XRF Scientific

ASX Announcement

Appendix 4C (Quarterly report) to 31 December 2008
Continuing improvement in results

Highlights:

- Sales up 18% on previous corresponding period and steady on previous quarter
- Positive operating cash-flow of $1.24million, up 24% on previous quarter
- Each operating division operating at or above budget profitability
- Company debt-free, with cash now in excess of $5 million

Perth, 30 January 2009:

XRF is a leading supplier of essential analytical equipment, furnaces, speciality chemicals and platinum ware to laboratories.

The second quarter unaudited financial results for this 2009 financial year show a steadying of sales and bottom line. Committed orders in hand remain robust for the next quarter despite global issues, and recent difficulties in the mining sector.

Our earlier guidance of an expectation of 25-30% increase in net profit for 2009 remains on foot. This guidance was given prior to the financial turmoil which the world has experienced, and at this stage we have no tangible reason to expect that our guidance will not be met. The general reduction in mining and exploration activity to date has not materially affected sales in our niche markets.

The combination of ungeared balance-sheet, cash at bank, and positive cash-flow puts the company in a strong position to consider expansion by acquisition, as opportunities arise, which they inevitably will in todays business environment.

Development of new products continues, with a further 20-year patent recently being granted for a unique speciality chemical for use by laboratories. Such development enhances the possibilities to increase market share, and is part of our overall strategy to enhance shareholder value.

Terry Sweet,

Managing Director

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XRF Scientific

About XRF Scientific

XRF Scientific Limited is an Australian listed company (ASX: XRF) based in Perth, Western Australia. We have manufacturing, sales and support facilities located in Perth and Melbourne plus a global network and official distributors. We have representation in the United States, Mexico and South America, Canada, Europe, Africa, the Middle East and Asia.

XRF Scientific's technology is used to measure the composition and purity of materials and is mainly applied in industrial quality control and in process control for manufacturing processes in industries such as metals and mining, construction materials, chemicals and petrochemicals.

XRF Scientific Limited enhances productivity for customers through precision instrumentation as well as through systems and supplies. Our focus is on providing niche applications that have a direct impact on process performance for end user customers.

XRF Scientific products help customers to improve product quality and performance, increase productivity and yield and reduce downtime and waste. Our businesses have established positions in their specialised markets.

Our businesses work with multinational blue-chip customers such as:

BHP Billiton, Rio Tinto, Iluka, Xstrata, Nickel West, Robe River Iron Associates, Alcoa, CSIRO, Intertek, PT Inco, Pilbara Iron, Zinifex, Amdel/Ultratrace, SGS, Campbell Brother.

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

AMENDED

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity:

XRF Scientific Limited

ABN

80 107 908 314

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter 01 Oct'08 – 31 Dec'08 $A'000	Year to date 01 July'08 – 31 Dec'08 $A'000
1.1	Receipts from customers		5,304	11,166
1.2	Payments for	(a) staff costs	(1,094)	(2,000)
		(b) advertising and marketing	(27)	(75)
		(c) research and development	(23)	(42)
		(d) leased assets	0	0
		(e) other working capital	(2,884)	(6,774)
1.3	Dividends received		0	0
1.4	Interest and other items of a similar nature received		58	131
1.5	Interest and other costs of finance paid		(7)	(12)
1.6	Income taxes paid		(89)	(159)
1.7	Other (provide details if material)			
	Net operating cash flows		**1,238**	**2,235**

+ See chapter 19 for defined terms.

		Current quarter 01 Oct'08 – 31 Dec'08 $A'000	Year to date 01 July'08 – 31 Dec'08 $A'000
1.8	Net operating cash flows (carried forward)	1,238	2,235
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	0	0
	(b) equity investments	0	0
	(c) intellectual property	0	(6)
	(d) physical non-current assets	(183)	(231)
	(e) other non-current assets	0	0
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	0	0
	(b) equity investments	0	0
	(c) intellectual property	0	0
	(d) physical non-current assets	0	0
	(e) other non-current assets	0	0
1.11	Loans to other entities	0	0
1.12	Loans repaid by other entities	0	0
1.13	Other – Loans repaid to entities of associates		
	Net investing cash flows	**(183)**	**(237)**
1.14	**Total operating and investing cash flows**	**1,055**	**1,998**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	0	0
1.16	Proceeds from sale of forfeited shares	0	0
1.17	Proceeds from borrowings	0	0
1.18	Repayment of borrowings	0	0
1.19	Dividends paid	(439)	(439)
1.20	Other (provide details if material)	0	0
	Net financing cash flows	**(439)**	**(439)**
	Net increase (decrease) in cash held	**616**	**1,559**
1.21	Cash at beginning of quarter/year to date	4,569	3,626
1.22	Exchange rate adjustments to item 1.20	0	0
1.23	**Cash at end of quarter**	**5,185**	**5,185**

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter 01 Oct'08 – 31 Dec'08 $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	275
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

Directors fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	0	0
3.2	Credit standby arrangements	0	0

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	300	355
4.2	Deposits at call	4,885	4,214
4.3	Bank overdraft	0	0
4.4	Other (provide details)	0	0
	Total: cash at end of quarter (item 1.23)	5,185	4,569

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business	Worldwide distributor of equipment and chemicals for the analysis of substances including minerals, cement and ores	

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 30 January 2009..........................
(Director)

Print name: Terry Sweet..

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.