

## Appendix 4E Preliminary Final Report

**XRF Scientific Limited**  
**ABN 80 107 908 314**



**Financial Year Ended 30 June 2014**

### Results for Announcement to the Market

Revenue from ordinary activities	down	4%	to	\$21,850,062	from	\$22,807,416
Earnings before interest and tax (EBIT)	down	35%	to	\$3,358,127	from	\$5,142,299
Profit from ordinary activities after tax attributable to members	down	36%	to	\$2,441,258	from	\$3,812,772
Net profit attributable to members	down	36%	to	\$2,441,258	from	\$3,812,772

### Dividends (distributions)

#### This period:

Final dividend

1.1c

1.1c

Interim dividend

-

-

#### Previous corresponding period:

Final dividend

1.7c

1.7c

Interim dividend

-

-

Record date of determining entitlement to dividend

12 September 2014

Payment date of dividend

26 September 2014

### Dividend payout ratio

**30 June 2014**

**30 June 2013**

%

%

61

59

### Earnings per share (EPS)

**30 June 2014**

**30 June 2013**

Basic EPS – (cents per share)

1.8

2.9

Diluted EPS – (cents per share)

1.8

2.9

Weighted average of number of ordinary shares

132,157,097

130,734,266

### Net tangible assets per ordinary share

**30 June 2014**

**30 June 2013**

\$

\$

0.12

0.13

## **Commentary on the results for the financial year ended 30 June 2014**

XRF Scientific Ltd (“XRF” or “Company”) is pleased to report its June 2014 full-year results to shareholders. The Company has generated revenue of \$21.8m and underlying profits before tax of \$3.9m, before expensing \$340k in acquisition related due diligence and integration costs.

The Directors have confirmed that a final dividend of 1.1 cents per share, fully franked, will be payable with a record date of 12 September 2014 and payment date of 26 September 2014. This provides a dividend payout ratio that is consistent with prior years of 61%.

The revenue and underlying earnings for the second half were steady on the first half, indicating that conditions in the market, although challenging, appear to have stabilised. Sales to production based clients have increased, however sales to the exploration related industry have remained flat, at the low levels that have been experienced for the past 18 months.

The cash at bank balance reduced from \$8.6m as at 30 June 2013 to \$6.2m as at 30 June 2014. This reduction was mainly the result of the CAD\$1.7m paid for the Kitco Labware acquisition.

Sales of consumable products were lower at \$6.4m, compared to the previous corresponding period (PCP) of \$7.2m, mainly as a result of the downturn in the exploration industry. Profits before tax were reduced to \$2.4m from \$2.8m in the PCP. Results were also adversely affected by the USD strength against the AUD and some minor one-off costs.

XRF increased its shareholding in emerging Canadian x-ray flux manufacturer Gestion Scancia Inc. from 19.99% to 49.99%. This was achieved through the conversion of a 10% convertible note and the purchase of 20% from existing shareholders for CAD\$250,000.

The Precious Metals division was able to deliver a reasonable profit before tax of \$1.34m, compared to \$1.43m in the PCP. The division was able to maintain profits, both through the Kitco Labware acquisition and generation of normal repeat manufacturing income. Sale of new products were difficult, in line with general CAPEX demand, however there was a notable improvement in the second-half of the year.

The division released a new premium platinum labware range, which is intended to extend the life of products, which provides certain benefits to XRF and our customers. A number of large clients have already standardised on this product, having experienced the benefits of the longer life and lower internal maintenance required.

The Kitco Labware acquisition was completed at the beginning of August 2013 and has contributed \$300k in profits before tax for the first eleven months of trading. The business has been successfully integrated into the XRF Scientific group, and the next phase has commenced, of using Kitco Labware’s distribution to sell new and additional products.

The Capital Equipment division suffered a fall in profitability, generating \$354k in profits before tax, as compared to \$1,143k in the PCP. Capital Equipment orders were weak in the first half of the year, mainly as a result of labs in Australia having excess capacity, and being restricted in their CAPEX purchases. As a result, most of the demand came from offshore, from production companies seeking to expand or replace their equipment base. Although product development costs were capitalised throughout the period, research costs have been expensed. Costs associated with gearing up for the manufacture of new products were also incurred during the year.

The launch of the flagship xrFuse 6 fusion machine in October is helping to turn this situation around, with numerous orders having been received, of which a number of units were delivered during the year. As the installed base of machines grows, as does its reputation of being a low maintenance and robust unit, as indicated by an increased level of orders and quotations over the past few months. The addition of this machine to XRF’s product range provides access to a new large segment of the market, that XRF has not been in contact with for numerous years. The xrFuse 6 has many new innovative qualities and has been designed to meet the growing safety and reliability standards of miners.

The division has also recently completed the launch of the smaller xrFuse 2 in August 2014. This machine takes all of the high quality features of the xrFuse 6, built into a smaller unit, designed for lower throughput labs in the cement, research and industrial sectors. Such customers are prevalent in markets such as USA and Europe, where there are more opportunities for capital equipment than consumables. Again, the machine fills a gap in XRF's product range that has remained open to opportunities for a number of years.

Following the release of xrFuse 2 and xrFuse 6, the division is currently working on a number of further new product initiatives.

A number of exciting acquisition opportunities were reviewed throughout the year. Unfortunately some of these acquisition targets did not meet the Board's strict criteria and thus the processes were terminated. The Board continues to work its way throughout a pipeline of high quality opportunities, which may be completed in 2015. With significant cash reserves available, XRF is well positioned to take advantage of these opportunities.

Looking forward into 2015, the focus of the Board and Management revolves around new product developments, international sales growth, acquisitions and tight control over costs. Although XRF's traditional mining markets continue to prove difficult, the Company is positioning itself for growth in alternative areas. Many of the initiatives currently underway will also ensure that the Company is positioned in the best possible way when an improvement in mining occurs. In the interim, XRF's strong balance sheet is allowing it to invest for the future, to ensure it remains the leader in its field.

### **Details of controlled entities acquired or disposed of**

On 2 August 2013, XRF completed the acquisition of Kitco Labware, a supplier of platinum labware and precious engineered products based in Montreal, Canada. See note 11 of the attached financial statements for further details. The acquisition of this company has increased gross profit and net profit before tax for the group by approximately \$733k and \$300k respectively for the year-ended 30 June 2014.

### **Details of aggregate share of profits (losses) of associates and joint venture entities**

<b>Group's share of associates' and joint venture entities':</b>	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit (loss) from ordinary activities	(92)	46

### **Compliance statement**

1. This report, and the accounts upon which this report is based, have been prepared in accordance with AASB Standards.
2. This report, and the accounts upon which the report is based, use the same accounting policies.
3. This report gives a true and fair view of the matters disclosed.
4. This report is based upon accounts to which one of the following applies:

☐

The accounts have been audited.

☐

The accounts have been subject to review.

☒

The accounts are in the process of being audited or subject to review.

☐

The accounts have *not* yet been audited or reviewed.

5. The entity has a formally constituted audit committee.

Signed:



Date: 22 August 2014

Name:

Vance Stazonelli (Company Secretary)

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Revenue from continuing operations	21,850,062	22,807,416
Cost of sales	(13,242,679)	(13,380,637)
Gross profit	8,607,383	9,426,779
Other income	193,059	393,454
Administration expenses	(3,760,155)	(3,409,445)
Other expenses	(789,947)	(521,966)
Occupancy expenses	(616,466)	(481,190)
Share of profits / (loss) of investments accounted for using the equity method	(92,158)	45,666
Finance cost	(500)	(10,865)
<b>Profit before income tax</b>	<b>3,541,216</b>	<b>5,442,433</b>
Income tax expense	(1,099,958)	(1,629,661)
<b>Profit after income tax from continuing operations attributable to equity holders of XRF Scientific Limited</b>	<b>2,441,258</b>	<b>3,812,772</b>
<b>Other comprehensive income</b>		
<b>Items that will be classified to profit or loss</b>		
Foreign currency translation differences	(136,997)	-
<b>Total comprehensive income for the year</b>	<b>2,304,261</b>	<b>3,812,772</b>
<b>Profit and total comprehensive income attributable to equity holders of XRF Scientific Limited</b>	<b>2,304,261</b>	<b>3,812,772</b>
Basic earnings per share (cents per share)	1.8	2.9
Diluted earnings per share (cents per share)	1.8	2.9

*The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

		<b>Consolidated</b>	
		<b>2014</b>	<b>2013</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	<b>3</b>	6,201,770	8,641,808
Trade and other receivables		3,867,255	3,522,551
Inventories		2,977,727	2,732,258
Other assets		210,926	351,782
Investment in convertible note		-	150,770
<b>TOTAL CURRENT ASSETS</b>		<b>13,257,678</b>	<b>15,399,169</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<b>5</b>	3,582,303	3,665,552
Intangible assets	<b>6</b>	13,566,922	11,507,772
Investments accounted for using the equity method	<b>7</b>	656,300	335,906
Deferred tax asset		432,301	349,037
<b>TOTAL NON-CURRENT ASSETS</b>		<b>18,237,826</b>	<b>15,858,267</b>
<b>TOTAL ASSETS</b>		<b>31,495,504</b>	<b>31,257,436</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<b>8</b>	1,291,430	1,125,849
Provisions		369,580	289,395
Other current liabilities		157,882	656
Current income tax liability		252,521	570,735
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,071,413</b>	<b>1,986,635</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		171,978	82,566
Provisions		133,733	127,787
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>305,711</b>	<b>210,353</b>
<b>TOTAL LIABILITIES</b>		<b>2,377,124</b>	<b>2,196,988</b>
<b>NET ASSETS</b>		<b>29,118,380</b>	<b>29,060,448</b>
<b>EQUITY</b>			
Issued capital	<b>9</b>	18,257,772	18,257,772
Reserves		622,246	759,243
Retained profits		10,238,362	10,043,433
<b>TOTAL EQUITY</b>		<b>29,118,380</b>	<b>29,060,448</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 30 JUNE 2014**

		<b>Consolidated</b>	
		<b>2014</b>	<b>2013</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		21,656,004	23,955,980
Payments to suppliers and employees (inclusive of GST)		(17,814,575)	(18,069,470)
Finance costs		(500)	(10,865)
Other revenue		-	201,146
Income taxes paid		(1,412,025)	(2,262,659)
Interest received		183,590	316,633
<b>Net cash inflow (outflow) from operating activities</b>	<b>4</b>	<b>2,612,494</b>	<b>4,130,765</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(408,366)	(1,292,810)
Payment for acquisition of subsidiary		(1,798,890)	-
Payments for intangibles		(459,693)	-
Proceeds from sales of intangible assets		-	350,000
Amounts received under LIBS license and sale agreements		122,527	91,699
Payments for additional investments accounted for under the equity method		(261,782)	-
Proceeds from sale of property, plant and equipment		-	26,203
<b>Net cash inflow (outflow) from investing activities</b>		<b>(2,806,204)</b>	<b>(824,908)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(2,246,328)	(1,932,354)
Proceeds from issue of shares (net of transaction costs)		-	661,683
Repayment of borrowings		-	(109,245)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(2,246,328)</b>	<b>(1,379,916)</b>
Cash and cash equivalents at the beginning of the financial period		8,641,808	6,715,867
Net increase (decrease) in cash and cash equivalents		(2,440,038)	1,925,941
<b>Cash and cash equivalents at the end of the financial period</b>	<b>3</b>	<b>6,201,770</b>	<b>8,641,808</b>

*The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

**30 JUNE 2014**

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

**30 JUNE 2013**

	Issued Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	<b>17,594,594</b>	<b>759,243</b>	<b>-</b>	<b>8,163,015</b>	<b>26,516,852</b>
Profit for the period	-	-	-	3,812,772	3,812,772
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,812,772</b>	<b>3,812,772</b>
<b>Transactions with Equity Holders in their capacity as Equity Holders</b>					
Ordinary shares issued, net of transaction costs	663,178	-	-	-	663,178
Dividends paid	-	-	-	(1,932,354)	(1,932,354)
	<b>663,178</b>	<b>-</b>	<b>-</b>	<b>(1,932,354)</b>	<b>(1,269,176)</b>
<b>Balance at 30 June 2013</b>	<b>18,257,772</b>	<b>759,243</b>	<b>-</b>	<b>10,043,433</b>	<b>29,060,448</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

## **Accounting Policies**

### **Basis of preparation**

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

These consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with any public announcements made by XRF Scientific Limited and its controlled entities during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

These financial statements cover the consolidated group of XRF Scientific Limited and controlled entities. XRF Scientific Limited is a listed public company, incorporated and domiciled in Australia.

These financial statements of XRF Scientific Limited and controlled entities comply with all International Financial Reporting Standards (IFRS) in their entirety.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2013 annual report.

This report does not include full disclosures of the type normally included in an annual financial report.

### **Reporting Basis and Conventions**

These financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

## **1. 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.

### **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.

Segment information provided to the Chief Executive Officer for the full-year ended 30 June 2014 is as follows:

	Capital Equipment	Precious Metals	Consumables	Total
<b>Full-year ended 30 June 2014</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment revenue</b>				
Total segment revenue	5,553,570	10,445,135	6,402,883	22,401,588
Inter segment sales	(146,598)	(597,431)	0	(744,029)
Revenue from external customers	5,406,972	9,847,704	6,402,883	21,657,559
<b>Profit before income tax expense</b>	<b>354,106</b>	<b>1,340,612</b>	<b>2,357,681</b>	<b>4,052,399</b>
<b>Full-year ended 30 June 2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment revenue</b>				
Total segment revenue	8,354,173	8,501,702	7,222,557	24,078,432
Inter segment sales	(121,011)	(1,433,326)	-	(1,554,337)
Revenue from external customers	8,233,162	7,068,376	7,222,557	22,524,095
<b>Profit before income tax expense</b>	<b>1,143,404</b>	<b>1,429,991</b>	<b>2,825,831</b>	<b>5,399,226</b>
<b>Segment assets</b>				
At 30 June 2014	5,500,293	10,082,109	16,540,705	32,123,107
At 30 June 2013	5,148,160	7,199,216	14,897,539	27,244,915
<b>Segment liabilities</b>				
At 30 June 2014	483,189	2,590,257	171,624	3,245,070
At 30 June 2013	354,685	462,844	181,173	998,702
<b>Depreciation expense</b>				
For the year ended 30 June 2014	50,007	210,540	173,456	434,003
For the year ended 30 June 2013	43,547	175,551	189,251	408,349

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from external customers – segments</b>	21,657,559	22,524,095
Unallocated revenue	192,503	283,321
<b>Revenue from external customers – total</b>	<b>21,850,062</b>	<b>22,807,416</b>
<b>Profit before income tax expense – segments</b>	4,052,399	5,399,226
Eliminations and unallocated (corporate)	(511,183)	43,207
<b>Profit before income tax expense from continuing operations – total</b>	<b>3,541,216</b>	<b>5,442,433</b>
<b>Total segment assets</b>	32,123,107	27,244,915
Eliminations and unallocated (corporate)	(627,603)	4,012,521
<b>Total assets</b>	<b>31,495,504</b>	<b>31,257,436</b>
<b>Total segment liabilities</b>	3,245,070	998,702
Eliminations and unallocated (corporate)	(867,946)	1,198,286
<b>Total liabilities</b>	<b>2,377,124</b>	<b>2,196,988</b>

**2. Profit for the year**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Profit for the full year included the following items that are unusual because of their nature, size or incidence:		
Profit on sale of product design rights	-	147,272
Acquisition of business and investment costs	339,776	65,056

**3. Reconciliation of cash**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash on hand and at bank	2,563,657	2,288,498
Deposits at call	3,638,113	6,353,310
	<u>6,201,770</u>	<u>8,641,808</u>

**4. Reconciliation of profit after income tax to net cash flow from operating activities**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Profit for the year	2,441,258	3,812,772
Depreciation and amortisation	554,834	611,092
Share of JV entity (profits) / losses	92,160	(45,666)
Net exchange differences	(18,577)	-
Net (gain) loss on sale of non-current assets	23,737	(137,266)
(Increase)/decrease in trade and other debtors	(467,230)	1,477,674
(Increase)/decrease in inventories	(245,469)	65,743
(Increase)/decrease in other current asset	140,855	(275)
(Increase)/decrease in deferred tax asset	(83,264)	128,814
(Decrease)/increase in trade and other creditors	165,581	(732,234)
(Decrease)/increase in provision for income taxes	(318,215)	(647,115)
(Decrease)/increase in provision for deferred income tax	89,412	(116,192)
(Decrease)/increase in other liabilities	157,227	(16,565)
(Decrease)/increase in other provisions	80,185	(270,017)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>2,612,494</u>	<u>4,130,765</u>

**5. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Opening balances</i>		
Plant and equipment	3,093,303	2,551,921
Office furniture and equipment	287,492	66,246
Property improvements	216,128	156,850
Motor vehicles	68,629	63,612
Balance at 1 July	3,665,552	2,838,629
Purchase of platinum (classified as plant and equipment)	-	762,736
Other additions	408,366	530,074
Disposals	(25,690)	(34,560)
Depreciation expense	(465,925)	(431,327)
Closing net book amount at 30 June	3,582,303	3,665,552

**6. Intangible assets**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Opening balances</i>		
Goodwill	11,305,437	11,305,437
Research & development costs	65,412	437,197
Patents, trademarks & other rights	136,923	147,630
Balance at 1 July	11,507,772	11,890,264
Recognition of goodwill on purchase of Kitco Labware	1,798,890	-
Less: Foreign currency adjustment	(111,130)	-
Capitalisation of research and development costs	459,693	-
Patents, trademarks & other rights (sale of IP rights)	-	(202,727)
Amortisation expense	(88,303)	(179,765)
Closing balance at 30 June	13,566,922	11,507,772

**7. Investments accounted for using equity method**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Opening amount	335,906	290,240
Conversion of convertible notes to shares in Gestion Scancia	150,770	-
Purchase of additional shares in Gestion Scancia	261,782	-
Share of net profit / (loss) of investments accounted for using the equity method	(92,158)	45,666
Closing amount	656,300	335,906

## 8. Liabilities

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, used as security for leases. As at 30 June 2014, the contractual maturities of the group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities	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
As at 30 June 2014	\$	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>							
Trade payables	1,291,430	-	-	-	-	1,291,430	1,291,430
<b>Total non-derivatives</b>	1,291,430	-	-	-	-	1,291,430	1,291,430

### As at 30 June 2013

<b>Non-derivatives</b>							
Trade payables	1,125,849	-	-	-	-	1,125,849	1,125,849
<b>Total non-derivatives</b>	1,125,849	-	-	-	-	1,125,849	1,125,849

### Financing arrangements

The group's undrawn borrowing facilities were as follows as at 30 June 2014:

	Consolidated	
	2014	2013
	\$	\$
Bank overdraft facility	1,000,000	1,000,000
Bank guarantee facility	1,501,545	595,180
	<u>2,501,545</u>	<u>1,595,180</u>

## 9. Contributed equity

	2014 Shares	2013 Shares	2014 \$	2013 \$
<b>(a) Share capital</b>				
Ordinary shares	132,157,097	132,157,097	18,257,772	18,257,772
Total consolidated contributed equity	<u>132,157,097</u>	<u>132,157,097</u>	<u>18,257,772</u>	<u>18,257,772</u>

Date	Details	Number of shares	Issue Price \$	\$
<b>1 July 2012</b>	<b>Opening balance</b>	<b>128,823,764</b>		<b>17,594,594</b>
	Exercise of options on 30/11/12	2,000,000	0.20	400,000
	Transaction costs (net of deferred tax)			(1,943)
	Exercise of options on 7/12/12	1,333,333	0.20	266,667
	Transaction costs (net of deferred tax)			(1,546)
<b>30 June 2013</b>	<b>Closing balance</b>	<b>132,157,097</b>		<b>18,257,772</b>
<b>1 July 2013</b>	<b>Opening balance</b>	<b>132,157,097</b>		<b>18,257,772</b>
<b>30 June 2014</b>	<b>Closing balance</b>	<b>132,157,097</b>		<b>18,257,772</b>

## 10. Dividends

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Dividends provided for or paid during the year on ordinary shares	2,246,329	1,932,354

## 11. Business combinations

### a) Summary of acquisition

On 2 August 2013 XRF Scientific Limited acquired the business of Kitco Labware, a supplier of platinum labware and precious engineered products based in Montreal, Canada. The business was founded in 2002 and currently has sales into Canada, USA and Latin America. It has a diverse customer base that operates in industries such as cement, soil analysis, mining and petrochemicals.

Details of the purchase consideration and goodwill are as follows:

	<b>\$</b>
(i) Purchase consideration:	
Cash paid upfront	1,798,890

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

Goodwill	1,798,890
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The goodwill is attributable to Kitco Labware's strong position and profitability in trading in the platinum labware and precious engineered products markets 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 \$3.6m and net profit before tax of \$300k to the group for the period of 2 August 2013 to 30 June 2014.

If the acquisition had occurred on 1 July 2013, consolidated revenue and consolidated net profit before tax for the period ended 30 June 2014 would have been \$22.2m and \$3.6m respectively. These amounts have been calculated using the group's accounting policies.

### b) Purchase consideration – cash outflow

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Outflow of cash to acquire business of Kitco Labware, net of cash acquired		
Cash consideration	1,798,890	-
Total outflow of cash - investing activities	1,798,890	-
Direct costs relating to the acquisition		
Recognised in profit or loss and in operating cash flows in the statement of cash flows	108,887	65,056
Total outflow of cash - operating activities	108,887	65,056

## 12. Contingent liabilities

The economic entity is not aware of any material contingent asset or liability for the period ended 30 June 2014.

**13. Events occurring after the reporting date**

The Kitco Labware purchase agreement required XRF to pay the former owners additional consideration of up to CAD\$600,000, should the business meet certain profit milestones. The unaudited results indicate that these milestones have not been achieved, therefore a liability for additional consideration has not been recorded.

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.