

# Appendix 4D

## Half-Year Report

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



### For the Half-Year Ended 31 December 2020

#### Results for announcement to the market

Revenue from ordinary activities	Down	5%	to	\$14,960,987	from	\$15,743,906
Earnings before interest and tax (EBIT)	Up	33%	to	\$3,110,764	from	\$2,330,744
Profit from ordinary activities after tax	Up	47%	to	\$2,382,067	from	\$1,625,750
Net profit attributable to members	Up	47%	to	\$2,382,067	from	\$1,625,750

#### Dividends (distributions)

	Amount per security	Franked amount per security
Interim dividend – this period	Nil	Nil
Interim dividend – previous corresponding period	Nil	Nil

#### Net tangible assets per ordinary share

31 December 2020	31 December 2019
\$	\$
0.15	0.14

#### Earnings per share (EPS)

	31 December 2020	31 December 2019
Basic EPS – (cents per share)	1.8	1.2
Diluted EPS – (cents per share)	1.8	1.2
Weighted average of number of ordinary shares	134,133,506	133,825,803

## Commentary on the results for the half-year ended 31 December 2020

XRF Scientific Ltd (“XRF” or “Company”) is pleased to report its December 2020 half-year results to shareholders. The Company has generated revenue of \$15m and a 47% increase in Net Profit After Tax to \$2.4m.

Positive conditions have returned during the first half, after some of the markets that were impacted by COVID-19 started to bounce back. The strategy we put in place in response to COVID-19 has allowed us to continue as an essential business through all lockdowns and keep our employees safe. The majority of government subsidies have now ceased, as conditions improved at a different rate in each of our divisions. We expect a further \$0.1m in wages subsidies to be received during the March 2021 quarter.

We are seeing strong levels of activity in the mining industry, across both exploration and production, which supports demand across our product range. There is robust demand in Australia, Europe, North America, and parts of Asia.

Our adjusted profit before tax was up 4% on the Previous Corresponding Period (PCP) when considering the below items:

	1H21	1H20
	\$	\$
Profit before tax	3,091,667	2,272,406
COVID-19 wages subsidies	(700,281)	-
COVID-19 other grants/subsidies	(20,000)	-
Adjusted profit before tax	2,371,386	2,272,406

The Board has maintained policy to pay one dividend per year on operating profits which will be determined based on the full-year result.

Our balance sheet remains strong with \$2.6m in cash and \$0.9m in debt at 31 December 2020. Our cash position has since grown and was \$3.4m at 19 February 2021. All debt is currently short-term, which relates to the platinum factory in Melbourne, with the initial three-year term expiring in November 2021. We expect the loan to be rolled over within a few months of the expiry date.

The Consumables division had a good half, delivering a profit of \$1.3m from revenue of \$4.2m. There has been strong demand from the mining sector both domestic and international, across production and exploration. We are also continuing to acquire new international customers on a regular basis. Positive conditions are expected to continue in the second half.

The Capital Equipment division delivered an adjusted profit before tax of \$465k after deducting \$316k in COVID-19 wages subsidies received. The pickup in demand for capital equipment products that started in July continued through the half. Our sales order book remains strong into the second half at over two months, with a record number of machines on order. The demand is occurring in most of our main markets around the world and primarily driven by mining customers. Machine orders are also being regularly received from non-mining industrial customers. New product developments are continuing on two machines, and we are carefully balancing resources between R&D and current sales orders.

The Precious Metals division delivered an increased adjusted profit before tax of \$841k compared to \$710k in the PCP. The adjusted profit is after deducting \$333k in COVID-19 wages subsidies received. Positive market conditions were experienced during the first half, driven mainly by the mining industry. New labware products are being regularly sold together with the fusion machines that are in strong demand.

Good progress continues to be made by the Germany Office with growing their customer base and increasing margins. Revenue was flat on the June half at \$1.45m, with higher margin products and services being sold through the period. Margins grew which resulted in a \$142k improvement in financial performance over the June 2020 half,

resulting in a profit before tax of \$28k for this half. Four months of the half were profitable, including all of the December quarter. In addition, margin is being generated on these sales by the Australian manufacturing divisions. During July 2020 we acquired \$0.5m of platinum metal to add to our owned position of precious metals inventory. We typically own a proportion of platinum to reduce our overall reliance on third party platinum lessors. In addition, we own other precious metals such as gold, iridium and rhodium, which we are not able to lease and are required for our manufacturing pool of metal. At 31 December 2020 the precious metals inventory we own for manufacturing purposes had a market value that was \$1.8m higher than the cost reflected in our balance sheet. The difference between market and cost value is predominately on a position we are holding in rhodium, which has been increasing in price since 2019. We do not currently anticipate that this is a realisable profit, as the rhodium is required to grow our business in Europe and around the world. Rhodium is usually alloyed at a rate of 10% with platinum, for numerous industrial products that require additional strength and a higher working temperature.

Our next trading update will be provided via the March quarter report in April.

## 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 auditor's review report is attached.
6. The entity has a formally constituted audit committee.

Signed:



Date: 22 February 2021

Name:

Vance Stazonelli (Managing Director)



**XRF SCIENTIFIC LIMITED  
ABN 80 107 908 314  
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL STATEMENT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

This interim financial report does not include all the notes of the type normally included in an annual financial statement. Accordingly, this statement is to be read in conjunction with the annual statement for the year ended 30 June 2020 and any public announcements made by XRF Scientific Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## **COMPANY PARTICULARS**

### **BOARD OF DIRECTORS**

Fred Grimwade	(Non-Executive Chairman)
David Brown	(Non-Executive Director)
David Kiggins	(Non-Executive Director)
Vance Stazonelli	(Managing Director)

### **COMPANY SECRETARIES**

Vance Stazonelli  
Andrew Watson

### **REGISTERED OFFICE**

XRF Scientific Limited  
86 Guthrie Street  
Osborne Park WA 6017

### **SHARE REGISTRY**

Automic Pty Ltd  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Phone: 1300 288 664

### **AUDITOR**

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

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## DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of XRF Scientific Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

### Directors

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

Fred Grimwade (Non-Executive Chairman)  
David Brown (Non-Executive Director)  
David Kiggins (Non-Executive Director)  
Vance Stazonelli (Managing Director)

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

### Review of operations

Please refer to the "Commentary on the results for the half-year ended 31 December 2020" section, which can be found at the start of the Appendix 4D.

### Business 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.

### 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 5.

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



**Fred Grimwade**  
Chairman

22 February 2021

## DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF XRF SCIENTIFIC LIMITED

As lead auditor for the review of XRF Scientific Limited for the half-year ended 31 December 2020, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



**Jarrad Prue**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth, 22 February 2021



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	Half-year	
		31-Dec-20 \$	31-Dec-19 \$
Revenue from continuing operations	4	14,960,987	15,743,906
Cost of sales		(8,659,840)	(9,138,712)
Gross profit		6,301,147	6,605,194
Other revenues	5	721,456	318
Administration expenses		(3,363,652)	(3,555,970)
Occupancy expenses		(325,647)	(345,295)
Finance costs		(20,732)	(64,280)
Other expenses		(220,905)	(367,561)
<b>Profit before income tax</b>		3,091,667	2,272,406
Income tax expense		(709,600)	(646,656)
<b>Profit after income tax from continuing operations attributable to equity holders of XRF Scientific Limited</b>		2,382,067	1,625,750
<b>Other comprehensive income</b>			
<b>Items that will be classified to profit or loss</b>			
Foreign currency translation differences		(214,617)	33,674
<b>Total comprehensive income for the half year</b>		2,167,450	1,659,424
<b>Total comprehensive income attributable to equity holders of XRF Scientific Limited</b>			
		<b>2,167,450</b>	<b>1,659,424</b>
Basic earnings per share (cents per share)		1.8	1.2
Diluted earnings per share (cents per share)		1.8	1.2

*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 31 DECEMBER 2020**

	Note	Consolidated	
		31-Dec-20	30-June-20
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,629,005	3,634,171
Trade and other receivables		3,998,594	3,769,954
Inventories	6	12,355,712	11,295,835
Other assets		307,360	409,613
<b>TOTAL CURRENT ASSETS</b>		<b>19,290,671</b>	<b>19,109,573</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	9,076,889	9,275,484
Intangible assets	8	15,761,256	15,890,844
Deferred tax asset		1,049,353	891,689
<b>TOTAL NON-CURRENT ASSETS</b>		<b>25,887,498</b>	<b>26,058,017</b>
<b>TOTAL ASSETS</b>		<b>45,178,169</b>	<b>45,167,590</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,385,079	1,709,918
Provisions	9	4,458,249	4,847,496
Short-term borrowings	9	880,350	111,192
Current lease liabilities	10	407,640	436,520
Other current liabilities	11	706,370	236,223
Current income tax liability		209,395	455,538
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,047,083</b>	<b>7,796,887</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	9	-	824,754
Non-current lease liabilities	10	399,528	564,520
Deferred tax liability		525,266	295,411
Provisions		58,905	50,547
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>983,699</b>	<b>1,735,232</b>
<b>TOTAL LIABILITIES</b>		<b>9,030,782</b>	<b>9,532,119</b>
<b>NET ASSETS</b>		<b>36,147,387</b>	<b>35,635,471</b>
<b>EQUITY</b>			
Issued capital	12	18,802,517	18,584,489
Reserves		1,114,486	1,329,103
Retained profits		16,230,384	15,721,879
<b>TOTAL EQUITY</b>		<b>36,147,387</b>	<b>35,635,471</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half-year	
	31-Dec-20	31-Dec-19
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	15,173,680	14,742,856
Payments to suppliers and employees (inclusive of GST)	(13,655,989)	(13,647,386)
Receipts from government subsidies	720,281	-
Interest received	1,635	5,942
Interest paid	(20,732)	(64,280)
Income taxes paid	(883,552)	(693,675)
<b>Net cash inflow (outflow) from operating activities</b>	<u>1,335,323</u>	<u>343,457</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(279,833)	(365,566)
Payments for research and development	(117,870)	(95,710)
<b>Net cash inflow (outflow) from investing activities</b>	<u>(397,703)</u>	<u>(461,276)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	534,672
Repayment of borrowings	(55,596)	(526,570)
Payment of lease liabilities	(234,241)	(173,474)
Dividends paid	(1,652,949)	(1,338,258)
<b>Net cash inflow (outflow) from financing activities</b>	<u>(1,942,786)</u>	<u>(1,503,630)</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	3,634,171	3,238,297
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,005,166)</u>	<u>(1,621,449)</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u>2,629,005</u>	<u>1,616,848</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**31 DECEMBER 2020**

	Issued Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	18,584,489	759,243	569,860	15,721,879	35,635,471
Profit for the period	-	-	-	2,382,067	2,382,067
Other comprehensive income	-	-	(214,617)	-	(214,617)
<b>Total comprehensive income for the period</b>	-	-	(214,617)	2,382,067	2,167,450
<b>Transactions with Equity Holders in their capacity as Equity Holders</b>					
Ordinary shares issued, net of transaction costs	218,028	-	-	-	218,028
Dividends paid	-	-	-	(1,873,562)	(1,873,562)
	218,028	-	-	(1,873,562)	(1,655,534)
<b>Balance at 31 December 2020</b>	18,802,517	759,243	355,243	16,230,384	36,147,387

**31 DECEMBER 2019**

	Issued Share Capital	Share Option Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	18,584,489	759,243	528,878	13,938,757	33,811,367
Profit for the period	-	-	-	1,625,750	1,625,750
Other comprehensive income	-	-	33,674	-	33,674
<b>Total comprehensive income for the period</b>	-	-	33,674	1,625,750	1,659,424
<b>Transactions with Equity Holders in their capacity as Equity Holders</b>					
Ordinary shares issued, net of transaction costs	-	-	-	-	-
Dividends paid	-	-	-	(1,338,258)	(1,338,258)
	-	-	-	(1,338,258)	(1,338,258)
<b>Balance at 31 December 2019</b>	18,584,489	759,243	562,552	14,226,249	34,132,533

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**1. Reporting entity**

XRF Scientific Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial statement of the Company as at and for the six months ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the “consolidated entity”).

The consolidated annual financial statements of the consolidated entity as at and for the year ended 30 June 2020 are available on the Company’s website at [www.xrfscientific.com](http://www.xrfscientific.com).

**2. Basis of preparation of half-year report**

The consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reports* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by XRF Scientific Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

This consolidated interim financial report was approved by the Board of Directors on 22 February 2021.

**3. Segment information**

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

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

The Managing Director monitors segment performance based on profit before income tax expense. Segment results that are reported to the Managing Director 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.

### 3. Segment information (continued)

The consolidated entity has determined that strategic decision making is facilitated by evaluation of operations on the customer segments of Capital Equipment, Precious Metals and Consumables. For each of the strategic operating segments, the Managing Director 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 Managing Director for the half-year ended 31 December 2020 is as follows:

	Capital Equipment	Precious Metals	Consumables	Total
Half-year ended 31 December 2020	\$	\$	\$	\$
<b>Segment revenue</b>				
Total segment revenue	5,025,930	6,796,681	4,235,563	16,058,174
Inter segment sales	(322,898)	(776,272)	-	(1,099,170)
Revenue from external customers	4,703,032	6,020,409	4,235,563	14,959,004
<b>Profit before income tax expense</b>	<b>780,592</b>	<b>1,173,804</b>	<b>1,287,140</b>	<b>3,241,536</b>
<b>Half-year ended 31 December 2019</b>				
	\$	\$	\$	\$
<b>Segment revenue</b>				
Total segment revenue	4,262,912	7,307,301	4,845,331	16,415,544
Inter segment sales	(410,396)	(266,791)	-	(677,187)
Revenue from external customers	3,852,516	7,040,510	4,845,331	15,738,357
<b>Profit before income tax expense</b>	<b>386,342</b>	<b>709,957</b>	<b>1,338,909</b>	<b>2,435,208</b>
<b>Segment assets</b>				
At 31 December 2020	8,719,179	18,528,593	15,512,025	42,759,797
At 30 June 2020	7,828,509	18,634,724	15,829,116	42,292,349
<b>Segment liabilities</b>				
At 31 December 2020	1,725,632	5,663,966	414,445	7,804,043
At 30 June 2020	1,170,355	6,183,081	456,494	7,809,930
			<b>Half-year 31-Dec-20</b>	<b>Half-year 31-Dec-19</b>
			\$	\$
<b>Revenue from external customers – segments</b>			<b>14,059,004</b>	<b>15,738,357</b>
Unallocated revenue (corporate)			1,983	5,549
<b>Revenue from external customers – total</b>			<b>14,960,987</b>	<b>15,743,906</b>
<b>Profit before income tax expense – segments</b>			<b>3,241,536</b>	<b>2,435,208</b>
Eliminations and unallocated (corporate)			(149,869)	(162,802)
<b>Profit before income tax expense from continuing operations – total</b>			<b>3,091,667</b>	<b>2,272,406</b>

**3. Segment information (continued)**

	Half-year 31-Dec-20 \$	Full-year 30-Jun-20 \$
<b>Total segment assets</b>	<b>42,759,797</b>	<b>42,292,349</b>
Cash and cash equivalents held by parent entity	1,486,323	1,810,085
Deferred tax asset	1,049,353	891,689
Other corporate assets and eliminations	(117,304)	173,467
<b>Total assets</b>	<b>45,178,169</b>	<b>45,167,590</b>
<b>Total segment liabilities</b>	<b>7,804,043</b>	<b>7,809,930</b>
Deferred tax liability	525,266	295,411
Income tax provision	209,395	376,187
Trade and other payables	254,670	688,021
Other corporate liabilities and eliminations	237,408	362,570
<b>Total liabilities</b>	<b>9,030,782</b>	<b>9,532,119</b>

**4. Revenue**

	31-Dec-20 \$	31-Dec-19 \$
<i>Revenue from continuing operations</i>		
<i>Revenue from external customers</i>		
Sale of finished goods	14,642,641	15,413,208
Service revenue (non-contract)	210,661	207,575
Service revenue (contract)	106,050	117,182
<i>Total revenue</i>	<u>14,959,352</u>	<u>15,737,965</u>
Interest income	1,635	5,941
<b>Total revenue from continuing operations</b>	<b><u>14,960,987</u></b>	<b><u>15,743,906</u></b>

The Group derives revenue from external customers from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions (based on the location of the Group entity preparing the invoice):

	Capital Equipment \$	Precious Metals \$	Consumables \$	Total \$
<b>Half-year ended 31 December 2020</b>				
Australia	3,542,184	2,706,763	3,616,302	9,865,249
Canada	98,889	1,322,434	278,491	1,699,814
Europe	1,061,959	1,991,212	340,770	3,393,941
Revenue from external customers	<u>4,703,032</u>	<u>6,020,409</u>	<u>4,235,563</u>	<u>14,959,004</u>
<b>Half-year ended 31 December 2019</b>				
Australia	2,789,691	2,568,811	4,006,425	9,364,927
Canada	268,735	2,120,015	464,779	2,853,529
Europe	794,090	2,351,684	374,127	3,519,901
Revenue from external customers	<u>3,852,516</u>	<u>7,040,510</u>	<u>4,845,331</u>	<u>15,738,357</u>

**5. Profit for the half-year**

Profit for the half-year included the following items that are unusual because of their nature, size or incidence:

	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>\$</b>	<b>\$</b>
COVID-19 wages subsidies and other grants	720,281	-
Miscellaneous	1,175	318
Total other revenues	<u>721,456</u>	<u>318</u>

**6. Inventories**

	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Borrowed precious metals (refer to note 9)	3,852,098	4,244,751
Owned precious metals	2,354,463	1,433,709
Other inventories	6,149,151	5,617,375
Total inventories	<u>12,355,712</u>	<u>11,295,835</u>

**7. Property, plant and equipment**

	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment	5,227,176	5,172,725
Land and buildings	1,823,217	1,823,217
Property improvements	1,002,521	1,037,578
Right-of-use assets for leased properties	785,008	981,056
Office furniture and equipment	148,495	158,088
Motor vehicles	90,472	102,820
Total property, plant and equipment	<u>9,076,889</u>	<u>9,275,484</u>
<i>Opening net book amount</i>	9,275,484	8,397,919
Additions	278,651	740,748
Initial recognition of right-of-use assets for leased properties	-	1,137,502
Increases to right-of-use assets resulting from changes to lease conditions	40,369	-
Disposals	(601)	(8,390)
Foreign currency adjustment	(10,951)	1,786
Depreciation expense	(506,063)	(994,081)
Closing net book amount	<u>9,076,889</u>	<u>9,275,484</u>

**8. Intangible assets**

	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Goodwill	14,517,060	14,624,187
Development costs	818,907	784,177
Patents, trademarks and IP	425,289	482,480
Total intangible assets	<u>15,761,256</u>	<u>15,890,844</u>
<i>Opening net book amount</i>	15,890,844	15,973,269
Additions	117,870	214,402
Disposals	-	-
Foreign currency adjustment	(129,712)	(45,836)
Amortisation expense	(117,746)	(250,991)
Closing net book amount	<u>15,761,256</u>	<u>15,890,844</u>



**XRF SCIENTIFIC LIMITED**  
**ABN 80 107 908 314**  
**INTERIM FINANCIAL STATEMENT – 31 DECEMBER 2020**



**9. Liabilities**

The group has an overdraft facility of \$500,000 as a safeguard on working capital requirements. Additional facilities totaling \$1,700,000 are utilised for bank guarantees and to fund the importation of certain raw materials. As at 31 December 2020, 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 cash flows	Carrying amount of liabilities	
							Current	Non-Current
<b>As at 31 December 2020</b>	\$	\$	\$	\$	\$	\$	\$	\$

**Non-derivatives**

Trade payables	792,773	-	-	-	-	792,773	792,773	-
Property loan <sup>1</sup>	60,938	828,938	-	-	-	889,876	880,350	-
<b>Total non-derivatives</b>	<b>853,711</b>	<b>828,938</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,682,649</b>	<b>1,673,123</b>	<b>-</b>

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 cash flows	Carrying amount of liabilities	
							Current	Non-Current
<b>As at 30 June 2020</b>	\$	\$	\$	\$	\$	\$	\$	\$

**Non-derivatives**

Trade payables	1,169,807	-	-	-	-	1,169,807	1,169,807	-
Property loan <sup>1</sup>	61,650	61,277	829,204	-	-	952,131	111,192	824,754
<b>Total non-derivatives</b>	<b>1,231,457</b>	<b>61,277</b>	<b>829,204</b>	<b>-</b>	<b>-</b>	<b>2,121,938</b>	<b>1,280,999</b>	<b>824,754</b>

<sup>1</sup> Consists of a three-year, interest-bearing loan for \$1,112,000, used to fund the purchase of a property in Melbourne. Instalments are paid monthly (including principal and interest), at a rate of 2.16% per annum. As security for the loan facility, the lender holds a registered first mortgage over the acquired property, plus unlimited cross guarantees and indemnities by all subsidiaries within the XRF group (excluding subsidiaries in Canada and Germany).

*Interest-bearing loans*

The carrying value of borrowing facilities approximates its fair value, as interest payable is close to market rates.

*Undrawn facilities*

The group's undrawn borrowing facilities were as follows as at 31 December 2020:

	31-Dec-20	30-Jun-20
	\$	\$
Bank overdraft facility	500,000	500,000
Bank guarantee facility (AUD denominated)	66,544	66,544
Import loan facilities	1,500,000	1,500,000
<b>Total undrawn facilities</b>	<b>2,066,544</b>	<b>2,066,544</b>

*Current provisions*

	31-Dec-20	30-Jun-20
	\$	\$
Provision for platinum loan	3,852,098	4,244,751
Other current provisions	606,151	602,745
<b>Total current provisions</b>	<b>4,458,249</b>	<b>4,847,496</b>

XRF has borrowed (and has title to under a master contract) \$3,852,098 of platinum metal, which is inventoried to facilitate manufacturing processes and reduce lead times. This is funded by four loan facilities, with terms of up to 12 months. Interest is calculated at market rates and payable annually. At maturity, these facilities will be renewed for additional terms or the platinum will be returned. These liabilities are offset by an inventory asset of \$3,852,098.

**10. Lease liabilities**

As a result of the adoption of AASB 16 *Leases*, the following liabilities have been recognised on the balance sheet at 31 December 2020:

	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Current lease liabilities	407,640	436,520
Non-current lease liabilities	399,528	564,520
<b>Total lease liabilities</b>	<b>807,168</b>	<b>1,001,040</b>

**11. Other current liabilities**

	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>\$</b>	<b>\$</b>
Customer deposits	706,370	236,223
<b>Total other current liabilities</b>	<b>706,370</b>	<b>236,223</b>

**12. Contributed equity**

	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
<b>(a) Share capital</b>				
Ordinary shares	134,561,093	133,825,803	18,802,517	18,584,489
<b>Total contributed equity</b>	<b>134,561,093</b>	<b>133,825,803</b>	<b>18,802,517</b>	<b>18,584,489</b>

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue Price \$</b>	<b>\$</b>
1-Jul-19	Opening balance	133,825,803		18,584,489
<b>31-Dec-19</b>	<b>Closing balance</b>	<b>133,825,803</b>		<b>18,584,489</b>
1-Jul-20	Opening balance	133,825,803		18,584,489
16-Oct-20	Shares issued under dividend reinvestment plan	735,290	0.30	220,587
16-Oct-20	Less: transaction costs			(2,559)
<b>31-Dec-20</b>	<b>Closing balance</b>	<b>134,561,093</b>		<b>18,802,517</b>

**13. Dividends**

	<b>Half-year</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Dividends provided for or paid during the half-year on ordinary shares	1,873,560	1,338,258

**14. Contingent assets or liabilities**

The group is not aware of any material contingent asset or liability for the period ended 31 December 2020.

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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government or other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There have been no 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**

The directors of the Company declare that:

1. the financial statements and notes set out on pages 6 to 15 are in accordance with the *Corporations Act, 2001* including:
  - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that XRF Scientific Limited will be able to pay its debts as and when they become due and payable.

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



**Fred Grimwade**  
Chairman

Dated this 22<sup>nd</sup> day of February 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of XRF Scientific Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of XRF Scientific Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**

**Director**

Perth, 22 February 2021