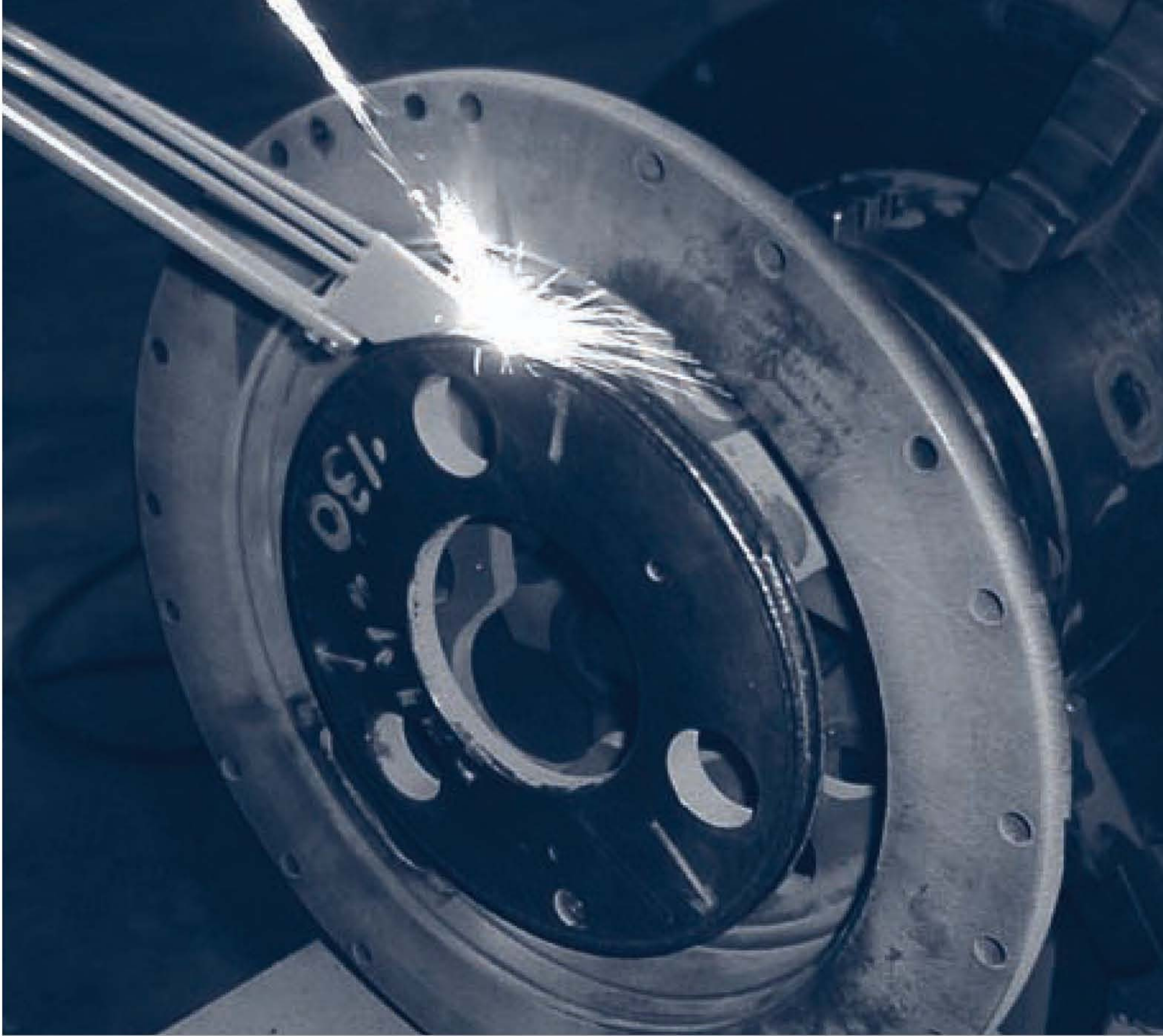

LASER BOND™

EXTENDING MACHINERY LIFE WITH
ADVANCED SURFACE ENGINEERING

SHAREHOLDER'S ANNUAL REPORT

For period ending 30 June 2008

Shareholder's Annual Report

LaserBond Limited

ABN 24 057 636 692

For period ending 30th June 2008

All comparisons to period ending 30th June 2007

Contents	**Page**

CHAIRMAN'S LETTER

Dear Shareholder,

I am most pleased to report that 2008 Fiscal period has been a year of high activity and achievement of a number of key milestones by your Company.

This is the first annual report for LaserBond Limited as an ASX listed Company since our listing on the 17th December 2007. The Company is focused on expansion into key markets and has spent the year building a firm foundation in terms of its people resources with the hiring of its Chief Executive Officer, Financial Controller, Business Development Manager and an expanded sales team.

There are great opportunities ahead and your Company is well positioned to take advantage of them.

These opportunities include;

- securing a Heads of Agreement to acquire an Engineering Company in Central QLD;
- entering into a Letter of Intent with Alcoa Australia to provide thermal spray technologies over the next 5 years;
- securing a license agreement with Tanjung Maintenance Services Sdn Bhd for a HVOF package into Malaysia.

With our new acquisition and expansion well under way, we expect fiscal year 2009 to achieve increased sales and profits as we develop our markets.

Your Board expresses sincere thanks to our shareholders for their strong support. The Board looks forward to continued growth in the business and further increasing shareholder value in 2009.

TM McCauley

Tim McCauley
Chairman
LaserBond Limited

CORPORATE GOVERNANCE

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30th June 2008.

Principle 1: Lay Solid Foundations for Management & Oversight.

1.1 – Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Company's Board is responsible for corporate governance of the Company. The Board develops strategies for the Company's business, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

a) Maintain and increase Shareholder value;
b) Ensure a prudential and ethical basis for the Company's conduct and activities; and
c) To ensure compliance with the Company's legal and statutory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

a) Developing initiatives for profit and asset growth;
b) Reviewing the corporate, commercial and financial performance for the Company on a regular basis;
c) Acting on behalf of, and being accountable to, the Shareholders; and
d) Identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The company in general meetings is responsible for the appointment of the external auditors of the company, and the board from time to time will review the scope, performance and fees of those external auditors

Roles and responsibilities of Senior Executives are agreed to by the Board and are based on Strategic plans, Financial Budgets, and the available skills and experience Senior Executives.

1.2 – Companies should disclose the process for evaluating the performance of senior executives

The Board expects all senior executives to meet all targets as required by strategic plans, financial budgets, key performance indicators and formal job descriptions. Performance is evaluated at annually at Performance Reviews.

Principle 2: Structure the Board to Add Value

The skills, experience and expertise relevant to the position of each Director who is in the office at the date of this annual report and their term of office are detailed in the Director's report.

The Directors monitor the business affairs of the company on behalf of Shareholders and focus their attention on accountability, risk management and ethical conduct.

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the company is committed to the following principles:

a) The board is to comprise Directors with a blend of skills, experience and attributes appropriate for the company and its business; and

b) The principal criterion for the appointment of new Directors is their ability to add value to the company and its business.

In accordance with its Corporate Governance policies, the board meets at least bi-monthly. It met on eleven (11) occasions during financial year ended 30 June 2008.

2.1 – A majority of the board should be independent Directors.

The Board comprises a minority of independent Directors (which is not in accordance with the best practice recommendations). The Board is of the view that the overall number of Directors is appropriate for the size and complexity of the business. Importantly, the composition provides two representatives on the Board who have specialised experience and knowledge of the business.

2.2 – The Chair should be an independent Director

The chairperson, Mr. Tim McCauley, is not an independent Director. This role will continue to be assumed by Mr. McCauley until such time as a suitable independent Chairman is identified and appointed.

2.3 – The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual

The chairperson, Mr. Tim McCauley, holds the position of Chief Executive Officer. This role will continue to be assumed by Mr. McCauley until such time as a suitable independent Chairman is identified and appointed.

2.4 – The Board should establish a Nomination Committee

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the board membership. An informal assessment process, facilitated by the Chairman in consultation with the company's professional advisors, has been committed to by the board.

2.5 – Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.

An annual performance evaluation of the board and all board members has not been conducted for the financial year ending 30th June 2008. This will be undertaken annually, and will occur following the first anniversary of listing in December 2008

Principle 3: Promote Ethical and Responsible Decision-Making

3.1 – Companies should establish a code of conduct and disclose the code or a summary of the code as to:

a) the practices necessary to maintain confidence in the company's integrity

b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and

c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices

It is the Board's responsibility to ensure an effective internal control framework exists. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board assumes the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity.

The Board seeks independent professional advice prior to making any business decisions that may affect the performance of the company or its securities. Also, subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the company's expense, may obtain independent professional advice on issues arising in the course of their duties.

3.2 – Companies should establish a policy concerning trading in company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy

The company's policy regarding Directors and employees trading in securities is set by the board. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been allowed for this to be reflected in the Company's security prices

Principle 4: Safeguard Integrity in Financial Reporting

4.1 – The board should establish an audit committee

The role of the Audit Committee has been assumed by the full Board. Whilst not in accordance with the best practice recommendation, the Company is of the view that such an approach is appropriate given the size of the existing board. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors, and to do so for the sole purpose of satisfying this requirement would be cost prohibitive.

4.2 – The audit committee should be structured so that it:

a) consists of only non-executive Directors;
b) consists of a majority of independent Directors;
c) is chaired by an independent chair, who is not chair of the board; and
d) has at lease three members

The role of the Audit Committee has been assumed by the full Board, with reasoning for this detailed under Section 4.1 above.

4.3 – The audit committee should have a formal charter

No formal charter currently exists.

Principle 5: Make Timely and Balance Disclosure

5.1 – Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.

Both the Chief Executive Officer and Chief Financial Officer are responsible in ensuring that all disclosure requirements and full compliance is met.

Principle 6: Respect the Rights of Shareholders

6.1 – Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs by issuing announcements to ASX, thereby complying with its continuous disclosure obligations.

The Board recommends and requests the participation of all shareholders at general meetings by formal, written notice of meetings.

Principle 7: Recognise and Manage Risk

7.1 – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Board's collective experience will enable accurate identification of the principal risks that may affect the company's business. Key operational risks and their management are recurring items for consideration at Board meetings

7.2 – The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) are directly responsible for managing the company's material risk and implementing internal controls. Both parties are required to report at Board level on risks, results and recommendations.

7.3 – The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board will consider whether it is appropriate to require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to provide such a statement at the relevant time.

Principle 8: Remunerate Fairly and Responsibly

The Board is responsible for determining the remuneration of Directors and Senior Management. When establishing and reviewing the remuneration of Directors and Senior Management the Company will apply the broad principles of a fair and equitable standard of remuneration commensurate with the qualifications and experience each member brings to the Company. Directors that have a direct or vested interest in the establishment and review of remuneration will not be included in the process.

<u>*8.1 – The board should establish a remuneration committee.*</u>

The Company has not established a remuneration committee due to its size and structure.

<u>*8.2 – Companies should clearly distinguish the structure of non-executive Director's remuneration from that of executive Directors and senior executives.*</u>

Non-executive Directors will not receive performance based bonuses and will not participate in equity schemes of the Company, nor will they be entitled to retirement allowances.

The Company's constitution provides that the remuneration of non-executive Directors will be no more than the aggregate fixed sum determined by a general meeting.

The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of $150,000 per annum.

Remuneration of Senior Executives is determined by the Board, based on the person's skills and experience, and current market rates for the roles and responsibilities.

DIRECTOR'S REPORT

Your Directors present their report on LaserBond Limited for the year ended 30th June 2008.

Directors

The names and details of the Company's Directors during the financial year and up to the date of the report are as follows (Directors have been in office for the entire period unless otherwise stated):

Wayne Hooper
Greg Hooper
Timothy McCauley (appointed 28 August 2007)
Philip Suriano (appointed 31st January 2008)
Rex Hooper (resigned 28th July 2007)
Lillian Hooper (resigned 28th July 2007)
Diane Hooper (resigned 28th July 2007)

Tim McCauley – Executive Chairman

Tim has extensive experience as a company director and senior executive with significant strengths in developing business channels, strategic development and finance. Tim began his career with KPMG accountants and recently held the position of Managing Director, in the listed company Auto One Limited. Tim has spent over 20 years with multinational companies in senior roles developing and managing operations throughout the USA and Australia. Tim provides his expertise at the Board level to a number of private companies. Tim holds a Bachelor of Business (Accounting & Finance (Honours) and an MBA. He is a member of the Institute of Company Directors.

Wayne Hooper – Executive Director

Wayne is a professional engineer with significant experience within the engineering and manufacturing industries. His engineering experience includes design, maintenance and project management. Prior to joining the company in 1994, Wayne also held senior roles in marketing and sales management within a large manufacturing organisation. He holds degrees in Science and Engineering (Honours Class 1) and completed his MBA in 1994. He is involved in laser technology development, factory, engineering and administration of the Company.

Greg Hooper – Executive Director

Greg is the founder of the Company. Greg has a mechanical engineering background with extensive hands on and sales experience in the engineering, welding and thermal spray industries. With his knowledge of and passion for these industries, and seeing the potential applications for coating technology, Greg founded the Company assisted by other members of the Hooper family in late 1992. Greg, utilising the in-house laboratory, developed the applications parameters for the H.V.O.F. and LaserBond™ processes. Greg will focus on the ongoing research and development of laser materials processing and Thermal spray technology, and the training of personnel in these technologies..

Philip Suriano - Non Executive Director

Mr Suriano has been a director since 31st January 2008. Other Directorships include Adavale Resources Limited and Real Brand Holdings Limited. Mr Suriano began his career in corporate banking with the Commonwealth Bank in 1988. He then spent 16 years in senior positions within the Australian Media Industry. Mr Suriano has gained wide knowledge & experience to give him a strong background in operations, sales and marketing in such roles as National Sales Director, MCN [the subscription TV joint venture company between Austar and Foxtel] and Group Sales Manager at Network Ten. Prior to joining MCN, Mr Suriano was employed within the Victor Smorgon Group of Companies and was closely involved with the development and launch of an interactive electronic outdoor medium. He was also a former Director of Microview Limited (Australian Power Gas Limited). For the past 5 years Mr Suriano has been working with Arthur Phillip, a boutique investment house where he is Division Director, Equity Capital Markets.

Ian Maltman - Company Secretary

The company secretary at the date of this report is Mr Ian Maltman. Mr Maltman was appointed Company Secretary on 17 June 2008. Mr Maltman is a member of the Institute of Chartered Accountants in Australia, holds a Bachelor of Applied Science, Agriculture with a conversion course in accounting, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and is a Fellow of Financial Services Institute of Australia. Mr Maltman has extensive experience in corporate finance and the equity capital markets, as both an advisor and as Chief Financial Officer of a publicly listed company. Mr Maltman is also Company Secretary of Real Brand Holdings Limited, Adavale Resources Limited and Alexanders Securities Limited. Mr Maltman is Division Director, Corporate Finance with Arthur Phillip, an investment house and corporate advisor. Mr Maltman replaced Ms Donna Woodley.

Director's Meetings

During the financial year ended 30th June 2008, the number of meetings held, and attended, by each Director were as follows:

Director	Number of Eligible to Attend	Number of Meetings Attended	
Wayne Hooper	11	10	
Greg Hooper	11	9	
Timothy McCauley	8	7	Appointed 28th August 2007
Philip Suriano	3	3	Appointed 31st January 2008
Rex Hooper	0	0	Resigned 28th July 2007
Lillian Hooper	0	0	Resigned 28th July 2007
Diane Hooper	0	0	Resigned 28th July 2007

Principal Activities

The principal activity of the company is the reclamation and surface engineering of industrial components operating in severe industrial environments.

No significant change in the nature of these activities occurred during the year.

Operating Result

The net profit after income tax for the year amounted to $241,160 or 6.7% of revenue of (2007 - $523,895 or 14.7% of revenue)

Review of Operations

The company has embraced a number of strategic opportunities in the past 12 months. Most significantly was the successful Initial Public Offering (IPO) that raised $3,000,000 in cash.

Revenue remained consistent throughout the year in comparison to 2007. The lack of sales growth is mainly due to focus by management focus on a successful IPO and improvements on the company's structure and support systems.

The reduced net profit after income tax is attributable to the improvements to the company's structure, in particular the hiring of a Chief Executive Officer, Financial Controller, Business Development Manager and increased sales force, plus some costs related to becoming a Public company. Projections for the 2008-2009 Financial Year show a return to healthy sales growth and net profit expectations.

With the completion of the IPO, the Company is in a strong cash position and is actively reviewing a number of business acquisition opportunities in key markets that have been identified in the company's strategic plan.

Significant Changes in State of Affairs

As a result of the successful Initial Public Offering (IPO) the total number of ordinary shares on issue increased from 50,000,400 to 65,000,400, generating $3,000,000 in cash. Total costs of the IPO were $702,458, resulting in a net increase in cash on hand from the IPO of $2,297,542.

Matters Subsequent to the End of the Financial Year

Since the end of the financial year, the following opportunities have been announced:

- The company has entered into a Heads of Agreement relating to the proposed acquisition of an engineering business in Central Queensland. The acquisition is subject to the completion of financial, legal and commercial due diligence by LaserBond. The business is well established with 2007-2008 un-audited Fiscal year sales of $6.9 million and earnings before interest and tax (EBIT) of $1.0 million. The purchase price is $3.0 million subject to certain completion adjustments, payable by $2.5 million in cash and $0.5 million in shares (escrowed for 2 years), plus an earn-out over the two years ended 30th June 2009 and 2010. The earn-out consideration is to be priced at 3.5 times incremental EBIT and payable by a mix of cash and shares (escrowed over two years).

- The company has won an exclusive five (5) year contract with Alcoa Australia Rolled Products Pty Limited, part of one of the worlds leading producers of alumina and aluminium. LaserBond will provide Alcoa with an engineered coating that will significantly extend the service life and reliability of high value components used in the production of aluminium sheet used for food and drink packaging.

- A Letter of Intent and Request for Quotation has been received from the Tanjung Group of Malaysia for the supply of thermal spray and laser cladding equipment and license worth up to $2 million ($Aus). Tanjung Maintenance Services, part of the Tanjung Group, provides a range of services to the oil and gas industry including maintenance, repair, calibration and testing of key components and systems on drilling rigs, platforms, refineries and supporting infrastructure.

Also, since the end of the financial year, shares have been issued to Timothy McCauley, the Chief Executive Officer. These shares are pursuant to the Prospectus and equate to 750,000 shares to join the company. 50% of these shares were granted in July 2008. These shares are exercisable at $0.20 per share

Likely Developments

Since the end of the financial year, there have been no developments in the operations of the company which are not finalized at the date of this report which may affect the results of the company in the financial years subsequent to 30th June 2008, with the exception of those matters noted above in Matters Subsequent to the End of the Financial Year.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

Dividends paid to shareholders during the financial year were as follows:

	2008 $
Interim ordinary dividend for the year end 30 June 2008 of $0.000216257 per fully paid share paid in July 2007	$10,812.97
Final ordinary dividend for the year end 30 June 2008 of $0.0002595092 per fully paid share paid in August 2007	$129,755.67
	$140,568.64

No further dividends will be payable for this financial year.

Options

	Date Granted	Expiry Date	Exercise Price	Number of Options
Issue of 1 free attaching option for every 3 shares issued pursuant to the Prospectus	17 Dec 07	30 Aug 09	$0.25	5,000,000
Issue of performance options to directors pursuant to the Prospectus	17 Dec 07	30 Aug 12	$0.25	6,000,000
Issue of employee options to directors pursuant to the Prospectus	17 Dec 07	30 Aug 10	$0.20	1,000,000
				12,000,000

Directors' and Auditors' Information

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The company was not party to any such proceedings during the year.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Non-Audit Services

There have been no non-audit services provided during the financial year.

Signed in accordance with a resolution of the Board of Directors.

T McCauley

Director
Timothy McCauley

Director
Wayne Hooper

Dated this 29th day of August 2008

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AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF LASERBOND LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30 June 2008, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

Robert Nielson Partners

Robert Nielson **Date 29 august 2008**

FINANCIAL REPORT

LaserBond Limited

Income Statement
for the Year Ended 30th June 2008

	Note	2008 $	2007 $
Revenue	2	3,591,258	3,573,415
Cost of Sales		(1,547,326)	(1,490,099)
Gross Profit		2,043,932	2,083,316
Other Income	3	500,018	803,142
Selling Expenses		(72,089)	(63,713)
Administration Expenses		(1,628,543)	(1,232,816)
R&D Expenditure		(272,292)	(574,676)
Repairs & Maintenance Expenses		(42,253)	(29,430)
Finance Lease Expenses		(171,962)	(211,532)
Borrowing Costs		(4,767)	(19,576)
Other Expenses		(107,736)	(6,294)
Profit before income tax expense	4	244,308	748,421
Income tax expense	5	(3,148)	(224,526)
Profit after tax from continuing operations		241,160	523,895
Net profit attributable to members of LaserBond Limited		241,160	523,895

The above Income Statement should be read in conjunction with the accompanying notes

FINANCIAL REPORT

LaserBond Limited

Balance Sheet
As at 30th June 2008

	Note	2008 $	2007 $
CURRENT ASSETS			
Cash and cash equivalents	7	3,497,102	1,056,975
Trade and Other Receivables	8	737,261	918,566
Inventories	9	180,506	240,124
Total Current Assets		**4,414,869**	**2,215,665**
NON-CURRENT ASSETS			
Property, plant and equipment	10	314,088	422,713
Deferred tax assets	12	249,765	54,421
Intangible assets	11	27,698	12,986
Total Non-Current Assets		**591,551**	**490,120**
TOTAL ASSETS		**5,006,420**	**2,705,785**
CURRENT LIABILITIES			
Trade and Other Payables	13	283,344	316,456
Interest-bearing liabilities	14	18,390	49,140
Current tax liabilities	16	30,125	243,047
Total Current Liabilities		**331,859**	**608,643**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	14	36,611	43,593
Provisions	15	91,794	59,983
Deferred tax liability	16	-	14,134
Total Non-Current Liabilities		**128,405**	**117,710**
TOTAL LIABILITIES		**460,264**	**726,353**
NET ASSETS		**4,546,156**	**1,979,432**
EQUITY			
Contributed equity	17	2,466,144	12
Retained earnings		2,080,012	1,979,420
TOTAL EQUITY		**4,546,156**	**1,979,432**

The above Balance Sheet should be read in conjunction with the accompanying notes

FINANCIAL REPORT

LaserBond Limited

Cash Flow Statement
for the Year Ended 30th June 2008

	Note	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,971,635	4,348,040
Payments to suppliers and employees		(3,785,219)	(3,434,496)
Interest paid		(4,767)	(19,576)
Interest received		150,816	31,623
Income taxes paid		(212,626)	(210,392)
Net cash inflow from operating activities		119,839	715,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(4,754)	(135,730)
Proceeds from sale of plant and equipment		64,865	-
Net cash inflow/(outflow) from investing activities		60,111	(135,730)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,466,132	-
Payments to lessors		(46,787)	(88,016)
Loans to employees		(18,600)	-
Repayment of borrowings		-	(19,941)
Dividends paid		(140,568)	(146,425)
Net cash inflow/(outflow) from financing activities		2,260,177	(254,382)
NET INCREASE/(DECREASE) IN CASH HELD		2,440,127	325,087
Net cash at beginning of period		1,056,975	731,888
NET CASH AT END OF PERIOD	7	3,497,102	1,056,975

The above Cash Flow Statement should be read in conjunction with the accompanying notes

FINANCIAL REPORT

LaserBond Limited

Statement of Changes in Equity
for the Year Ended 30th June 2008

	Note	Issued capital $	Retained earnings $	Total equity $
At 1 July 2005		**1,200**	**1,332,588**	**1,333,788**
Profit for the period		-	382,448	382,448
Dividends paid		-	(113,086)	(113,086)
At 30th June 2006		**1,200**	**1,601,950**	**1,603,150**
Profit for the period		-	523,895	523,895
Dividends paid		-	(146,425)	(146,425)
Reverse formation costs		(1,188)	-	(1,188)
At 30th June 2007		**12**	**1,979,420**	**1,979,432**
Profit for the period		-	241,160	241,160
Dividends paid		-	(140,568)	(140,568)
Issue of share capital	17	3,000,000	-	3,000,000
Capitalisation of costs incurred for IPO (net of deferred tax)	17	(533,868)	-	(533,868)
At 30th June 2008		**2,466,144**	**2,080,012**	**4,546,156**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of LaserBond Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 26th August 2008 as required by the Corporations Act 2001.

LaserBond Limited is a company limited by shares, incorporated and domiciled in Australia. The financial report covers LaserBond Limited as an individual entity.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on an accruals basis and is based on historical cost.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Foreign Currency Translation

The functional and presentation currency of the Company is Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the income statement, except for differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

(c) Revenue Recognition

Revenue is recognised in the following manner:

Sale of Goods and Services

Revenue from the sale of goods and services is recognised upon completion of each individual job when the customer picks up their finished product.

Interest

Revenue from interest is recognised on the date the interest is received.

Other Income

Revenue from other income streams are recognised either at the date of receipt of the income, or the date of the invoice (or agreement) for the income, as appropriate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

(e) Inventories

Raw materials and work in progress are stated at the lower of cost and net realisable value. Cost of work in progress comprises direct materials, direct labour and any external sub-contract costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Property, Plant and Equipment

Depreciation on property, plant and equipment is calculated on a reducing balance basis using the following rates:

- Plant and equipment 4.5% - 50%

- Motor Vehicles 18.75% - 25%

- Research & Development Equipment 20% - 50%

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

If an asset's value is adjusted to meet any deemed recoverable amount, the difference is accounted for in the Asset Revaluation Reserve account on the Balance Sheet. All other gains and losses are included in the Income Statement.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Leases

Leases of plant and equipment where the Company as lessee, has substantially all the risks and rewards of ownership are classified as hire purchase liabilities. Hire purchase assets are capitalised at their inception at the fair value of the leased equipment or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under hire purchase agreements is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(i) Financial Instruments

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet

Recognition and De-Recognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(j) Intangibles

Patents and trademarks

Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life. The amortisation rate used is 7.5% per annum. The amortisation expense is included within administration expenses.

(k) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as expenses as they are incurred.

(n) Contributed Equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares (if any) are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(o) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(p) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(r) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Critical Accounting Estimates and Judgements

Estimates and judgements are continually estimated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The entity makes estimates, assumptions and judgements concerning the future. The Directors are of the belief that these do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

No critical estimates have been made in the preparation of the financial statements.

(t) Changes in Accounting Policy

Intangible Assets

Historically software integral to the operations of the business were treated as Property, Plant & Equipment. This software is related to the company's ERP and Research & Development Software.

As of 30th June it was decided to correctly account for these Assets as Intangible Assets. The Plant & Equipment and R&D Equipment Assets, and the applicable Accumulated Depreciation accounts, were adjusted accordingly, transferring the Purchase Price and the Accumulated Depreciation to date to Other Intangible Assets.

Refer to Note 9 (a) Movements in Carrying Amounts of Plant & Equipment and Note 10 Intangible Assets for further detail.

New Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the company. They have not been adopted in this financial report.

However it is anticipated that there would be no material impact on the recognition and measurement criteria included in this financial report.

i) AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8, applying to periods commencing on or after 1st January 2009.
ii) AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123, applying to periods commencing on or after 1st January 2009
iii) AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101, applying to periods commencing on or after 1st January 2009
iv) AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AAS' 27, 29 and 31, applying to periods commencing on or after 1st July 2008
v) AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127, applying to periods commencing on or after 1st July 2009
vi) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project, applying to periods commencing on or after 1st January 2009

	2008 $	2007 $

NOTE 2: REVENUE

From continuing operations		
Sales Revenue		
Sales of Goods	3,591,258	3,573,415

NOTE 3: OTHER INCOME

Interest Revenue	150,816	31,623
Government Grant	113,703	263,935
Research & Development – Reimbursed Expenses	231,263	504,903
Other	4,236	2,681
	500,018	803,142

NOTE 4: EXPENSES

Profit before Income Tax includes the following specific expenses

Borrowing Costs:		
Interest Paid	4,767	19,576
Depreciation & Amortisation		
- Plant & Equipment	42,431	66,179
- R&D Equipment	(4,872)	1,759
- Motor Vehicles	43,133	20,317
- Intangible Assets	24,823	1,053
	105,515	89,308
Net Loss on Disposal of Assets		
- Motor Vehicles	26,464	1,514
Rental Expenses relating to Operating Leases		
- Minimum Lease Payments	171,962	211,532
Auditors Remuneration		
- Audit Services – audit and review of Financial Reports	58,156	25,000
- Independent Experts Report		10,025
	58,156	35,025
Research & Development		
- Expenses related to Research & Development Government Grant (refer to Note 3: Other Income)	264,092	574,676

NOTE 5: INCOME TAX

Reconciliation of Income Tax Expense

Profit before Income Tax Expense	244,308	748,421
Tax at the Australian tax rate of 30% (2007: 30%)	73,292	224,526
Less 20% Write Off of Deferred Tax Asset from Capitalised IPO Costs *(See Note 5a)*	(42,147)	
Less Adjustment to 06-07 Income Tax Provision *(See Note 5b)*	(28,615)	
Plus Difference between 04-05 Tax Adjustment and Deferred Tax Liability allowed on 30th June 2007 Financials	618	
Total Income Tax Expense:	3,148	224,526

Note 5a: At the time of completion of the Initial Public Offer all costs of the IPO were capitalised over a five (5) year period. This tax adjustment is the first of the five (5) tax adjustments.
Note 5b: the 30th June 2007 Financials provided an estimate of the Tax Payable for the 2006-2007 Financial Year. Upon completion of the Annual Returns the actual Tax payable was less than the provision made.

	2008 $	2007 $
NOTE 6: EARNINGS PER SHARE		
Basic earnings per share	0.0042	0.0104
Diluted earnings per share	0.0042	0.0104

The options are not considered to be dilutive because they would result in the issue of ordinary shares for more than the average market price during the period.

(a) Weighted Average Shares on Issue

	No. of Shares	Weighted No.
Opening Balance as at 1st July 2007	50,000,400	50,000,400
Shares Issued as at 17th December 2007	15,000,000	6,780,822
Closing Balance as at 30th June 2008	65,000,400	56,781,222

NOTE 7: CASH AND CASH EQUIVALENTS

Cash on Hand	500	400
Cash at Bank	3,496,602	1,056,575
	3,497,102	1,056,975

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade Receivables	574,099	605,275
Loans – Related Parties	79,507	60,500
Other Receivables	83,655	252,791
	737,261	918,566

NOTE 9: INVENTORIES

Stock on Hand – Raw Materials	152,236	227,462
Work in Progress	28,270	12,662
	180,506	240,124

NOTE 10: PLANT & EQUIPMENT

Plant & Equipment		
At Cost	771,122	726,855
Less Accumulated Depreciation	(527,822)	(459,655)
	243,300	267,200
Motor Vehicles		
At Cost	119,272	243,184
Less Accumulated Depreciation	(57,059)	(111,374)
	62,213	131,810
Research & Development Equipment		
At Cost	24,027	44,027
Less Accumulated Depreciation	(15,452)	(20,324)
	8,575	23,703
TOTAL PLANT & EQUIPMENT	314,088	422,713

(a) Movements in Carrying Amounts

	Plant & Equipment	Motor Vehicles	Research & Development Equipment	Total
2008 Financial Year	**$**	**$**	**$**	**$**
Balance at the beginning of the year	267,200	131,810	23,703	422,713
Additions	38,065	-	-	38,065
Net Disposals	-	(26,464)	-	(26,464)
Net Transfer to Other Intangible Assets	(10,843)	-	(4,842)	(15,685)
Depreciation Expense	(51,122)	(43,133)	(10,286)	(104,541)
Carrying Amount at the end of the year	243,300	62,213	8,575	314,088

	Plant & Equipment	Motor Vehicles	Research & Development Equipment	Total
2007 Financial Year	**$**	**$**	**$**	**$**
Balance at the beginning of the year	214,142	160,068	1,028	375,238
Additions	119,237	-	42,992	162,229
Net Disposals	-	(26,499)	-	(26,499)
Depreciation Expense	(66,179)	(1,759)	(20,317)	(88,255)
Carrying Amount at the end of the year	267,200	131,810	23,703	422,713

NOTE 11: INTANGIBLES

	Patents and Trademarks	Other Intangible Assets
2008 Financial Year	$	$
Cost at the beginning of the year	15,177	-
Additions	-	-
Transfer of Assets from Plant & Equipment	-	39,534
Transfer of Accumulated Depreciation	-	(23,848)
Accumulated Amortisation	(3,165)	-
Formation costs written-off	-	-
Net Book Amount at 30th June	12,012	15,686
2007 Financial Year	$	$
Cost at the beginning of the year	16,365	-
Additions	-	-
Accumulated Amortisation	(2,191)	-
Formation costs written-off	(1,188)	-
Net Book Amount at 30th June	12,986	-

Note: Refer to Note 1 (t) Changes in Accounting Policy for detail on the transfer of Assets from Plant & Equipment to Intangible Assets.

NOTE 12: DEFERRED TAX ASSETS	**2008 $**	**2007 $**
Deferred tax assets comprise temporary differences attributable to:		
Employee Benefits	73,069	54,421
Expense Accruals	8,106	-
Capitalised IPO Costs	168,590	-
	249,765	54,421

NOTE 13: TRADE AND OTHER PAYABLES

Trade Payables	104,555	128,990
Other Payables	27,020	66,047
	131,575	195,037

NOTE 14: BORROWINGS

CURRENT		
Hire Purchase Liabilities	18,390	49,141
NON-CURRENT		
Hire Purchase Liabilities	36,611	43,593

NOTE 15 : PROVISIONS

CURRENT		
Employee Benefits	151,769	121,419
NON-CURRENT		
Employee Benefits	91,794	59,983

NOTE 16: STATUTORY LIABILITIES

CURRENT

Income Tax	(55,054)	182,955
BAS Statement (GST & PAYG Withheld)	62,414	37,119
Payroll Tax	7,284	4,862
Superannuation	15,481	18,111
	30,125	243,047

NON-CURRENT

Deferred Tax Liabilities comprise temporary differences attributable to:

04-05 Income Tax Adjustment	-	14,134

NOTE 17: CONTRIBUTED EQUITY AND RESERVES	2008 $	2007 $
Issued and Paid Up Capital	2,466,144	12

Reconciliation of Issued and Paid Up Capital

50,000,400 Existing Shares	12	12
15,000,000 Issued Shares (IPO)	3,000,000	-
Capitalised IPO Costs	(702,458)	-
Deferred Tax Asset from Capitalised IPO Costs	168,590	-
	2,466,144	12

Reconciliation of Movement in Shares		
Issued Shares at beginning of Year	50,000,400	12
Shares Issued during Year (Issue Date 17th December 2007)	15,000,000	50,000,388
Issued Shares at end of year	65,000,400	50,000,400

(a) Capital Management

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its financial structure in response to those risks. These responses include the management of debt levels and distributions to shareholders.

The company has no borrowings and no externally imposed capital requirements.

NOTE 18 : CAPITAL AND LEASING COMMITMENTS

(a) Hire Purchase Commitments

Payable:		
Within one (1) year	18,391	51,548
Later than one (1) year but not later than five (5) years	43,716	62,107
	62,107	113,655
Minimum Hire Purchase payments:		
Less future finance charges	(16,161)	(20,922)
Total Hire Purchase Liability	45,946	92,733

The company's Hire Purchase commitments are in relation to Motor Vehicles essential to the operations of the business. These are under Hire Purchase agreements expiring within 1 to 3 years. Under the Terms of Agreements, the Company has the option to acquire the financed assets by payment of the final instalment. This option lapses in the event of a default to the agreed Terms and Conditions to the agreements.

(b) Operating Lease Commitments

Payable:		
Within one (1) year	201,638	273,627
Later than one (1) year but not later than five (5) years	203,749	350,363
	405,387	623,990

(c) Property Lease

The company has a property lease which expires on 31st July 2008. At the date of this report the lease has not been renegotiated.

NOTE 19: CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities that would have an effect on these financial statements.

NOTE 20: RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2008	**2007**
	$	**$**
Property Lease		
Rent Paid	92,796	91,898

Rental of head office premises paid to Hooper Unit Trust, a director related entity. Rent is paid one month in advance.

Loans – Related Parties		
Director Loan	60,500	60,500
Employee Loans	407	-
Employee Personal Expenses	18,600	-
	79,507	60,500

All Loans to Related Parties are classified current, unsecured and interest free.

The Director Loan is receivable from Mr Greg Hooper, a director of the company.

The Employee Loans are receivable from twelve (12) employees. These loans were provided to employees at the time of the IPO to purchase $2,000 worth of shares each.

The Employee Personal Expenses are receivable from employee's who have used, at the approval of director's, a company's supplier expense account for purchases of a personal use. These loans are repaid as an after tax deduction from the employees salary or wage.

NOTE 21: KEY MANAGEMENT PERSONNEL

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the company.

(a) Key Management Personnel

The key management personnel of the company for management of its affairs are Wayne Hooper, Greg Hooper and Timothy McCauley, all current Executive Directors.

(b) Remuneration

Remuneration received or due and receivable by key management personnel of the company for management of its affairs is as follows:

	Salaries and fees	Superannuation	Consulting Fees
2008 Financial Year			
Wayne Hooper	$87,717	$13,763	-
Greg Hooper	$159,080	$18,244	-
Timothy McCauley	$47,051	$4,610	$74,950
	$293,848	$36,617	$74,950
2007 Financial Year			
Wayne Hooper	$77,967	$16,797	-
Greg Hooper	$130,459	$10,352	-
Diane Hooper	$78,011	$19,572	-
Rex Hooper	$3,000	-	-
Lillian Hooper	$3,000	-	-
	$292,437	$46,721	-

(c) Options Held

The following performance options were issued to directors pursuant to the prospectus

	Opening Balance Granted As at 17th December 2007	**Exercised**	**Closing Balance** As at 30th June 2008	**Balance Exercisable**
Wayne Hooper	2,000,000	-	2,000,000	-
Greg Hooper	2,000,000	-	2,000,000	-
Timothy McCauley	3,000,000	-	3,000,000	-
	7,000,000	-	7,000,000	-

(d) Shares Held

	Shares Held as at 31st July 2007	Issued	Shares Held as at 30th June 2008
Wayne Hooper	7,728,395	-	7,728,395
Greg Hooper	8,000,064	-	8,000,064
Timothy McCauley	-	250,000	250,000
	15,728,459	250,000	15,978,459

NOTE 22: DIVIDENDS	**2008 $**	**2007 $**
Interim dividends paid – fully franked on tax paid at 30%	140,569	146,425

The dividends paid during 2007-2008 were paid to shareholders prior to the Initial Public Offer. No further dividends will be payable for this reporting period.

Franked Dividends

The franked portions of any final dividends recommended and paid after 30th June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30th June 2008.

Franking credits available for subsequent financial years based on a tax rate of 30% (2007 – 30%)	819,659	806,610

NOTE 23: CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash flows from operating activities

Profit for the year	241,160	523,895
Non-cash flows in operating surplus		
Depreciation & Amortisation	33,803	89,308
Changes in assets and liabilities		
(Increase) / Decrease in trade debtors	31,176	3,106
(Increase) / Decrease in other debtors	168,728	(252,791)
(Increase) / Decrease in inventories	59,617	(103,006)
(Increase) / Decrease in deferred tax assets	(195,344)	(33,663)
Increase / (Decrease) in trade creditors and accruals	(24,056)	237,779
Increase / (Decrease) in statutory liabilities	(212,922)	221,137
Increase / (Decrease) in provisions	31,811	15,300
Increase / (Decrease) in deferred tax liabilities	(14,134)	14,134
Net cash provided by operating activities	119,839	715,199

NOTE 24: FINANCIAL INSTRUMENTS

Activities undertaken by the company may expose the company to price risk, credit risk, liquidity risk and cash flow interest rate risk. The company's risk management policies and objectives are therefore disagreed to minimise the potential impacts of these risks on the results of the company.

a) Interest rate risk

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total
			Within 1 Year	1 to 5 Years		
	%	$	$	$	$	$
30th June 2008						
Financial Assets:						
Cash on Hand		-	-	-	400	400
Cash at Bank	5.5	3,496,701	-	-	-	3,496,702
Trade and other receivables		-	-	-	737,261	737,261
Total financial assets		3,496,602	-	-	737,661	4,234,263
Financial Liabilities						
Trade and other payables		-	-	-	292,400	292,400
Borrowings	7.0	-	18,391	27,555	-	45,946
Total financial liabilities		-	18,391	27,555	292,400	338,346

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Non-Interest Bearing 1 to 5 Years	Total	
	%	$	$	$	$	$
30th June 2007						
Financial Assets:						
Cash on Hand	-	-	-	-	400	400
Cash at Bank	4.0	1,056,575	-	-	-	1,056,575
Trade and other receivables	-	-	-	-	918,567	918,567
Total financial assets		1,056,575	-	-	918,967	1,975,542
Financial Liabilities						
Trade and other payables	-	-	-	-	316,456	316,456
Borrowings	7.0	-	49,140	43,593	-	92,733
Total financial liabilities		-	49,140	43,593	316,456	409,189

b) Credit Risk Exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognize financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

c) Liquidity Risk

Liquidity risk is the risk that the company may encounter difficulties raising funds to meet commitments. The company manages this risk by monetary forecast cash flows.

d) Net fair value of financial assets and liabilities

The carrying amount of cash, cash equivalents and non-interest bearing monetary financial assets and liabilities (e.g. accounts receivable and payable) are at approximate net fair value.

e) Price Risk

The company is not exposed to any material price risk.

f) Sensitivity Analysis

The company has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

The company as 30th June 2008 held a quantity of cash on hand in an Interest Bearing bank account. At 30th June 2008, the effect on profit and equity as a result of changes in the interest rate on Cash on Hand, with all other variables remaining constant would be as follows:

		2008 $	2007 $
Change in profit			
-	Increase in interest rate by 2%	$54,842	$15,811
-	Decrease in interest rate by 2%	($54,842)	($15,811)
Change in equity			
-	Increase in interest rate by 2%	$54,842	$15,811
-	Decrease in interest rate by 2%	($54,842)	($15,811)

Foreign Currency Risk Sensitivity Analysis

The company purchases certain raw material from overseas due to non-availability in Australia or savings due to bulk buying power overseas. At 30th June 2008, the effect on profit and equity as a result of changes in the Australian Dollar to other International currencies, with all other variables remaining constant would be as follows:

		2008 $	2007 $
Change in profit			
-	Improvement in AUD to International currencies by 5%	($9,937)	($4,527)
-	Decline in AUD to International currencies by 5%	$9,937	$4,527
Change in equity			
-	Improvement in AUD to International currencies by 5%	($9,937)	($4,527)
-	Decline in AUD to International currencies by 5%	$9,937	$4,527

NOTE 25: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the following opportunities have been announced:

- The company has entered into a Heads of Agreement relating to the proposed acquisition of an engineering business in Central Queensland. The acquisition is subject to the completion of financial, legal and commercial due diligence by LaserBond. The business is well established with 2007-2008 un-audited Fiscal year sales of $6.9 million and earnings before interest and tax (EBIT) of $1.0 million. The purchase price is $3.0 million subject to certain completion adjustments, payable by $2.5 million in cash and $0.5 million in shares (escrowed for 2 years), plus an earn-out over the two years ended 30th June 2009 and 2010. The earn-out consideration is to be priced at 3.5 times incremented EBIT and payable by a mix of cash and shares (escrowed over two years).

- The company has won an exclusive five (5) year contract with Alcoa Australia Rolled Products Pty Limited, part of one of the worlds leading producers of alumina and aluminium. LaserBond will provide Alcoa with an engineered coating that will significantly extend the service life and reliability of high value components used in the production of aluminium sheet used for food and drink packaging.

- A Letter of Intent and Request for Quotation has been received from the Tanjung Group of Malaysia for the supply of thermal spray and laser cladding equipment and license worth up to $2 million ($Aus). Tanjung Maintenance Services, part of the Tanjung Group, provides a range of services to the oil and gas industry including maintenance, repair, calibration and testing of key components and systems on drilling rigs, platforms, refineries and supporting infrastructure.

Also, since the end of the financial year, shares have been issued to Timothy McCauley, the Chief Executive Officer. These shares are pursuant to the Prospectus and equate to 750,000 shares to join the company. 50% of these shares were granted in July 2008. These shares are exercisable at $0.20 per share

NOTE 26: SEGMENT REPORTING

The company operates entirely within Australian in the surface engineering industry

NOTE 27: COMPANY DETAILS

Registered office and principal place of business:	28 York Road INGLEBURN NSW 2565

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 17 to 33 are in accordance with the Corporations Act 2001:

    a. Comply with Accounting Standards and the Corporations Regulations 2001; and

    b. Give a true and fair view of the financial position as at 30th June 2008 and of the performance for the financial year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The Chief Executive Officer and Chief Financial Officer have each declared that

    a. The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Law.
    b. The financial statements and the notes for the financial year comply with Accounting Standards; and
    c. The financial statements and the notes to the financial statements give a true and fair view.

This declaration is made in accordance with a resolution of the Board of Directors.

TM McCauley

Director
Timothy McCauley

Director
Wayne Hooper

Dated this 29th August 2008

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF LASERBOND LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report comprising the income statement, the balance sheet, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Laserbond Limited (the company) for the year ended 30 June 2008.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances In Note 1 the directors also state, in accordance with Accounting Standard AASB 101; .Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards in their entirety

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Independence

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

Audit Opinion

In our opinion,

(a) the financial report of Laserbond Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including Australian Accounting interpretations) and with the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Robert Nielson Partners

Robert Nielson **Date 29 August 2008**

LaserBond Limited
ABN 24 057 636 692

Shareholder Information

The shareholder information set out below was applicable as at 22nd September 2008

1. Distribution of Shareholders

Analysis of number of shareholders by size of holding:

Holdings Range	Holders	Total Units	%
1-1,000	3	30	0.000
1,001 – 5,000	13	49,000	0.075
5,001 – 10,000	95	948,000	1.450
10,001 – 100,000	268	10,275,020	15.717
100,001 and over	55	54,103,350	82.758
Totals	434	65,375,400	100.000

Less than marketable parcel	15	44,030	0.067

2. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Name	Number of Shares	% of Total Shares
MR GREGORY JOHN HOOPER	8,000,064	12.237
MS DIANE CONSTANCE HOOPER	7,728,395	11.822
MR WAYNE EDWARD HOOPER	7,728,395	11.822
MS LILLIAN HOOPER	7,712,395	11.797
MR REX JOHN HOOPER	7,708,395	11.791
GOODWISE INVESTMENTS PTY LTD	1,937,578	2.964
LASERBOND MARKETING PTY LTD	1,612,906	2.467
MR TIM MCCAULEY & MRS ANNE MCCAULEY <MCCAULEY SUPER FUND A/C>	625,000	0.956
WANTUNE PTY LTD <TRUMBULL SUPER FUND A/C>	592,817	0.907
ALIMOLD PTY LTD	505,000	0.772
MR COLIN WEEKES & MR MICHAEL WEEKES <TORRING SUPER FUND A/C>	439,970	0.673
ADELAIDE EQUITY PARTNERS LIMITED	434,000	0.664
CHESSER INVESTMENTS PTY LTD	415,000	0.635
GROUP SEVENTY THREE SUPER FUND PTY LTD <SUPER FUND A/C>	410,000	0.627
FOUR P INVESTMENT COMPANY PTY LTD <FOUR P INVESTMENT A/C>	400,000	0.612
DR ANDREW LENNOX	400,000	0.612
MR NICHOLAS EATON CROCKER BARHAM	360,000	0.551
MR FRANCIS MAXWELL DOUGLAS	355,000	0.543
MR GARRY BOOTH <SWAL SUPER FUND A/C>	340,000	0.520
MR OSCAR JOSEPH HORKY	331,000	0.506
Totals for Top 20	48,035,915	73.477
Security Totals	65,375,400	

3. Top 20 Holdings Options $0.25 Exp. 31 August 2009

Name	Balance at 22-09-2008	%
MR JAMES STANBURY HULL & MR ANTHONY STANBURY HULL <JS HULL SUPER FUND A/C>	234,848	4.697
MR FRANCIS MAXWELL DOUGLAS	118,334	2.367
MR NICHOLAS EATON CROCKER BARHAM	90,000	1.800
MR CHARLES RANDOLPH CASKEY <CRC SUPER FUND A/C>	83,334	1.667
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	83,334	1.667
MR TIM MCCAULEY & MRS ANNE MCCAULEY <MCCAULEY SUPER FUND A/C>	83,334	1.667
LEE-SANDS NOMINEES PTY LTD	66,667	1.333
MR MICHAEL HIRST & MRS CATHERINE HIRST <THE HIRST SUPER FUND A/C>	66,667	1.333
PAKASOLUTO PTY LIMITED <SUPER FUND A/C>	58,334	1.167
MR STEPHEN ANTHONY FINN	58,334	1.167
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	58,334	1.167
SAF IT CONSULTING GROUP PTY LTD	58,334	1.167
MR JUSTIN CASEY & MISS ANNE MARIE MOORE <SUMMER SUPER FUND A/C>	50,000	1.000
MR PAUL BALSARINI & MRS ANNETTE BALSARINI <A & K MERC P/L PROVIDENT A/C>	50,000	1.000
JONNOLA PTY LTD <SCALES UNIT A/C>	50,000	1.000
MOTONA PTY LIMITED <P J CUMMING & ASSOC S/F A/C>	50,000	1.000
ALIMOLD PTY LTD	41,667	0.833
MR NICHOLAS TRITTON	41,667	0.833
CHESSER INVESTMENTS PTY LTD	41,667	0.833
ADELAIDE EQUITY PARTNERS LIMITED	41,667	0.833
Totals for Top 20	1,426,522	28.529
Options Totals	5,000,214	