

12 February 2016

## **XRF announces half-year results**

XRF Scientific Ltd (“XRF” or “The Company”) today announced its results for the December 2015 half-year:

### **Key Highlights**

- Revenue, down 9% to \$9.8 million (1H15: \$10.8 million);
- Revenue of \$4.3m for Q1 vs \$5.5m for Q2
- Underlying Earnings\*, down 38% to \$1.4 million (1H15: \$2.3 million);
- Underlying Earnings of \$0.4m for Q1 vs \$1.0m for Q2
- Interim dividend of 0.2 cents per share, fully franked

\*Net Profit Before Tax after adding back business acquisition costs of \$94k expensed to profit & loss.

XRF’s CEO, Vance Stazonelli, commented on the half-year result: “Whilst overall the result was down on the PCP, conditions were significantly better in Q2, in particular during November and December.

At the time of the AGM, we reported that sales for the Consumables division were down for October YTD by 12% vs the PCP. It was pleasing to see an improvement whereby as at the end of December, revenue of \$3.15m had been generated vs \$3.08 for the PCP.

The Precious Metals division generated a good level of profitability, during a period in which it is busy with the setup of the new factory in Melbourne. We are currently also making preparations for the new sales office in Germany, which will assist with growing our market share in Europe.

The acquisition of Socachim in Brussels is progressing well and has been fully integrated into the group, with the business now operating as XRF Scientific Europe. Further complementary bolt-on acquisitions are currently under review, which may be completed this year.

The reduced level of profit for the half-year was primarily due to the weaker than expected performance from the Capital Equipment division. The division generated a small loss before tax of \$112k as compared to a profit before tax of \$580k in the PCP. Conditions have improved for this product line, with an order book now being maintained to mid-March. Sales for January 2016 were \$428k, as compared to the monthly average in the first half of \$298k.

The new product releases of xrFuse 2 and Phoenix II have experienced strong acceptance into the market. Additional new products are expected to be released this year, continuing with our aggressive product development activities.

With sentiment remaining weak in the mining industry, XRF continues to focus on growing revenue, both internationally and in non-mining areas. Good progress is being made, with non-mining revenue contributing approximately 30% of sales. The new offices in Europe are expected to improve this position in the future.

The Board has declared an interim dividend of 0.2 cents per share, payable on 4<sup>th</sup> March. At this stage, it remains unclear whether or not the performance in Q2 can be repeated into the second half of the year. A conservative approach has therefore been taken, maintaining the interim dividend, whilst ensuring the Company has a strong cash position for current growth opportunities. Should the good performance of Q2 be repeated, the final dividend will be adjusted accordingly in the favour of shareholders.”

Please direct any inquiries to:

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**About XRF Scientific:**

XRF Scientific Limited is an Australian listed company (ASX: XRF) based in Perth, Western Australia. XRF manufactures equipment and chemicals, which are distributed to production mines, construction material companies and commercial analytical laboratories, in Australia and overseas, and used in the preparation of samples for analysis.

XRF has manufacturing, sales and support facilities located in Perth, Melbourne, Europe and Canada, plus a global network of distributors. The Company has representation in the United States, South America, Africa, the Middle East and Asia and has a customer base that includes multinational blue-chip customers such as:- BHP Billiton, Rio Tinto, Vale, South 32, Glencore, Alcoa, Lafarge, Holcim, ArcelorMittal, CSIRO, Intertek, Bureau Veritas, SGS and ALS.

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