition of ICPH Flux of $202,971 are included "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

NOTE 23: BUSINESS COMBINATIONS continued

(b) Purchase consideration – cash outflow

	2015 $
Outflow of cash to acquire businesses:	
Cash consideration for ICPH Flux	912,480
Cash consideration for Coltide XRF Drift Monitors [1]	110,000
Total outflow of cash - investing activities	1,022,480

[1] Immaterial acquisition. Coltide is a manufacturer and supplier of XRF Drift Monitors, which are sold worldwide to mining companies and research organisations that need to establish accurate calibrations for a series of elements on x-ray spectrometers.

NOTE 24: CONTINGENCIES

At 30 June 2015, the consolidated entity had no material contingent liabilities in respect of claims, contingent considerations, associates and joint ventures or any other matters.

NOTE 25: COMMITMENTS

(a) Lease commitments

	Consolidated	
	2015	**2014**
	$	**$**
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	466,984	452,340
Later than one year but not later than five years	466,584	904,078
Later than five years	-	-
	933,568	1,356,418
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases (i)	933,568	1,356,418
	933,568	1,356,418

(i) Non-cancellable operating leases

	Consolidated	
	2015	**2014**
	$	**$**
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	466,984	452,340
Later than one year but not later than five years	466,584	904,078
Later than five years	-	-
	933,568	1,356,418

The specific terms of each operating lease vary and are on normal commercial terms.

(b) Financing arrangements

The group has an overdraft facility of $1,000,000 as a safeguard on working capital requirements. An additional $1,600,000 facility is utilised for bank guarantees. The group's undrawn borrowing facilities were as follows as at 30 June 2015:

	Consolidated	
	2015	**2014**
	$	**$**
Bank overdraft facility	1,000,000	1,000,000
Bank guarantee facility	1,501,545	1,501,545
	2,501,545	2,501,545

NOTE 26: REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	Consolidated	
	2015	**2014**
	$	**$**
Assurance & other services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	103,779	106,105
Taxation services	47,420	34,119
Other services	11,089	3,535
Total remuneration for audit and other services	162,288	143,759

NOTE 27: RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent and controlling entity is XRF Scientific Limited which at 30 June 2015 owns 100% of all subsidiaries listed in note 28.

(b) Interests in subsidiaries

Interests in subsidiaries are set out in note 28.

(c) Directors and key management compensation

	Consolidated	
	2015 $	2014 $
Short-term employee benefits	748,730	625,275
Post-employment benefits	56,419	45,720
Long-term benefits	6,864	4,499
	812,013	675,494

No other post-employment or termination benefits have been provided. Detailed remuneration disclosures are available in the remuneration report from pages 9-14.

(d) Loans to key management personnel

There were no loans to any key management personnel during either of the years ended 30 June 2014 or 30 June 2015.

(e) Other transactions with key management personnel

Premises were rented from a related entity of Director David Brown during the financial year. These properties were rented on normal commercial terms and conditions, totalling $112,012 (2014: $104,657). No amounts were outstanding at the end of the year.

All directors of XRF Chemicals Pty Ltd are guarantors on a lease in Osborne Park. Vance Stazzonelli is currently the sole director.

(f) Loan to associate

On 17 February 2014, XRF Scientific Limited loaned CAD$79,984 to associated entity, Gestion Scancia Inc. The interest rate is set at 10% per annum and is calculated on a monthly basis. Repayments will occur upon the lender's request at any time beyond 6 months of the commencement date.

NOTE 28: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of Incorporation	Class of shares	Entity holding 2015 %	Entity holding 2014 %
XRF Scientific Americas Inc.[1]	Canada	Ordinary	100	100
Precious Metals Engineering (WA) Pty Ltd	Australia	Ordinary	100	100
XFlux Pty Ltd	Australia	Ordinary	100	100
XRF Chemicals Pty Ltd	Australia	Ordinary	100	100
XRF Labware Pty Ltd	Australia	Ordinary	100	100
XRF Technology (VIC) Pty Ltd	Australia	Ordinary	100	100
XRF Technology (WA) Pty Ltd	Australia	Ordinary	100	100

[1] Formerly known as KPL Scientific Inc. Renamed on 1 July 2015.

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

NOTE 29: RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	Consolidated 2015 $	Consolidated 2014 $
Profit for the year	2,639,463	2,441,258
Depreciation and amortisation	594,646	554,834
Share of JV equity (profits) / losses	(18,627)	92,158
Net exchange differences	21,857	(18,574)
Adjustment for deferred acquisition costs in creditors and provisions	(178,205)	-
Stock purchases reclassified as investing activities	349,420	-
Net (gain) loss on sale of non-current assets	12,174	23,737
(Increase) decrease in trade and other debtors	685,015	(467,230)
(Increase) decrease in inventories	417,500	(245,469)
(Increase) decrease in other current asset	(86,963)	140,855
(Increase) decrease in deferred tax asset	1,876	(83,264)
(Decrease) increase in trade and other creditors	(329,781)	165,581
(Decrease) increase in provision for income taxes	(151,172)	(318,215)
(Decrease) increase in provision for deferred income tax	61,095	89,412
(Decrease) increase in other liabilities	(27,511)	157,227
(Decrease) increase in other provisions	132,933	80,185
Net cash inflow (outflow) from operating activities	4,123,720	2,612,495

NOTE 30: SHARE-BASED PAYMENTS

There were no share-based payments during the year ended 30 June 2015 (2014: Nil).

NOTE 31: EARNINGS PER SHARE

	Consolidated 2015 Cents	Consolidated 2014 Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	2.0	1.8
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company	2.0	1.8

	$	$
(c) Reconciliations of earnings used in calculation earnings per share		
Profit attributable to the ordinary equity holders of the company	2,639,463	2,441,258
Profit attributable to the ordinary equity holders of the company	2,639,463	2,441,258

	Number	Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	132,157,097	132,157,097

Options on issue are not dilutive on the current or prior periods.

NOTE 32: PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2015 $	2014 $
Statement of Financial Position		
Current assets	8,191,951	7,615,584
Total assets	21,501,022	21,190,802
Current liabilities	11,230,596	8,810,797
Total liabilities	11,507,772	9,910,056
Shareholder's equity		
Issued capital	18,257,772	18,257,772
Reserves	734,043	630,074
Accumulated losses	(8,998,565)	(6,540,543)
	9,993,250	12,347,303
Profit or (loss) for the year	**(220,449)**	**(193,110)**
Total comprehensive income / (loss) for the year	**(220,449)**	**(193,110)**

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

NOTE 33: EVENTS OCCURRING AFTER THE REPORTING DATE

Dividend

A final dividend of 0.7 cents per share fully franked was declared on 20 August 2015, bringing the total dividend for the year to 1.2 cents per share fully franked (FY14: 1.1 cents per share fully franked), with a record date of 11 September 2015 and payment date of 25 September 2015.

Other events

There were no other events subsequent to the reporting date which have significantly affected or may significantly affect the XRF Scientific Limited operations, results or state of affairs in future years.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2015

XRF Scientific Limited and its controlled entities

ACN 107 908 314

The directors of the company declare that:

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

    (a) Comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements after 2001; and

    (b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A.

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

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.

Kenneth Baxter
Chairman

Dated this 24th day of September 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of XRF Scientific Limited

Report on the Financial Report

We have audited the accompanying financial report of XRF Scientific Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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*, which has been given to the directors of XRF Scientific Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of XRF Scientific 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 2015 and of its performance for the year ended on that date; and

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

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of XRF Scientific Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 24 September 2015

SHAREHOLDER INFORMATION

Additional information (as at 26 August 2015) required by the ASX Listing Rules and not disclosed elsewhere in this Annual Report is set out below:

SUBSTANTIAL SHAREHOLDINGS

The number of shares held by substantial shareholders and their associates is as follows:

Shareholder	Number of Ordinary Shares
Private Portfolio Managers	14,255,265
Skye Alba Pty Ltd	13,316,641
National Australia Bank Limited	9,096,216
D & GD Brown Nominees Pty Ltd [1]	8,213,300

[1] D & GD Brown Nom PL is a company owned by David Brown and his wife. David Brown is a director.

NUMBER OF OPTION HOLDERS

Class of Security	Number of Holders
Nil	-

VOTING RIGHTS

In accordance with the Constitution of the Company and the Corporations Act 2001(Cth), every member present in person or by proxy at a general meeting of the members of the Company has:

- On a vote taken by a show of hands, one vote; and
- On a vote taken by a poll, one vote for every fully paid ordinary share held in the Company

A poll may be demanded at a general meeting of the members of the Company in the manner permitted by the Corporations Act 2001 (Cth).

DISTRIBUTION OF SHARE AND OPTION HOLDERS

Distribution of Shares & Options	Number of Holders of Ordinary Shares	Number of Holders of Options
1-1,000	45	–
1,000-5,000	121	–
5,001-10,000	132	–
10,001-100,000	375	–
100,001 and above	138	–
	811	**–**

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDERS

No.	Holder name	Number of Ordinary Shares	Percentage of Ordinary Shares
1	NATIONAL NOM LTD	17,178,893	13.00%
2	SKYE ALBA PL	13,316,641	10.08%
3	BNP PARIBAS NOMS PL	8,000,000	6.05%
4	D & GD BROWN NOM PL[1]	7,013,300	5.31%
5	EVELIN INV PL	6,300,000	4.77%
6	J P MORGAN NOM AUST LTD	5,748,803	4.35%
7	TZELEPIS NOM PL	3,280,000	2.48%
8	ABN AMRO CLEARING SYDNEY	3,137,851	2.37%
9	PARSONS JOHN GRAHAM	2,828,439	2.14%
10	PROSSOR STEPHEN W + F C	2,669,767	2.02%
11	GREAT WESTERN CAP PL	2,649,578	2.00%
12	PARSONS JULIE ANN	2,500,000	1.89%
13	BETA GAMMA PL	2,000,000	1.51%
14	J G H METZ PL	1,788,480	1.35%
15	METZ JORG + CARR WENDY J	1,293,637	0.98%
16	CREEL PL	1,200,000	0.91%
17	BROWN DAVID + GLENYS D	1,200,000	0.91%
18	KLARIE PETER	1,190,576	0.90%
19	G & E PROPS PL	1,120,000	0.85%
20	HIGGINS PETER + GAIL	1,006,941	0.76%
		85,422,906	64.63%

[1] D & GD Brown Nom PL is a company owned by David Brown and his wife. David Brown is a director of XRF Scientific Limited.

RESTRICTED SECURITIES

There are currently no restricted securities.

NON-MARKETABLE PARCELS

Class of Security	Number of Securities	Number of Holders
Ordinary shares	33,376	60

UNQUOTED SECURITIES

The Company does not have any unquoted securities.

ON-MARKET BUY BACK

The Company does not have a current on-market buy-back scheme.

CORPORATE DIRECTORY

DIRECTORS

Kenneth Baxter (Chairman)
David Brown
David Kiggins
Fred Grimwade

COMPANY SECRETARIES

Vance Stazzonelli
Andrew Watson

KEY MANAGEMENT PERSONNEL

Vance Stazzonelli (Chief Executive Officer)
Andrew Watson (Chief Financial Officer)

REGISTERED OFFICE

98 Guthrie Street
Osborne Park WA 6017
Tel: +61 8 9244 0600
Fax: +61 8 9244 9611

COMPANY AUDITOR

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

BANKERS

Westpac Banking Corporation
109 St George Terrace
Perth WA 6000

SOLICITORS

HWL Ebsworth
Level 11, Westralia Plaza
167 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
Tel: +61 8 9315 2333
Fax: +61 8 9315 2233

WEBSITE

www.xrfscientific.com

ASX

Company Code: XRF