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31 August 2007

ASX Announcement: Preliminary Final Report

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to report on XRF Scientific Limited, for the period to 30 June 2007.

Since listing in October 2006, your company has made significant progress in several key areas of its operations and management structure, including the re-evaluation of the composition of the Board, and its' subsequent reduction in numbers.

These changes were part of a planned process of consolidating the operations of the antecedent businesses into a cohesive group. A comprehensive business plan has now been implemented to take the XRFS group forward.

The group objective is now to focus resources on creating a sustainable good level of earnings and to grow the value of our shareholders' investment.

A new Managing Director, Mr. Terry Sweet, has been appointed to lead the group executive team forward. He brings to the board the benefit of long experience in executive management in both private and public companies.

XRFS now wholly owns Australian Platinum Supplies (APS) following settlement of the acquisition of the remaining 50% equity in June 2007. APS is now housed in a state-of-the-art facility on the outskirts of Melbourne, and is the dominant platinumware manufacturer in Australia.

Agreement has been reached with Socachim, a Belgian company, to revert to commission representation of our products in Europe. Socachim had previously been acquired on a share swap which has been rescinded by mutual agreement, and shareholders will be asked at the next AGM to approve cancellation of 3 million XRFS shares previously issued to the owners of Socachim.

Sales of the companies' products have been as forecast, although profitability has been affected by unanticipated costs and one-off write-offs. These costs have been mainly of a non-recurrent nature.

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At the date of this report, the furnace, platinum & flux businesses within the group all have solid order books, partly driven by the ongoing world minerals boom.

Research & Development has been continued in several areas, resulting in provisional patents being obtained for speciality fluxes, a new and more powerful design for the Spectrolaser, and advances being made in robotic fully automated furnaces.

It is these innovations which will underpin new business opportunities and the ongoing strength and profitability of your company. It is fortuitous that XRFS has in its team the scientific talent to continue to make technical developments, whilst maintaining a level of profitability from its existing products.

On behalf of the board, I thank you for your ongoing support. The Directors are confident that your investment in this company is sound.

In accordance with the Listing Rule 3.13.1 of the ASX Listing Rules, the Company also wishes to advise that its Annual General Meeting will be held on Tuesday, 23rd October 2007 at 10.00am WST.

P.A. Rengel

Paul Anthony Rengel
Chairman
XRF Scientific Limited

XRF SCIENTIFIC LIMITED

ABN: 80 107 908 314

AND CONTROLLED ENTITIES

APPENDIX 4E

ASX Preliminary Final Report

FOR THE YEAR ENDED

30 JUNE 2007

XRF SCIENTIFIC LIMITED ABN 80 107 908 314 and Controlled Entities

SUMMARY OF FINANCIAL INFORMATION

Net profit after income tax expense for the year ended 30 June 2007 was $108,385 compared to the previous year of $630,905.

Sales increased to due to the acquisition of Analytical Platinum Pty Ltd acquisition.

Full Year Comparison

	12 months ended 30 June 2007 $	12 months ended 30 June 2006 $	Movement up / down	Movement %
Revenue from continuing activities	12,813,936	6,216,905	up	106.11%
Profit from ordinary activities after tax attributable to members	108,385	630,905	down	-83%
Net profit for the period attributable to members	108,385	630,905	down	-83%

Dividends paid to Information Memorandum (IM) shareholders from 1 July 2006 to 30 October 2006

During the financial year the following dividends were paid:

Preference dividend paid: $7,568

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

		Economic Entity	
	Note	2007 $	2006 $
Sales Revenue	2	12,502,687	6,020,431
Other revenues	2	311,249	196,474
Total Revenue		12,813,936	6,216,905
Cost of sales		(7,515,209)	(3,115,819)
Marketing expenses		(356,727)	(82,441)
Distribution expenses		(15,586)	(47,080)
Occupancy expenses		(279,455)	(130,833)
Employee benefits expense		(2,293,904)	(1,168,915)
Motor vehicle expense		(88,531)	(32,938)
Depreciation and amortisation		(143,566)	(96,809)
Administration Expenses		(1,332,779)	(711,130)
Impairment losses		(133,416)	(140,000)
Other expenses from continuing activities		-	(61,043)
Share of net profits of associates using the equity method		-	202,243
		(12,159,173)	(5,384,765)
Borrowing Costs Expense		(12,551)	(41,264)
Profit from Ordinary Activities Before Income Tax		642,212	790,876
Income Tax Expense		(253,336)	(159,971)
Profit after income tax		388,876	630,905
Profit attributable to Minority Interest	3	(280,491)	-
Profit attributable to members of the parent entity		108,385	630,905
Basic earnings per share – (cents per share)		$0.002	$0.019
Diluted earnings per share (cents per share)		$0.002	$0.018

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007

	Note	Consolidated 2007 $	2006 $
CURRENT ASSETS			
Cash and cash equivalents		3,679,821	211,949
Trade and other receivables		2,618,615	2,781,524
Inventories		1,130,279	917,573
Other assets		102,130	1,239,767
TOTAL CURRENT ASSETS		7,530,845	5,150,813
NON-CURRENT ASSETS			
Property, plant and equipment		744,824	488,047
Intangible assets		5,495,194	5,138,511
Deferred tax asset		704,975	92,187
Other financial assets		523,738	10,270
Investments accounted for using the equity method		-	206,662
TOTAL NON-CURRENT ASSETS		7,468,731	5,935,677
TOTAL ASSETS		14,999,576	11,086,490
CURRENT LIABILITIES			
Trade and other payables		1,233,065	1,546,494
Interest bearing liabilities		925,121	154,327
Provisions		279,254	114,635
Other current liabilities		75,806	223,086
Current income tax liability		140,382	352,508
TOTAL CURRENT LIABILITIES		2,653,628	2,391,050
NON-CURRENT LIABILITIES			
Interest bearing liabilities		40,835	225,982
Deferred tax liability		11,652	-
Provisions		239,528	57,863
TOTAL NON-CURRENT LIABILITIES		292,015	283,845
TOTAL LIABILITIES		2,945,643	2,674,895
NET ASSETS		12,053,933	8,411,595
EQUITY			
Issued capital	5	10,739,866	7,317,282
Reserves		137,592	-
Retained profits	4	1,176,475	1,094,313
TOTAL EQUITY		12,053,933	8,411,595

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

ECONOMIC ENTITY

	Note	ORDINARY SHARES $	RETAINED EARNINGS $	RESERVES $	TOTAL $
Balance at 1 July 2005	5	**3,670,600**	**543,742**		**4,214,342**
Profit attributable to shareholders			630,905		
Sub-total		3,670,600	1,174,647		4,845,247
Issue of shares		3,646,682			3,646,682
Dividends paid or provided for			(26,900)		(26,900)
Outside Equity Interest			(53,434)		(53,434)
Balance at 30 June 2006		**7,317,282**	**1,094,313**		**8,411,595**
Profit attributable to shareholders			108,385		108,385
Outside equity interest			193,401		193,401
Contributions of equity net of transaction costs		3,422,584			3,422,584
Dividends paid or provided for			(219,624)		(219,624)
Options issued				137,592	137,592
Balance at 30 June 2007		10,739,866	1,176,475	137,592	12,053,933

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

		Economic Entity	
		2007	2006
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES	**Note**		
Receipts from customers (inclusive of GST)		11,810,008	5,447,167
Payments to suppliers and employees (inclusive of GST)		(10,636,309)	(5,164,935)
Borrowing costs		(12,551)	(41,264)
Other revenue			100,000
Interest received		175,334	36,740
Income tax paid		(374,284)	(76,439)
Net cash provided by operating activities		**962,198**	**301,269**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(196,694)	(210,496)
Payments for other financial assets		95,248	(3,882,279)
Payment of development costs		(390,115)	
Net cash (used in) investing activities		**(491,561)**	**(4,092,775)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares and other equity security		3,402,006	3,646,682
Proceeds from borrowings			78,812
Repayment of borrowings		(133,095)	(322,517)
Dividends paid to Minority shareholder and others		(219,624)	
Net cash provided by / (used in) financing activities		**3,049,287**	**3,402,977**
Net increase (decrease) in cash held		159,897	548,416
Net Cash movement		3,519,925	(388,519)
Cash and cash equivalents at the end of the financial year	**6**	**3,679,821**	**159,897**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: 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.

The consolidated financial statements are a general purpose financial report 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*.

The financial report covers the consolidated group of XRF Scientific Limited and controlled entities. XRF Scientific Limited is a listed public company, incorporated and domiciled in Australia.

The Financial report of XRF Scientific Limited and controlled entities complies 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 2006 annual report.

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

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	Economic Entity	
	2007	2006
	$	$
NOTE 2: PROFIT FROM CONTINUING OPERATIONS		
The following revenue items are relevant in explaining the financial performance for the period:		
(a) Sales revenue		
Sales of goods	12,502,687	6,020,431
(b) Other Revenue		
Interest received	202,223	36,790
Net gain on disposal of property, plant and equipment	5,646	263
Rent recovery	18,327	-
Cartage, handling, and insurance	79,176	-
Fair value gains on other financial assets	-	5,258
Management fees	-	-
R&D tax offset	-	10,764
Sundry and other income	5,877	143,399
	12,813,936	6,216,905

NOTE 3: PROFIT ATTRIBUTABLE TO MINORITY INTERESTS

Profit attributable to Minority Interest	(280,491)

This amount is profits attributable to AGR Matthey, who retained a 50% interest in a subsidiary, Analytical Platinum Supplies Pty Ltd. All profits from Analytical Platinum Supplies Pty Ltd are now attributable to equity holders of XRF Scientific Limited following the purchase of AGR Matthey's interest.

NOTE 4: RETAINED PROFITS

	Economic Entity	
	2007	2006
	$	$
Retained profits at the beginning of the financial period	1,094,313	543,742
Adjustment to retained earnings	193,401	-
Net profit attributable to members	108,335	630,905
Dividends paid or provided for during the year	(219,624)	(26,900)
Outside Equity Interest	-	(53,434)
Retained Profit at the end of the year	1,176,425	1,094,313

NOTE 5: ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

Date	Details	Number of shares	Issue Price	$
01/07/2005	Opening balance	22,713,334	0.16	3,670,600
	Share issue during the year	21,880,084	0.17	3,646,682
30/06/2006	**Closing balance**	**44,593,418**		**7,317,282**
20/10/2006	Share issue at initial public offering	22,818,000	0.20	4,563,600
23/10/2006	Share issue to vendors at initial public offering	1,500,000	0.20	300,000
30/10/2006	Share issue to vendors at initial public offering	200,000	0.20	40,000
01/11/2006	Share issue for acquisition of Socachim	3,000,000	0.17	500,000
08/11/2006	Share issue to vendors at initial public offering	100,000	0.20	20,000
21/11/2006	Share issue to vendors at initial public offering	250,000	0.20	50,000
12/12/2006	Share issue to vendors at initial public offering	20,000	0.20	4,000
15/03/2007	Share issue to vendors at initial public offering	456,360	0.20	91,272
08/06/2007	Share buy back as per EGM dates 8 June 2007	(1,979,016)	0.19	(371,527)
30/06/2007	**Closing balance**	**70,958,762**		**12,514,627**

NOTE 6: RECONCILIATION OF CASH

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

	Economic Entity	
	2007	2006
	$	$
Cash on hand and at bank	1,577,021	211,949
Bank overdraft	-	(52,052)
Deposits at call	2,102,800	-
	3,679,821	159,897

NOTE 7: BUSINESS SEGMENTS

The Company is organised on a global basis into the following divisions by product.

Customised Fusion Machines and Furnace Technology

Automated Fusion Technology Pty Ltd (AFT) – design, manufacture and service organisation specialising in automated fusion equipment.

Modutemp Pty Ltd (MOD) – servicing the analytical sector with a range of high temperature test and production furnaces.

Platinum Labware

Precious Metals Engineering (WA) Pty Ltd (PME) and Analytical Platinum Supplies Pty Ltd (APS) – manufactures products for the platinum and platinum alloy markets.

LIBS Instruments

Laser Analysis Technologies Pty Ltd (LAT) – produces and distributes Laser Plasma Spectrometers which are used in the analysis of a variety of minerals, chemicals, soils and industrial material such as cement, glass and ceramics and base metals.

X Ray Flux Products

X Ray Flux Pty Ltd – produces chemicals, supplying analytical fluxes to scientists for mineralogical applications, the cement and steel industries as well as other industries.

Geographical Segments

Australia

The home country of the parent entity which is also the main operating entity. The areas of operation are principally Customised Fusion Machines and Furnace Technology, Platinum Labware and Xray Flux Products.

United States of America

XRFS USA Inc was incorporated in January 2007 and as yet does not contribute to the group results and assets and liabilities on a significant basis.

SEGMENT INFORMATION

2007	Customised Fusion Machines and Furnace Technology $	Platinum Labware $	LIBS Instruments $	X-ray Flux Products $	Eliminations and Unallocated $	Consolidated $
Segment revenue						
Sales to external customers	4,710,573	5,516,495	1,097,893	1,256,924	-	12,581,885
Intersegmental sales	1,031,217	3,360	-	412,511	(1,447,088)	-
Total sales revenue	5,741,790	5,519,855	1,097,893	1,669,435	(1,447,088)	12,581,885
Interest income	10,370	56,778	-	-	135,074	202,222
Other revenue/income	22,467	(2,440)	1,383	8,419	-	29,829
Total segment revenue/income	**5,774,627**	**5,574,193**	**1,099,276**	**1,677,854**	**(1,312,014)**	**12,813,936**
Segment result	**(496,797)**	**876,723**	**46,115**	**498,226**	**(282,055)**	**642,212**
Profit before income tax						642,212
Income tax expense						(253,335)
Profit attributed to minority interest						(280,491)
Profit for the year						**108,385**
Segment assets	**14,079,032**	**2,685,546**	**646,517**	**1,292,538**	**(3,704,057)**	**14,999,576**
Segment liabilities	**3,302,389**	**1,203,758**	**529,602**	**445,280**	**(2,535,386)**	**2,945,643**

NOTE 8: CONTINGENT LIABILITIES

Estimates of the potential financial effect of contingent liabilities that may become payable:

	Economic Entity	
	2007 **$**	**2006** **$**
Convertible Note in form of bank guarantee for the purchase of Analytical Platinum Supplies Pty Ltd	800,000	-
Bank guarantee for lease of Head Office	7,800	-
Bank guarantee for lease of Precious Metals	1,255,000	-
	2,062,800	

NOTE 9: DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

On 13 June 2007 XRF Scientific Limited finalised the acquisition of remaining 50% of Analytical Platinum Supplies Pty Ltd

Purchase consideration

Convertible note	800,000
Less: Plant and Equipment acquired as per the contract	(200,000)
Total purchase consideration	600,000
Less; Fair value net identifiable assets acquired	(275,098)
Goodwill	324,902

Date control acquired , i.e. date from which profit (loss) has been calculated	13 June 2007
Profit (loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period *since the date on which control was*	**$187,193**

NOTE 10: DIVIDEND REINVESTMENT PLANS

None

OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE: 11 EARNINGS PER SECURITY (EPS)

	Economic Entity	
	2007	2006
Net Profit	108,385	630,905
Earnings used to calculate basic earnings per share (EPS)	328,240	630,905
Weighted average number of ordinary shares outstanding during the year used in calculation of basic (EPS)	63,864,271	33,653,376
Weighted average unsecured redeemable convertible note	8,500,000	
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted	72,130,847	35,653,376
EPS	$0.0015	$0.018

NOTE: 12 NET TANGIBLE ASSETS BACKING PER SECURITY (NTA)

	Current Period Cents	Previous Period Cents
Net tangible asset backing per ordinary security	0.09c	0.07c

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

There are no material subsequent events at the date of this report.

NOTE: 14 COMMENTARIES ON RESULTS

The results for 2006/07 were indicative of the continued growth and expansion during the year in the global mining and resources sector. There is a continuity strong demand for the Company's products in line with the increasing development of Iron Ore and nickel resources particularly in Western Australia and globally, with sales being obtained in USA, Europe and Pacific.

A summary of XRFS's results is presented below:

Net profit after income tax for the year ended 30 June 2007 was $108,385 compared to the previous year of $630,905.

The variance being the impairment losses for Socachim legal fees of $133k. (Please refer to the Company Announcement made on 3 August 2007.) An additional $60k was accrued in professional fees and $70k was provided for oncost as required by the current Australian accounting standard.

Full Year Accounts Summary

	June-07 $	June-06 $	increase over prior year %
Total revenue	**12,813,936**	**6,216,905**	**106%**
EBITDA	**505,286**	**887,685**	**-43%**
EBIT	**333,721**	**790,876**	**-58%**
NPAT	**108,385**	**630,905**	**-83%**

XRFS also recorded strong net operating cash flows for the year of $3.6 million compared with $159k in the previous year.

Review of Operations and Performance

The company has commenced to improve profitability through better controls and by centralising certain business functions from within the individual entities. New manufacturing efficiency and procedures have been implemented in order to reduce costs and provide additional capacity to meet expected increases in future demand. With the recent acquisition of Analytical Platinum Supplies Pty Ltd, XRFS is now Australia's largest producer of platinum ware, and has positioned itself to grow.

The group employs a total of 48 employees.

Outlook

Strong orders across all business units during the first 2 months of the new financial year auger well for 2007/2008. In particular, strong sales of platinum, in the form of crucibles and moulds used in mining laboratories, should lead to recurrent rework, and consequent growth in income.

Capital equipment orders are now placing pressure on production capacity, with delivery times extending to 10 weeks in some cases. Hiring of skilled staff remains a challenge; however the core workforce remains stable and dedicated, and is of a high calibre.

High levels of sales, coupled with the need to provide bank guarantees for platinum metal, and a convertible note have meant that working capital has become tight, and the board is currently reviewing how this might be resolved. Also, possible acquisitions are being actively sought, and further capital may be required, should such an opportunity materialise.

NOTE: 15 COMPLIANCE STATEMENT

- The Appendix 4E, and the accounts upon which the Appendix 4E is based (if separate), use the same accounting policies.
- This Appendix 4E does give a true and fair view of the matters disclosed.
- This Appendix 4E is based on financial statements which are in the process of being audited.
- The entity has a formally constituted audit committee.

XRF SCIENTIFIC LIMITED

Managing Director

Dated this 31st day of August 2007.