Appendix 4D
Half-Year Report

XRF Scientific Limited
ABN 80 107 908 314

For the Half-Year ended 31 December 2008

Results for Announcement to the Market

Revenue from ordinary activities	up	55%	to	$10,309,365
Earnings before interest and tax (EBIT)	up	226%	To	$1,397,433
Profit from ordinary activities after tax attributable to members	up	158%	to	$952,907
Net profit attributable to members	up	158%	to	$952,907

Dividends (distributions)

Fully franked dividends totaling $458,058 (0.5c per share) were declared on 16th September 2008 to shareholders in the current financial year (prior year : nil). The dividend was paid on 28th October 2008.

Following the maiden dividend payment on 28th October 2008, the possibility of an interim dividend has been considered by the board. It has been decided that ongoing opportunities may offer greater shareholder value, and so it has been decided to defer consideration of dividend payment until the financial year is completed.

Net tangible assets per ordinary share	**31 December 2008 $**	31 December 2007 $
	0.08	0.09

As at 31 December 2008, the group's cash balance of $5,184,638 represents 5.7 cents per share.

Commentary on the results for the half-year ended 31 December 2008

All core operating segments performed at or above budget profitability for the half year. The above results also significantly exceeded those for the immediately preceding half to 30 June 2008, which is not normally the case. In particular, continued margin improvement has again been achieved, with EBIT to sales of 13.55% for the 6 months to 31 December 2008.

Committed orders in hand remain robust for the next quarter despite global issues, and recent difficulties in the mining sector.

Whilst the unprecedented growth rates shown above are unlikely to be sustained, our earlier guidance of 25-30% increase in net profit for 2009 remains on track. 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 forecast will not be met. The general reduction in mining and exploration activity to date has not materially affected sales in our niche markets.

Details of controlled entities acquired or disposed of

There were no controlled entities acquired or disposed of during the period.

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

There were no associates or joint venture entities associated with the group for the period.

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 auditors' review report is attached.
6. The entity has a formally constituted audit committee.

Signed: Company Secretary

Date: 26 February 2009

Name: Vance Stazzonelli (Company Secretary)

XRF SCIENTIFIC LIMITED
ABN 80 107 908 314
AND CONTROLLED ENTITIES

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 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

P.A Rengel	(Chairman, Non Executive)
T. Sweet	(Managing Director)
D. Brown	(Executive)
J. Parsons	(Executive)
K. P. Baxter	(Non Executive)

SECRETARY

V. Stazzonelli

REGISTERED OFFICE

XRF Scientific Limited
88 Guthrie Street
Osborne Park WA 6017

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Phone: (08) 9315 2333
Fax: (08) 9315 2233

AUDITOR

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
Subiaco WA 6008

TABLE OF CONTENTS

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 2008.

Directors

The following persons were directors of XRF Scientific Limited during the whole of the half-year and up to the date of this report:

Paul Rengel (Chairman, Non-Executive)
Terry Sweet (Managing Director)
David Brown (Executive)
John Parsons (Executive)
Kenneth Baxter (Non-Executive)

Review of operations

Please refer to the "Commentary on the results for the half-year ended 31 December 2008" section, which can be found at the start of the Appendix 4D.

Business Segments

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 laboratory 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.

Chemicals
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.

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 6.

This report is signed in accordance with a resolution of the Board of Directors.

Paul Anthony Rengel
Chairman

26 February 2009

BDO Kendalls

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ABN 79 112 284 787

26 February 2009

The Directors
XRF Group Limited
88 Guthrie Street
OSBORNE PARK WA 6017

Dear Sirs

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

As lead auditor of XRF Scientific Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- 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.

Glyn O'Brien

Glyn O'Brien
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Western Australia, Perth

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Half - year	
	31-Dec-08	**31-Dec-07**
	$	**$**
Sales revenue	10,109,676	6,466,061
Other revenues	199,689	166,918
Total Revenues	10,309,365	6,632,979
Cost of sales	(6,217,069)	(4,068,788)
Marketing expenses	(120,825)	(27,942)
Distribution expenses	(6,926)	(4,535)
Occupancy expenses	(180,502)	(140,065)
Employee benefits expense	(1,248,418)	(1,145,963)
Motor vehicles expense	(29,499)	(35,317)
Depreciation & amortisation	(106,647)	(101,626)
Administration expenses	(870,517)	(577,518)
Finance cost	(14,505)	(23,420)
Profit before income tax	1,514,457	507,805
Income tax expense	(561,550)	(138,538)
Profit after income tax	952,907	369,267
Profit attributable to Equity holders of XRF Scientific Limited	952,907	369,267
Basic earnings per share (cents per share)	1.04	0.48
Diluted earnings per share (cents per share)	1.04	0.48

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

		Consolidated	
		31-Dec-08	30 –Jun-08
		$	$
CURRENT ASSETS			
Cash and cash equivalents		5,184,638	3,626,598
Trade and other receivables		2,204,644	3,280,374
Inventories		1,748,363	1,350,021
Other assets		140,930	194,652
TOTAL CURRENT ASSETS		9,278,575	8,451,645
NON-CURRENT ASSETS			
Property, plant and equipment		1,095,049	928,832
Intangible assets		5,630,262	5,620,642
Deferred tax asset		745,211	653,817
TOTAL NON-CURRENT ASSETS		7,470,522	7,203,291
TOTAL ASSETS		16,749,097	15,654,936
CURRENT LIABILITIES			
Trade and other payables		947,466	954,550
Borrowings		27,413	41,536
Provisions		611,740	476,556
Other current liabilities		207,405	197,036
Current income tax liability		413,881	(31,308)
TOTAL CURRENT LIABILITIES		2,207,905	1,638,370
NON-CURRENT LIABILITIES			
Borrowings		33,229	94,362
Deferred tax liability		128,211	79,558
Provisions		251,079	238,618
TOTAL NON-CURRENT LIABILITIES		412,519	412,538
TOTAL LIABILITIES		2,620,424	2,050,908
NET ASSETS		14,128,673	13,604,028
EQUITY			
Issued capital		10,894,963	10,894,963
Reserves		610,310	580,517
Retained profits		2,623,400	2,128,548
TOTAL EQUITY		14,128,673	13,604,028

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	31-Dec-08	31-Dec-07
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	11,166,045	6,996,727
Payments to suppliers and employees (inclusive of GST)	(8,891,453)	(6,672,563)
Borrowing costs	(11,654)	(23,420)
Income taxes paid	(159,103)	(639,511)
Interest received	131,485	-
Net cash inflow (outflow) from operating activities	2,235,320	(338,767)
Cash flows from investing activities		
Payments for property, plant and equipment	(232,510)	(258,892)
Payments for intangible assets	(5,732)	(37,552)
Net cash inflow (outflow) from investing activities	(238,242)	(296,444)
Cash flows from Financing Activities		
Proceeds from issues of shares and other equity securities	-	1,182,646
Repayment of borrowings	-	44,227
Dividends paid	(439,038)	-
Net Cash inflow (outflow) from Financing Activities	(439,038)	1,226,873
Net increase in cash and cash equivalents	1,558,040	591,662
Cash and cash equivalents at the beginning of the financial period	3,626,598	3,679,821
Cash and cash equivalents at the end of the financial period	5,184,638	4,271,483

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

31 DECEMBER 2008

	Issued Share Capital $	Share Option Reserve $	Retained Profits $	Total $
Balance at 1 July 2008	**10,894,963**	**580,517**	**2,128,548**	**13,604,028**
Net income recognised directly in equity	-	-	-	-
Profit for the period	-	-	952,907	952,907
Total recognised income and expense for the period	-	-	**952,907**	**952,907**
Transactions with Equity Holders in their capacity as Equity Holders				
Employee options	-	29,793	-	29,793
Dividends paid	-	-	(458,055)	(458,055)
	-	**29,793**	**(458,055)**	**(428,262)**
Balance at 31 December 2008	**10,894,963**	**610,310**	**2,623,400**	**14,128,673**

31 DECEMBER 2007

	Issued Share Capital $	Share Option Reserve $	Retained Profits $	Total $
Balance at 1 July 2007	**10,760,443**	**117,015**	**1,317,963**	**12,195,421**
Restatement to opening balances	(319,272)	418,475	(110,022)	(10,819)
Restated 1 July 2007 equity balances	**10,441,171**	**535,490**	**1,207,941**	**12,184,602**
Net income recognised directly in equity	-	-	-	-
Profit for the period	-	-	369,267	369,267
Total recognised income and expense for the period	-	-	**369,267**	**369,267**
Transactions with Equity Holders in their capacity as Equity Holders				
Share capital issued during the period	1,182,646	-	-	1,182,646
Reduction of capital (AGM resolution 3)	(500,000)	-	-	(500,000)
Employee options	-	15,217	-	15,217
	682,646	**15,217**	**-**	**697,863**
Balance at 31 December 2007	**11,123,817**	**550,707**	**1,577,208**	**13,251,732**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. Reporting entity

XRF Scientific Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 31 December 2008 is available on the Company's website at 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 2008 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 26 February 2009.

3. Segment Information

The consolidated entity is organised into the following business segments:

(a) 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.

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

(c) 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.

(d) Chemicals
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.

Primary reporting format - business segments

Half - year 2008	Customised Fusion Machines and Furnace Technology	Platinum Labware	LIBS Instruments	Chemicals	Eliminations and Unallocated	Consolidated
	$	$	$	$	$	$
Segment revenue						
Sales to external customers	3,768,728	4,545,725	262,433	1,456,483	76,307	10,109,676
Total sales revenue	3,768,728	4,545,725	262,433	1,456,483	76,307	10,109,676
Interest income	1,428	1,488	173	316	128,079	131,484
Other revenue/income	45,208	18,265	-	-	4,732	68,205
Total segment revenue	**3,815,364**	**4,565,478**	**262,606**	**1,456,799**	**209,118**	**10,309,365**
Total segment result	**667,297**	**470,378**	**68,461**	**326,993**	**(580,222)**	**952,907**

Primary reporting format - business segments

Half - year 2007	Customised Fusion Machines and Furnace Technology	Platinum Labware	LIBS Instruments	Chemicals	Eliminations and Unallocated	Consolidated
	$	$	$	$	$	$
Segment revenue						
Sales to external customers	2,546,974	2,888,997	409,020	913,050	(337,881)	6,420,160
Total sales revenue	2,546,974	2,888,997	409,020	913,050	(337,881)	6,420,160
Interest income	7,552	8,125	-	-	85,605	101,282
Other income	27,915	28,890	1,026	15,096	38,568	111,495
Total segment revenue	**2,582,441**	**2,926,012**	**410,046**	**928,146**	**(213,708)**	**6,632,937**
Total segment result	**139,011**	**332,634**	**(26,676)**	**162,714**	**(238,416)**	**369,267**

4. Profit for the half-year

	Half-year	
	31 December 2008 $	31 December 2007 $
Profit for the half-year included the following items that are unusual because of their nature, size or incidence:		
Provision for Managing Directors bonus	-	105,082
Options issued to Directors	29,793	15,354

5. Dividends

Dividends provided for or paid during the half - year - ordinary shares	458,058	-

$458,058 dividends were declared and paid during the half-year ended 31 December 2008 on ordinary shares.

6. Equity securities issued

Movements in ordinary shares during the half-year	**2008 Shares**	**2007 Shares**	**2008 $**	**2007 $**
As at 1 July	91,611,683	70,958,762	11,123,817	10,441,171
Capital Issue / rights issue	-	23,652,921	-	1,182,646
Cancellation of shares - Soccahim	-	(3,000,000)	-	(500,000)
Fully paid ordinary shares	91,611,683	91,611,683	11,123,817	11,123,817

7. Contingences

The economic entity is not aware of any material contingent asset or liability for the period ended 31 December 2008.

8. Events occurring after the balance sheet date

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

DIRECTORS' DECLARATION

The directors of the economic entity declare that:

1. the financial statements and notes set out on pages 7 to 13 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

    (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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.

Director, Paul Anthony Rengel

Managing Director, Terry Sweet

Dated this 26th day of February 2009

BDO Kendalls

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ABN 79 112 284 787

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF XRF SCIENTIFIC LIMITED

We have reviewed the accompanying half-year financial report of XRF Scientific Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of XRF Scientific Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 Kendalls

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of XRF Scientific Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls
Glyn O'Brien

Glyn O'Brien
Director

Signed in Perth, Western Australia
Dated this 26th day of February 2009.