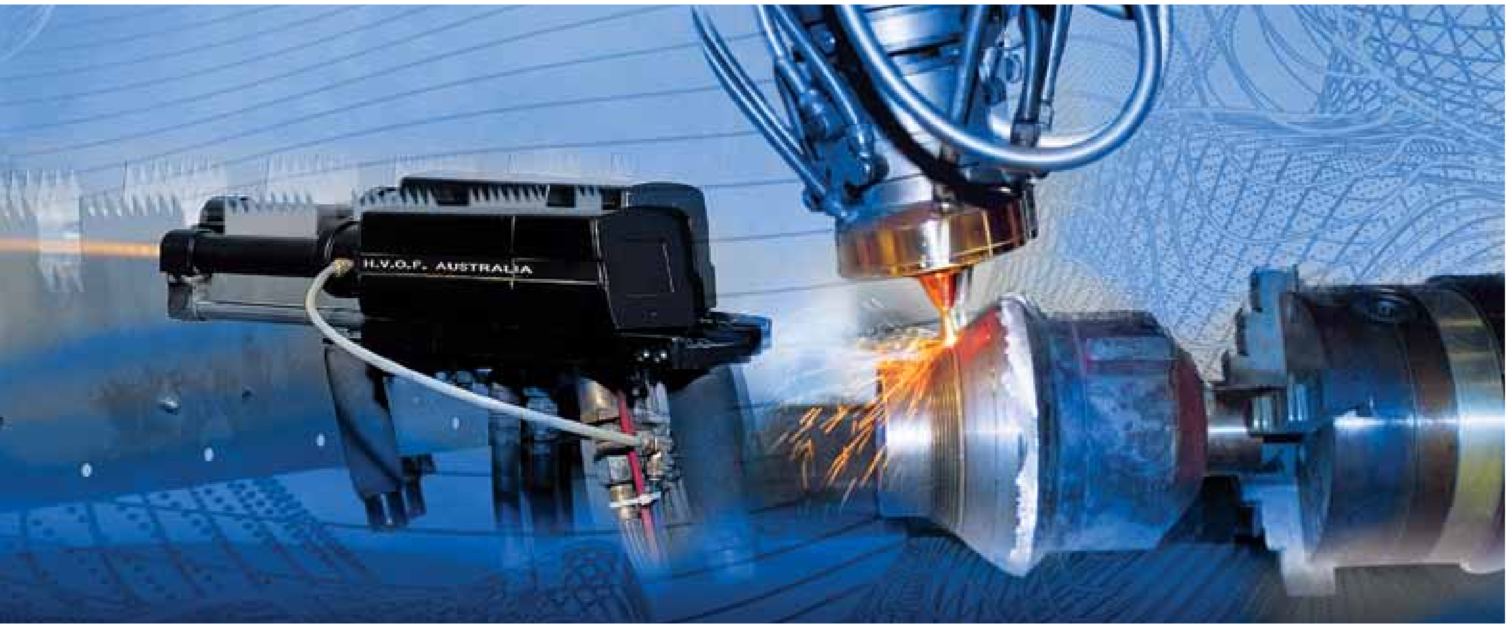
LASERBOND

EXTENDING MACHINERY LIFE WITH
ADVANCED SURFACE ENGINEERING



Shareholder's Annual Report

LaserBond Limited

ABN 24 057 636 692

For period ended 30th June 2010

All comparisons to period ended 30th June 2009



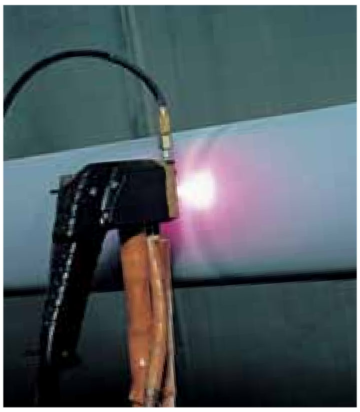








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Chairman's Report

Dear Shareholder,

On behalf of the Board I am pleased to present LaserBond Limited's annual Financial Report to 30th June 2010.

The primary purpose of our IPO in December 2007 was the growth of LaserBond through acquisition of regional engineering companies to be enhanced with our unique surface engineering capabilities, particularly looking towards Queensland and Western Australia. The successful acquisition of Peachey's Engineering Pty Ltd in Gladstone in November 2008 was the initial result of this strategy. However the ensuing global financial crisis the world has had to contend with has provided difficult conditions since the acquisition.

Despite the effect of the global financial crisis and its effects on the overall economy, I am pleased with our financial results for 2010. In particular:

- **Continued revenue growth** with 2010 sales up by 16.6% from 2009.
- **Strong financial performance** with 2010 Net Profit after tax up by 205% from 2009.

Acknowledgement and thanks must go to all our employees, with special appreciation and acknowledgement for the tireless and dedicated effort of our workshop personnel who have played a fundamental role in assisting the Board in achieving its short term strategies of continued revenue growth and reduced costs.

I would also like to thank shareholders for your continued support and commitment to LaserBond Ltd. The outlook for both divisions is excellent, providing significantly increased value to our shareholders.

Tim McCauley
Chairman

Directors Report

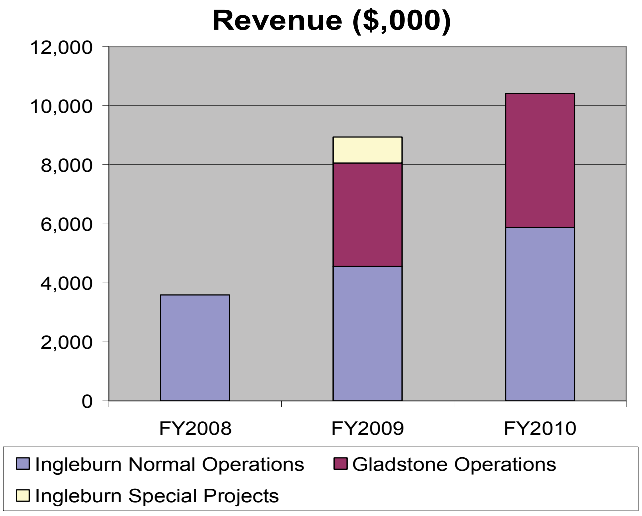
The Directors present their report on the consolidated entity for the financial year ended 30th June 2010.

Principal Activities

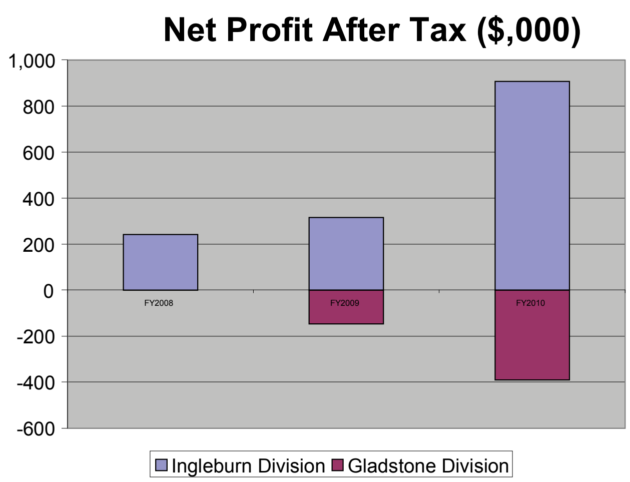
LaserBond is a long established, stable and innovative company operating from sites in Ingleburn NSW and Gladstone Qld. It specialises in the manufacture and reclamation of industrial components and assemblies used in a broad range of capital intensive industries and environments, often for critical applications that require optimised surface properties. The specialised and unique technologies used by LaserBond allow it to reclaim almost any industrial component, usually improving its inherent properties for longer service life. Alternatively, Laserbond manufactures new replacement components, incorporating surface enhancing technologies where longer service life is desired by its customers.

The recently acquired Gladstone division is focused on providing manufacturing and breakdown services to the Central Queensland region, providing a range of services including a large capacity CNC machine shop able to handle large and small quantity production. The Gladstone division also includes a custom designed facility providing the additional space and infrastructure to take on large scale assembly and disassembly work as well as fabrication. A complete portfolio of surfacing technologies is currently being added thereby replicating the capabilities that exist in Ingleburn. These highly specialised technologies will support new and existing industrial customers in the Central Queensland region.

Review of Operations



- Consolidated 2010 Revenues up 16.6% to $10.4 million.
- Ingleburn's 2010 revenue from normal operations up 28% (excluding the 2009 special project for the sale of equipment to Malaysia)
- Significant contribution to revenue growth by the Gladstone division over the past two years. With industry spending in Central Queensland improving, and the introduction of LaserBond's surfacing technologies, this growth will continue to be significant.



- Despite the GFC, the group continues to show profit growth.
- Results of the Ingleburn (NSW) division are outstanding with Net Profits (before tax) of $244,308 in 2008, $455,824 in 2009 and $1,126,415 in 2010.

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Results for the Financial Year

Continued Revenue Growth - The consolidated business over the last three reporting periods has shown strong growth in revenue, from $3.6 million for 2008 to $10.4 million for 2010. Whilst a component in this revenue growth was the acquisition of the Gladstone, Qld division in November 2008, the Ingleburn, NSW division is continuing to show a strong growth in demand for the company's services. Sales from Ingleburn are up by 64% over the 2 year period.

The improvement of industry spending in the Central Queensland region after the GFC and the introduction of LaserBond's unique surfacing technologies to the Gladstone division will greatly impact this revenue growth in the future.

Continued Profit Growth – Despite the effect of the last twelve months on the Gladstone Qld division, profits have continued to grow, in particular from the outstanding results from the Ingleburn NSW division. The 2008 strategy for the Ingleburn division of appointing resources to drive sales and operational growth has shown a considerable return on investment, and provides a strong business platform for continued growth.

As detailed in the December 2009 Half-Year Financial Report and the YTD Market Update ASX Announcement dated 25th May 2010, the Gladstone, Qld division had a disappointing year. This is directly attributed to the effect of the global financial crisis within the Gladstone and Central Queensland region, as well as some management issues following the acquisition. With evidence of the strengthening economy in the region as well as the recent restructuring of the business, including the management team, the Board is confident the Gladstone division will achieve significant revenue and profit growth for the 2011 and future financial years. Results since May 2010 have shown a healthy improvement. Revenue and profits will also be enhanced by the recent appointment of a sales focused General Manager and the pending installation of LaserBond's unique portfolio of surface engineering technologies in Gladstone to fully service the Central Queensland region.

Outlook

The outlook for the Ingleburn NSW division is for continued strong growth. The Company is continuing to develop and market applications for its technologies, and has been expanding capacity to allow this growth. The pending installation of more energy efficient laser technology will assist the company to reduce costs in the face of rising energy prices, and reduce the overall carbon footprint of the operation. It will also allow the applications for the LaserBond cladding technology to be expanded.

While market performance in the Central Queensland region has affected the Gladstone division since the purchase in November 2008, the restructuring of the division, in particular key management roles and cost cutting, provides a stronger and leaner division moving forward. The region is expecting slow growth for the next few months. However, the medium to long term outlook for Central Queensland is outstanding, with the upcoming LNG projects, port facilities and continuing expansion of mining infrastructure, as well as capital and maintenance investment by existing industries in the region.

With the recently completed commissioning of the LaserBond® cladding system in Gladstone and the pending installation of HVOF and other Thermal Spray facilities, the Gladstone division will be very well positioned to support existing local industries such as the smelters, alumina refineries, power stations, ports and coal fields. The LaserBond® cladding and Thermal Spray facilities are expected to provide significant revenue growth for the Gladstone division over the next twelve months, and are the prime technologies that have provided the Ingleburn division's strong growth over the last ten years.

The LaserBond® and Thermal Spray facilities also position the Gladstone division well for the multiple Liquid Natural Gas (LNG) projects that have been proposed for the immediate Gladstone area and are at various stages of approval with the Queensland and Federal Governments. Each of these LNG projects will utilise coal seam gas from the Surat Basin coal fields west of Gladstone. The Queensland Treasurer, Andrew Fraser, has stated "the growth of Queensland's LNG industry has the potential to require up to $40 billion of investment and create thousands of new jobs".

Directors

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	Executive Director
Greg Hooper	Executive Director
Timothy McCauley	Chairman
Philip Suriano	Non-Executive Director

All current executive directors of the company are considered the key management personnel for the management of its affairs. Tim McCauley was previously an executive of the company, and assisted in its transition to a listed entity, but moved into a non-executive role in January 2010.

Remuneration Report

Remuneration levels for directors of the group are competitively set to attract, motivate and retain appropriately qualified and experienced directors. Remuneration levels are reviewed annually by the Board through a process that considers the overall performance of the group. The remuneration policy attempts to align reward with the achievement of strategic objectives and the creation of value for shareholders. Please refer to the Corporate Governance Statement in this report.

Director's Remuneration

Amounts paid to directors during the financial year ending 30 June 10 were:

	Salaries and fees	Superannuation
Wayne Hooper	96,775	26,731
Greg Hooper	189,381	16,826
Timothy McCauley	116,943	9,375
Philip Suriano	25,000	-
	428,099	52,932

Tim McCauley resigned from an executive position in January 2010. His current fees as a Non-Executive Chairman are $30,000 per annum

Director's Shareholding

As at 16th September 2010, the number of shares held by directors were:

	Holdings Type	Holdings
Wayne Hooper	Direct	7,728,395
Wayne Hooper	Indirect	400,000
Greg Hooper	Direct	8,000,064
Timothy McCauley	Indirect	921,000
Philip Suriano	Direct	45,000

Information on Directors

Timothy McCauley – 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 has spent 25 years with multinational companies in executive roles developing and managing operations in Australia and International. Prior to joining LaserBond he held the position of Managing Director in the listed company Auto One Limited. Tim recently resigned as an executive director for LaserBond and is now the owner and Managing Director of Artiana Imports. Tim holds a Bachelor of Business (Accounting & Finance (Honours)) and an MBA.

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. He started his career within the electricity generation industry, and branched into high volume manufacturing. Prior to joining the company in 1994, Wayne also held senior roles in marketing within a building products division of BTR Nylex. Wayne holds degrees in Science and Engineering (Honours Class 1) and an MBA. He is involved in technology development, engineering and administration of the Company.

Gregory 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 sales and 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 2008. Other Directorships include Adavale Resources Limited and Resources & Energy Group Limited. Mr Suriano began his career in corporate banking with the Commonwealth Bank . Mr Suriano 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. He was also a former Director of Microview Limited (Australian Power Gas Limited). For the past 7 years Mr Suriano has been working with Arthur Phillip, a boutique investment house where he is Division Director, Equity Capital Markets.

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Information on Company Secretary

Matthew Twist

Matthew Twist was appointed Company Secretary on 30 March 2009. Matthew also holds the position of Chief Financial Officer of the company (since March 2007), providing over 16 years financial management experience, encompassing financial and operational control and systems development in manufacturing companies.

Director's Meetings

During the financial year ended 30th June 2010, the number of meetings held, and attended, by each Director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Wayne Hooper	9	9
Gregory Hooper	9	8
Timothy McCauley	9	9
Philip Suriano	9	9

Debt

At the end of the financial year, the company maintains a strong Balance Sheet with minimal debt. The current ratio of the company is 2:1 indicating a high financial strength. With our cash flow projections for the next fiscal year, the company is in a very solid position to capitalise on market opportunities as they become available.

Significant Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Matters Subsequent to the End of the Financial Year

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

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

There were no dividends paid to shareholders during the financial year. Whilst the earnings attributable to members have increased and the company holds significant franking credits, the Board decided not to declare dividends for the 2010 financial year. However, the Board sees this as a temporary situation and is looking forward to declaring dividends from future earnings.

Options

	Date Granted	Expiry Date	Exercise Price	Number of Options
Issue of performance options to directors pursuant to the Prospectus	17 Dec 07	30 Aug 12	$0.25	6,000,000

Note that 1,000,000 options with an exercise price of $0.20 issued to Tim McCauley pursuant to the Prospectus expired on 30 August 2010.

Corporate Governance

The directors of the company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A review of the company's corporate governance practices was undertaken during the year. As a result new practices were adopted and existing practices optimised to reflect industry best practice. Please refer to the Corporate Governance Statement in this report.

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 16.

Non-Audit Services

Non-Audit services were provided during the financial year ended 30 June 2010 for the purpose of calculating and certifying the Tranche 2 payment calculations as per the Share Sale Deed for the acquisition of the Peachey's Engineering business. The directors are satisfied that the provision of non-audit services did not compromise the external auditor's independence.

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

Director
Wayne Hooper

Director
Greg Hooper

Dated this 30th day of September 2010

Corporate Governance Statement

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 2010.

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 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 nine (9) occasions during financial year ended 30 June 2010.

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 an independent, non-executive, Director.

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

The chairperson, Mr. Tim McCauley, does not hold the position of Chief Executive Officer.

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 is undertaken on the anniversary of the first listing of the company. The next evaluation will occur December 2010.

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.

8.1 – The board should establish a remuneration committee.

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

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

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.

robertnielsonpartners
ABN 24 216 690 404
chartered accountant
business advisors

rnp

Level 7 280 George Street
Sydney NSW 2000 Australia
Box R176 Royal Exchange
NSW 1225 Australia
T 61 2 9235 0299
F 61 2 9222 1065
E enq@robertnielsonpartners.com.au

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 2010, 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 30 September 2010

Statement of Comprehensive Income
for the Year Ended 30th June 2010

	Note	2010		2009	
		Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
		$	$	$	$
Revenue	2	10,421,235	5,888,613	8,941,473	5,435,901
Cost of Sales		(5,513,240)	(2,744,422)	(4,636,074)	(2,592,728)
Gross Profit		**4,907,995**	**3,144,191**	**4,305,399**	**2,843,173**
Other Income	3	19,880	4,447	122,971	115,144
Advertising & Promotional Expenses		(63,682)	(47,351)	(78,374)	(62,299)
Depreciation & Amortisation		(209,716)	(94,067)	(161,291)	(104,618)
Employment Expenses		(1,818,943)	(1,002,525)	(1,669,807)	(1,152,901)
Property Rental & Rates Expenses		(593,016)	(117,952)	(364,456)	(117,623)
Administration Expenses		(769,801)	(412,532)	(787,041)	(597,253)
R&D Expenditure		(72,755)	(72,755)	(17,108)	(17,108)
Repairs & Maintenance Expenses		(99,626)	(60,447)	(148,194)	(108,575)
Finance Lease Expenses		(487,422)	(152,373)	(428,869)	(195,489)
Borrowing Costs		(59,658)	(28,423)	(12,094)	(3,193)
Other Expenses		(143,012)	(33,798)	(155,817)	(143,434)
Profit before income tax expense	4	**610,244**	**1,126,415**	**605,319**	**455,824**
Income tax expense	5	(93,514)	(220,195)	(37,520)	(139,669)
Profit after tax from continuing operations		**516,730**	**906,220**	**567,799**	**316,155**
Other comprehensive income:					
- Share of profits pursuant to Share Sale Deed – Peachey's Engineering Group		-	-	(398,613)	-
Total comprehensive income attributable to members of LaserBond Limited		**516,730**	**906,220**	**169,186**	**316,155**

Earnings per share	6	0.0073	0.0026
Diluted earnings per share	6	0.0073	0.0026

These Audited Financial Statements should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30th June 2010

	Note	2010 Consolidated Entity $	2010 Parent Entity $	2009 Consolidated Entity $	2009 Parent Entity $
CURRENT ASSETS					
Cash and cash equivalents	7	421,506	376,740	382,524	244,777
Trade and Other Receivables	8	2,291,878	2,810,112	1,961,045	1,956,627
Inventories	9	1,606,621	961,955	938,573	349,992
Total Current Assets		**4,320,005**	**4,148,807**	**3,282,142**	**2,551,396**
NON-CURRENT ASSETS					
Property, plant and equipment	10	892,916	553,623	665,598	253,035
Deferred tax assets	13	269,085	195,143	319,769	217,657
Investment in Subsidiary	12		3,448,927		3,192,537
Intangible assets	11, 12	3,464,265	14,227	3,228,002	18,979
Total Non-Current Assets		**4,626,266**	**4,211,920**	**4,213,369**	**3,682,208**
TOTAL ASSETS		**8,946,271**	**8,360,727**	**7,495,511**	**6,233,604**
CURRENT LIABILITIES					
Trade and Other Payables	14	1,053,397	708,138	957,002	576,582
Provisions	16	286,994	158,925	396,560	161,599
Interest-bearing liabilities	15, 20	95,645	45,559	59,898	18,390
Current tax liabilities	17	730,873	523,403	428,174	91,912
Total Current Liabilities		**2,166,909**	**1,436,025**	**1,841,634**	**848,483**
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	15, 20	620,595	475,595	180,869	11,669
Provisions	16	216,290	145,065	187,752	116,122
Total Non-Current Liabilities		**836,885**	**620,660**	**368,621**	**127,791**
TOTAL LIABILITIES		**3,003,794**	**2,056,685**	**2,210,255**	**976,274**
NET ASSETS		**5,942,477**	**6,304,042**	**5,285,256**	**5,257,330**
EQUITY					
Issued Capital	18	3,001,655	3,001,655	2,861,164	2,861,164
Retained earnings		2,940,822	3,302,387	2,424,092	2,396,166
TOTAL EQUITY		**5,942,477**	**6,304,042**	**5,285,256**	**5,257,330**

These Audited Financial Statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the Year Ended 30th June 2010

	Note	2010 Consolidated Entity	2010 Parent Entity	2009 Consolidated Entity	2009 Parent Entity
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		10,092,857	5,389,163	7,853,374	5,302,796
Payments to suppliers and employees		(9,907,307)	(4,664,852)	(7,749,177)	(4,638,211)
Interest paid		(59,658)	(28,423)	(12,094)	(3,193)
Interest received		6,104	6,104	115,090	115,114
Income taxes paid		(42,830)	(197,681)	(139,171)	(107,561)
Net cash inflow from operating activities	24	**89,166**	**504,311**	**68,022**	**668,945**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(402,927)	(375,924)	(411,876)	73,847
Tranche 2 Payment for acquisition of subsidiary		(126,901)	(126,899)	(3,192,537)	(3,192,537)
Net cash inflow/(outflow) from investing activities		**(529,828)**	**(502,823)**	**(3,604,413)**	**(3,118,690)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	-	302,020	302,020
Proceeds from issue of Convertible Notes		350,000	350,000		
Payments to lessors		125,472	141,095	107,690	(15,887)
Loans to employees		4,172	4,172	12,103	12,104
Loans to Subsidiaries	8	-	(364,793)	-	(1,100,817)
Dividends paid		-	-	-	-
Net cash inflow/(outflow) from financing activities		**479,644**	**130,474**	**421,813**	**(802,580)**
NET INCREASE/(DECREASE) IN CASH HELD		38,982	131,962	(3,114,578)	(3,252,325)
Net cash at beginning of period		382,524	244,777	3,497,102	3,497,102
NET CASH AT END OF PERIOD	7	**421,506**	**376,740**	**382,524**	**244,777**

These Audited Financial Statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the Year Ended 30th June 2010

	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2008	**2,466,144**	**2,080,012**	**4,546,156**
Profit for the Period		169,186	169,186
Issue of Share Capital	437,167		437,167
Deferred Tax Adjustment – Capitalisation of costs incurred for IPO	(42,147)		(42,147)
Deferred Tax Adjustment – Restatement of 2009 Revenue		(43,587)	(43,587)
Asset Revaluation Reserve –transfer from Peachey's Engineering Pty Ltd		218,481	218,481
Closing Balance at 30th June 2009	**2,861,164**	**2,424,092**	**5,285,256**
Profit for the Period	-	516,730	516,730
Issue of Share Capital	182,638		182,638
Deferred Tax Adjustment – Capitalisation of costs incurred for IPO	(42,147)		(42,147)
Closing Balance at 30th June 2010	**3,001,655**	**2,940,822**	**5,942,477**

These Audited Financial Statements should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of LaserBond Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30th September 2010 as required by the Corporations Act 2001.

This financial report includes the consolidated financial statements and notes of LaserBond Limited and controlled entities.

LaserBond Limited is a company limited by shares, incorporated and domiciled in Australia.

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.

a) Comparative Information

Where necessary, comparative amounts have been reclassified and repositioned for consistency with current year accounting policy and disclosures. Further details on the nature and reason for the amounts that have been reclassified and repositioned for consistency with current year accounting policy and disclosures, where considered material, are referred to separately in the financial statements or notes thereto.

b) Principles of Consolidation

The financial report is prepared by combining the financial statements of all the entities that comprise the consolidated entity, being LaserBond Limited (the parent entity) and it's subsidiaries as defined in Accounting Standard AASB 127 – Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

The Financial Report includes the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the Financial Report, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

c) 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.

d) Revenue Recognition

Revenue is recognised in the following manner:

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

e) 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.

f) 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.

g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

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%

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

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) Issued Capital

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) 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 Australian Taxation Office. 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 Australian Taxation Office 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.

q) 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.

r) 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.

s) 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. Governments grants relating to assets are initially taken to deferred income and then offset against the carrying amount of the asset when construction of the asset has been completed.

t) 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.

	2010		2009	
	Consolidated Entity	**Parent Entity**	**Consolidated Entity**	**Parent Entity**
NOTE 2: REVENUE	**$**	**$**	$	$
From continuing operations				
Sales Revenue				
Sales of Goods	10,421,235	5,888,613	8,941,473	5,435,901

The Revenue and Net Profit results shown on this report for the comparison year to 30th June 2009 differ to our June 2009 financial reports. As detailed in the Director's Report for the half year ending December 2009, this is due the Board of LaserBond Ltd learning of an overstatement of sales and profits for the Queensland operations (Peachey's Engineering Pty Ltd) for the Financial Report to 30th June 2009. The overstatement related to premature invoicing by the local management for work that was not completed until this financial year.

	2010		2009	
	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
NOTE 3: OTHER INCOME	$	$	$	$
Interest Revenue	6,104	6,104	115,090	115,114
Other	13,776	(1,657)	7,891	-
	19,880	4,447	122,971	115,114

NOTE 4: EXPENSES

Profit before Income Tax includes the following specific expenses				
Borrowing Costs:				
Interest Paid	59,658	28,423	12,094	3,193
Depreciation & Amortisation				
- Plant & Equipment	126,808	67,684	86,862	67,308
- Fixtures & Fittings	697	305	320	320
- Office Equipment	23,681	9,282	19,434	12,927
- R&D Equipment	2,005	2,005	3,299	3,299
- Motor Vehicles	10,977	10,039	12,684	12,046
- Leasehold Improvements	25,422	-	19,675	-
- Intangible Assets	20,126	4,752	19,017	8,718
	209,716	94,067	161,291	104,618
Rental Expenses relating to Operating Leases				
- Minimum Lease Payments	487,422	152,373	428,869	195,489
Auditors Remuneration				
- Audit Services – audit and review of Financial Reports	8,387	3,400	39,310	20,900
- Non-Audit Services – Due Diligence and Non-Audit advice	19,554	18,409	25,096	25,096
	27,941	21,809	64,406	45,996

NOTE 5: INCOME TAX

Reconciliation of Income Tax Expense				
Profit before Income Tax expense	610,244	1,126,415	605,319	455,824
Prima Facie Tax at the Australian tax rate of 30% (2009: 30%)	183,073	337,925	181,596	136,767
Less 20% Write Off of Deferred Tax Asset from Capitalised IPO Costs *(See Note 5a)*	(42,147)	(42,147)	(42,147)	(42,147)
Less Deferred Tax Asset adjustments for Employee Entitlements and Expense Provisions	8,538	(19,633)	(92,073)	10,039
Less Adjustment to Prior Year Income Tax Provisions	(55,950)	(55,950)	(9,856)	35,010
Total Income Tax Expense:	93,514	220,195	37,520	139,669

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 third of the five (5) tax adjustments.

NOTE 6: EARNINGS PER SHARE

	2010	2009
Basic earnings per share	$0.0073	$0.0026
Diluted earnings per share	$0.0073	$0.0026

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 2009	68,833,734	68,833,734
Shares issued as at 1st July 2009	250,000	249,315
Shares issued as at 23rd December 2009	99,990	51,776
Shares issued as at 23rd January 2010	1,610,010	696,936
Shares issued as at 11th February 2010	250,000	95,205
Closing Balance as at 30th June 2010	71,043,734	69,926,966

NOTE 7: CASH AND CASH EQUIVALENTS

	2010 Consolidated Entity	2010 Parent Entity	2009 Consolidated Entity	2009 Parent Entity
	$	$	$	$
Cash on Hand	1,200	700	1,107	700
Cash at Bank	420,306	376,040	381,417	244,077
	421,506	376,740	382,524	244,777

NOTE 8: TRADE AND OTHER RECEIVABLES

	2010 Consolidated Entity	2010 Parent Entity	2009 Consolidated Entity	2009 Parent Entity
Trade Receivables	2,098,831	1,205,026	1,756,676	707,233
Loans – Key Management Personnel	63,384	63,308	67,356	67,356
Loans - Subsidiaries	-	1,465,609	-	1,100,817
Other Receivables	129,663	76,169	137,013	81,221
	2,291,878	2,810,112	1,961,045	1,956,627

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

			Past due but not impaired (days overdue)				
Consolidated Entity	Gross Amount $000	Past due and impaired $000	<30 $000	31-60 $000	61-90 $000	>90 $000	Within initial trade terms $000
2010							
Trade and term receivables	2,292	-	1,428	790	34	40	2,218
Other receivables	61	-	61	-	-	-	61
	2,353	-	1,489	790	34	40	2,279
2009							
Trade and term receivables	1,961	-	1,144	573	155	89	1,717
Other receivables	61	-	61	-	-	-	61
	2,022	-	1,205	573	155	89	1,778

Parent Entity	Gross Amount $000	Past due and impaired $000	Past due but not impaired (days overdue) <30 $000	31-60 $000	61-90 $000	>90 $000	Within initial trade terms $000
2010							
Trade and term receivables	1,205	-	700	441	34	30	1,141
Other receivables	61	-	61	-	-	-	61
		-					
2009							
Trade and term receivables	707	-	353	216	72	66	569
Other receivables	61	-	61	-	-	-	61
	768	-	414	216	72	66	630

NOTE 9: INVENTORIES	2010 Consolidated Entity $	2010 Parent Entity $	2009 Consolidated Entity $	2009 Parent Entity $
Stock on Hand – Raw Materials	507,425	389,614	393,974	274,873
Stock on Hand – Finished Goods	703,630	479,455	179,575	19,587
Work in Progress	395,566	95,886	365,024	55,531
	1,606,621	961,955	938,573	349,991

NOTE 10: PROPERTY, PLANT & EQUIPMENT

The values for Plant & Equipment, Office Equipment, etc for both the Parent and Consolidated Entity include $205,570 in relation to progressive costs for the construction of our new LaserBond™ cladding equipment. This equipment is being subsidised under our Re-tooling for Climate Change Grant, with the progressive receipts from the grant applied as deferred revenue under Trade and Other Payables on the Balance Sheet (see Note 14)

Plant & Equipment, Office Equipment, etc				
At Cost	1,466,178	1,083,068	1,150,180	696,822
Less Accumulated Depreciation	(636,744)	(573,976)	(545,421)	(499,685)
	829,434	509,092	604,759	197,137
Motor Vehicles				
At Cost	140,931	120,404	125,306	119,726
Less Accumulated Depreciation	(80,720)	(79,144)	(69,744)	(69,105)
	60,211	41,260	55,562	50,621
Research & Development Equipment				
At Cost	24,027	24,027	24,027	24,027
Less Accumulated Depreciation	(20,756)	(20,756)	(18,750)	(18,750)
	3,271	3,271	5,277	5,277
TOTAL PLANT & EQUIPMENT	892,916	553,623	665,598	253,035

(a) Movements in Carrying Amounts

	Plant & Equipment, Office Equipment, etc	Motor Vehicles	Research & Development Equipment	Total
Consolidated Entity				
2010 Financial Year	$	$	$	$
Balance at the beginning of the year	604,759	55,562	5,277	665,598
Additions	423,759	15,625	-	439,384
Net Disposals	(2,350)	-	-	(2,350)
Depreciation Expense	(196,734)	(10,976)	(2,006)	(209,716)
Carrying Amount at the end of the year	829,434	60,211	3,271	892,916
2009 Financial Year	$	$	$	$
Balance at the beginning of the year	243,300	62,213	8,575	314,088
Additions	293,865	454	-	294,319
Additions from Acquisitions	212,902	5,580	-	218,482
Net Disposals	-	-	-	-
Depreciation Expense	(145,308)	(12,685)	(3,298)	(161,291)
Carrying Amount at the end of the year	604,759	55,562	5,277	665,598
Parent Entity				
2010 Financial Year	$	$	$	$
Balance at the beginning of the year	197,137	50,621	5,277	253,035
Additions	396,327	678	-	397,005
Net Disposals	(2,350)	-	-	(2,350)
Depreciation Expense	(82,022)	(10,039)	(2,006)	(94,067)
Carrying Amount at the end of the year	509,092	41,260	3,271	553,623
2009 Financial Year				
Balance at the beginning of the year	243,300	62,213	8,575	314,088
Additions	43,110	455	-	43,565
Net Disposals	-	-	-	-
Depreciation Expense	(89,273)	(12,047)	(3,298)	(104,618)
Carrying Amount at the end of the year	197,137	50,621	5,277	253,035

NOTE 11: INTANGIBLES

Consolidated Entity	Goodwill $	Patents and Trademarks $	Other Intangible Assets $
2010 Financial Year			
Balance at the beginning of the year	3,192,537	11,111	24,354
Additions	256,389	-	-
Disposals	-	-	-
Amortisation Expense	-	(833)	(19,293)
Net Book Amount at 30th June 2010	3,448,926	10,278	5,061
2009 Financial Year	$	$	$
Cost at the beginning of the year	3,192,537	12,012	15,686
Additions	-	-	50,633
Disposals	-	-	-
Accumulated Expense	-	(901)	(41,965)
Net Book Amount at 30th June 2009	3,192,537	11,111	24,354

Parent Entity	$	$	$
2010 Financial Year			
Balance at the beginning of the year	-	11,111	7,868
Additions	-	-	-
Disposals	-	-	-
Amortisation Expense	-	(833)	(3,919)
Net Book Amount at 30th June 2010	-	10,278	3,949
2009 Financial Year	$	$	$
Cost at the beginning of the year	-	12,012	15,686
Additions	-	-	-
Disposals	-	-	-
Amortisation Expense	-	(901)	(7,818)
Net Book Amount at 30th June 2009	-	11,111	7,868

NOTE 12: GOODWILL IN CONSIDERATION

For the purchase of Peachey's Engineering Pty Ltd, made up of the following:

Initial Purchase Costs made up of the following:	
Cash Payment	2,500,000
Scrip Payment – 3,333,334 shares	366,667
Broker Commission	55,000
Due Diligence and Audit / Review Costs	75,035
Miscellaneous Purchase Costs	4,812
	3,001,514
Tranche Two 08-09 Earn Out costs made up of the following:	
Cash Payment	298,275
Scrip Payment – 1,610,010 shares	149,138
	447,413
	3,448,927

Note 12 a) An Impairment Test shows the present value of Cash Flows is in excess of the Goodwill carrying amount. No impairment is required as at 30 June 10. The principal assumptions for the Impairment test are annual growth rates of between 8% and 10% and an average discount rate of 15%.

NOTE 13: DEFERRED TAX ASSETS

	2010		2009	
	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
Deferred tax assets comprise temporary differences attributable to:	$	$	$	$
Employee Benefits	154,468	91,197	180,520	83,316
Expense Accruals	30,321	19,650	12,806	7,898
Capitalised IPO Costs	84,296	84,296	126,443	126,443
	269,085	195,143	319,769	217,657

NOTE 14: TRADE AND OTHER PAYABLES

Trade Payables	672,368	343,062	671,978	328,823
Deferred Revenue – Re-tooling for Climate Change Grant	250,000	250,000	-	-
Other Payables	131,029	115,076	285,024	247,759
	1,053,397	708,138	957,002	576,582

The group has not received any other form of government assistance. There are no unfulfilled conditions or contingencies attaching to the government assistance that has been recognised.

NOTE 15: BORROWINGS

CURRENT				
Hire Purchase Liabilities	95,645	45,559	59,898	18,390
NON-CURRENT				
Hire Purchase Liabilities	270,595	125,595	180,869	11,669
Convertible Notes	350,000	350,000	-	-
	270,595	475,595	180,869	11,669

Unsecured convertible notes were issued with a face value of $350,000 to provide additional working capital for the group. The repayment date of the notes is 30 June 2012 convertible into ordinary fully paid shares at an issue price determined as the lesser of either 15 cents per share or the price that is 85% of the average market price of the company's ordinary fully paid shares over the last 5 days on which sales were recorded before the date of conversion and issue.

Shares issued upon conversion of any note will carry standard rights applicable to quoted ordinary shares in the company and will, from the date of issue, rank equally with fully paid ordinary shares currently on issue.

Interest is payable quarterly in arrears at 9.5% per annum.

The notes shall not provide for any voting rights at shareholder meetings of the company.

Unless converted during the term, the notes will be repaid at the repayment date at the face value of the notes.

These notes are unsecured and the note holders rank equally with all other unsecured creditors of the company.

NOTE 16 : PROVISIONS

CURRENT				
Employee Benefits	286,994	158,925	396,560	161,599
NON-CURRENT				
Employee Benefits	216,290	145,065	187,752	116,122

NOTE 17: STATUTORY LIABILITIES	2010 Consolidated Entity	2010 Parent Entity	2009 Consolidated Entity	2009 Parent Entity
	$	$	$	$
CURRENT				
Income Tax	38,812	193,663	172,248	1,271
BAS Statement (GST & PAYG Withheld)	592,328	267,288	178,271	36,189
Payroll Tax	(891)	8,652	16,348	8,144
Fringe Benefits Tax	16,800	1,201	25,242	10,243
Superannuation	83,824	52,599	36,065	36,065
	730,873	523,403	428,174	91,912

Note 17 a) in regards to the evident increase in statutory liabilities, over the last six (6) months of the financial year, during our Gladstone division's main loss making period, it was considered beneficial to conserve cash to arrange payment arrangements with the Australian Tax Office for both our Ingleburn and Gladstone divisions.

As at the date of this report both divisions are up to date with current statutory payments, Ingleburn has finalised its payment arrangement with the ATO and Gladstone's ATO payment arrangement will continue until September 2011.

NOTE 18: CONTRIBUTED EQUITY

	2010 Consolidated Entity	2010 Parent Entity	2009 Consolidated Entity	2009 Parent Entity
Issued and Paid Up Capital	3,001,655	3,001,655	2,861,164	2,861,164
Reconciliation of Issued and Paid Up Capital				
68,833,734 Existing Shares	2,861,164	2,861,164	2,466,144	2,466,144
2,210,000 Issued Shares	182,638	182,638	437,167	437,167
Deferred Tax Asset from Capitalised IPO Costs	(42,147)	(42,147)	(42,147)	(42,147)
	3,001,655	3,001,655	2,861,164	2,861,164

(a) Ordinary Shares	2010 No.	2009 No.
Reconciliation of Movement in Shares		
Issued Shares at beginning of Year	68,833,734	65,000,400
Shares Issued during Year	2,210,000	3,833,334
Issued Shares at end of year	71,043,734	68,833,734

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

(b) 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 19 : CAPITAL AND LEASING COMMITMENTS

(a) Hire Purchase Commitments	2010 Consolidated Entity	2010 Parent Entity	2009 Consolidated Entity	2009 Parent Entity
	$	$	$	$
Payable:				
Within one (1) year	95,645	45,559	59,899	18,390
Later than one (1) year but not later than five (5) years	368,001	180,486	237,742	13,123
Minimum Hire Purchase payments:	463,646	226,045	297,641	31,513

(a) Hire Purchase Commitments (cont'd)	2010 Consolidated Entity	2010 Parent Entity	2009 Consolidated Entity	2009 Parent Entity
	$	$	$	$
Less future finance charges	(97,406)	(54,891)	(56,874)	(1,454)
Total Hire Purchase Liability	366,240	171,154	240,767	30,059

The company's Hire Purchase commitments are in relation to Plant & Equipment and Motor Vehicles essential to the operations of the business. These are under Hire Purchase agreements expiring within 1 to 5 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

	2010 Consolidated Entity	2010 Parent Entity	2009 Consolidated Entity	2009 Parent Entity
Payable:				
Within one (1) year	465,358	155,562	199,659	158,151
Later than one (1) year but not later than five (5) years	1,018,942	344,000	1,259,265	461,780
	1,484,300	499,562	1,458,924	619,931

(c) Property Lease

The company has the following property leases:

	Expiry
28 York Road Ingleburn NSW 2565	June 2008
Unit 4, 26 York Road, Ingleburn NSW 2565	Jul 2011
10 Blain Drive, Gladstone QLD 4680	Nov 2013
5 George Mamalis Place, Gladstone QLD 4680	Feb 2014

Payable:	
Within one (1) year	448,700
Later than one (1) year but not later than five (5) years	1,530,517

The 28 York Road, Ingleburn premises Property Lease as noted expired June 2008 and has not been renewed. The plans are for the Ingleburn division to be move to larger premises allowing approximately twice the production space, thus increasing capacity at Ingleburn. It is expected for this expansion to occur within the next 12 months. This property lease is a related party transaction – refer to Note 22: Related Party Transactions. The Unit 4, 26 York Road Ingleburn lease is temporary until the move to larger premises occurs.

NOTE 20: CONTINGENT LIABILITIES

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

NOTE 21: 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.

	2010	2009
Property Lease		
Rent Paid	92,796	92,796

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

	2010	2009
Loans – Related Parties		
Director Loan	60,500	60,500
Employee Loans	2,324	6,496
Employee Personal Expenses	560	360
	63,384	67,356

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 two (2) employees.

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 22: 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 and Greg Hooper, all current Executive Directors. Tim McCauley acted as Chief Executive Officer until his resignation in January 2010. Mr McCauley remains a Non-Executive Director and Chairman of the Board.

(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
2010 Financial Year	$	$	
Wayne Hooper	96,775	26,731	-
Greg Hooper	189,381	16,826	-
Tim McCauley	116,943	9,375	-
	403,099	52,932	-
2009 Financial Year			
Wayne Hooper	96,508	40,617	-
Greg Hooper	181,938	16,200	-
Tim McCauley	126,077	13,125	-
	404,523	69,942	-

(c) Options Held

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

	Opening Balance as at 30th June 2009	Exercised	Closing Balance as at 30th June 2010
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

	Interest	Shares Held as at 30th June 2009	Issued	Purchased / (Sold)	Shares Held as at 30th June 2010
Wayne Hooper	Direct	7,728,395	-	-	7,728,395
Wayne Hooper	In-Direct	100,000	-	143,213	243,213
Greg Hooper	Direct	8,000,064	-	-	8,000,064
Timothy McCauley	In -Direct	750,000	250,000	(79,000)	921,000
		16,578,459	250,000	64,213	16,892,672

NOTE 23: DIVIDENDS	**2010**	**2009**
	$	**$**
Interim dividends paid – fully franked on tax paid at 30%	-	-

Franked Dividends

The franked portions of any final dividends recommended and paid after 30th June 2010 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 2010.

Franking credits available for subsequent financial years based on a tax rate of 30% (2009 – 30%)	1,294,331	956,406

NOTE 24: CASH FLOW INFORMATION	**2010**		**2009**	
	Consolidated Entity	**Parent Entity**	**Consolidated Entity**	**Parent Entity**
	$	**$**	$	$
Reconciliation of profit after income tax to net cash flows from operating activities				
Profit after Income Tax for the year	516,730	906,220	567,799	316,155
Non-cash flows in operating surplus				
Depreciation & Amortisation	209,716	91,087	52,598	(4,074)
Changes in assets and liabilities				
(Increase) / Decrease in trade debtors	(342,155)	(497,793)	(1,182,577)	(133,134)
(Increase) / Decrease in other debtors	7,150	4,929	(53,310)	2,480
(Increase) / Decrease in inventories	(668,049)	(611,963)	(758,066)	(169,485)
(Increase) / Decrease in deferred tax assets	50,684	22,514	(70,004)	32,108
Increase / (Decrease) in trade creditors and accruals / current provisions	(16,148)	128,882	1,061,162	538,780
Increase / (Decrease) in statutory liabilities	302,698	431,491	354,462	61,787
Increase / (Decrease) in non-current provisions	28,538	28,943	95,958	24,328
Increase / (Decrease) in deferred tax liabilities	-	-	-	-
Net cash provided by operating activities	89,166	504,311	68,022	668,945

NOTE 25: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Board of Directors monitors and manages financial risk exposures of the Group. The Board reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, financing risk and interest rate risk.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance, including the review of credit risk policies and future cash flow requirements.

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 reviewed to minimise the potential impacts of these risks on the results of the company.

a) Interest rate risk

30th June 2010	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate 1 to 5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	4.0	333,813	-	-	86,493	420,306
Trade and other receivables		-	-	-	2,270,877	2,270,877
Total financial assets		333,813	-	-	2,358,570	2,692,383
Financial Liabilities						
Trade and other payables		-	-	-	1,053,397	1,053,397
Borrowings	8.0	-	95,645	270,595	-	366,240
Total financial liabilities		-	95,645	270,595	1,053,397	1,419,637

30th June 2009	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate 1 to 5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
Financial Assets:						
Cash on Hand		-	-	-	1,107	1,107
Cash at Bank	4.0	217,829	-	-	164,695	381,417
Trade and other receivables		-	-	-	1,961,045	1,961,045
Total financial assets		217,829	-	-	2,126,847	2,343,569
Financial Liabilities						
Trade and other payables		-	-	-	1,162,539	1,162,539
Borrowings	7.0	-	59,898	180,869	-	240,767
Total financial liabilities		-	59,898	180,869	1,162,539	1,403,306

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 2010 held a quantity of cash on hand in an Interest Bearing bank account. At 30th June 2010, 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:

	2010 $	2009 $
Change in profit		
- Increase in interest rate by 2%	$6,676	$4,357
- Decrease in interest rate by 2%	($6,676)	($4,357)
Change in equity		
- Increase in interest rate by 2%	$6,676	$4,357
- Decrease in interest rate by 2%	($6,676)	($4,357)

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 2010, 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:

	2010 $	2009 $
Change in profit		
- Improvement in AUD to International currencies by 5%	($11,476)	($23,993)
- Decline in AUD to International currencies by 5%	$11,476	$23,993
Change in equity		
- Improvement in AUD to International currencies by 5%	($11,476)	($23,993)
- Decline in AUD to International currencies by 5%	$11,476	$23,993

NOTE 26: CONTROLLED ENTITIES

Subsidiaries of LaserBond Limited

	Country of Incorporation	Percentage Owned	
		2010	2009
Peachey's Engineering Pty Ltd	Aust	100	100
Canedice Investments Pty Ltd	Aust	100	100
LaserBond (Qld) Pty Ltd	Aust	100	100

NOTE 27: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters to report subsequent to the end of the financial year

NOTE 28: SEGMENT REPORTING

The company operates entirely within Australia.

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of geographic locations.

	LaserBond Limited (Sydney, NSW)			Peachey's Engineering Pty Ltd (Gladstone, Qld)			Consolidated	
	2010	2009		2010	2009		2010	2009
Revenue	5,888,613	5,435,901		4,532,622	3,505,572		10,421,235	8,941,473
Profit Before Income Tax	1,126,415	455,824		(516,171)	149,495		610,244	605,319
Profit after Income Tax	906,220	316,155		(389,490)	(146,969)		516,730	169,186
Assets	8,360,727	6,233,604		2,051,153	2,362,724		8,946,271	7,495,511
Liabilities	2,056,685	976.274		2,412,718	2,334,498		3,003,794	2,210,255

NOTE 29: COMPANY DETAILS

Registered Office and Principal Place of Business:

LaserBond Ltd

28 York Road
INGLEBURN NSW 2565
Phone: 02 9829 3815
Fax: 02 9829 2417
www.laserbond.com.au

Subsidiaries:

Peachey's Engineering Pty Ltd

- Machine Shop

10 Blain Drive
GLADSTONE QLD 4680
Phone: 07 4972 5422
Fax: 07 4972 5411

- Fabrication Shop

5 George Mamalis Place
GLADSTONE QLD 4680
Phone / Fax: 07 4972 7608

Share Registry:

Registries Limited

Level 7, 207 Kent Street
SYDNEY NSW 2000
Phone: 1300 737 760
www.registries.com.au

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 21 to 38 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 2010 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.

Director	Director
Wayne Hooper	Greg Hooper

Dated this 30th September 2009

robertnielsonpartners
ABN 24 216 690 404
chartered accountant
business advisors

rnp

Level 7 280 George Street
Sydney NSW 2000 Australia
Box R176 Royal Exchange
NSW 1225 Australia
T 61 2 9235 0299
F 61 2 9222 1065
E enq@robertnielsonpartners.com.au

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF LASERBOND LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report comprising the statement of comprehensive income, the statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Laserbond Limited (the company) and Laserbond Limited and its Controlled Entities (the consolidated entity) for the year ended 30 June 2010. The consolidated entity comprises both the company and the entities it controlled at the year's end or from time to time during the financial year.

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 and its controlled entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2010 and of their 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.

Report on Remuneration Report

We have audited the Remuneration Report included on page 5 of the report of the directors for the year ended 30 June 2010. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

In our opinion the Remuneration Report of Laserbond Limited for the year ended 30 June 2010, complies with s 300A of the *Corporations Act 2001*.

Robert Nielson Partners

Robert Nielson **Date** 30 September 2010

Shareholder Information

1. Substantial Shareholders at 16th September 2010

Holder Laserbond Limited	Number of Ordinary Fully Paid Shares Held	%
Mr Gregory John Hooper	8,000,064	11.261
Ms Diane Constance Hooper	7,728,395	10.878
Mr Wayne Edward Hooper	7,728,395	10.878
Ms Lillian Hooper	7,712,395	10.856
Mr Rex Hooper	7,708,395	10.850

2. Distribution of Shareholders as at 16th September 2010

Holdings Ranges	Holders	Total Units	%
1-1,000	5	474	0.001
1,001-5,000	45	178,107	0.251
5,001-10,000	136	1,260,400	1.774
10,001-100,000	292	10,912,856	15.361
100,001-9,999,999,999	65	58,691,897	82.614
Totals	**543**	**71,043,734**	**100.000**
Holdings less than a marketable parcel	75	344,291	0.485

3. Twenty Largest Shareholders as at 16th September 2010

Holder Laserbond Limited	Number of Ordinary Fully Paid Shares Held	%
Mr Gregory John Hooper	8,000,064	11.261
Ms Diane Constance Hooper	7,728,395	10.878
Mr Wayne Edward Hooper	7,728,395	10.878
Ms Lillian Hooper	7,712,395	10.856
Mr Rex Hooper	7,708,395	10.850
Ms Loretta Mary Peachey	3,276,677	4.612
Mr Wayne Kelvin Peachey	1,666,667	2.346
Wantune Pty Ltd (Trumbull Super Fund A/C)	1,500,000	2.111
Mr Antony Philip Plunkett	1,008,575	1.420
Alliance Business Group Pty Ltd (McCauley Super Fund A/C)	921,000	1.296
Mr Keith Knowles	700,000	0.985
Mrs Edna Knowles	630,517	0.888
Mr Simon William Tritton (Investment A/C)	400,000	0.563
ABN Amro Clearing Sydney Nominees Pty Ltd (Custodian A/C)	371,873	0.523
Mr Nicholas Eaton Crocker Barham	360,000	0.507
Carmant Pty Ltd (Carmant Super Fund A/C)	360,000	0.507
Mr Oscar Joseph Horky	331,000	0.466
Mr Andy Chong Chi Fei	300,000	0.422
Mr Richard Moye	288,000	0.405
Mr Donald Fam	282,833	0.398
Totals for Top 20	51,274,786	72.174
Security Totals	**71,043,734**	

LASER BOND®

EXTENDING MACHINERY LIFE WITH
ADVANCED SURFACE ENGINEERING

2002 WINNER
INNOVATION
Western Sydney Industry Awards

ISO 9001 : 2000
REGISTERED FIRM

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LaserBond Limited

28 York Road
Ingleburn NSW 2565 Australia

LaserBond Limited
PO Box 597
Ingleburn NSW 1890 Australia

Telephone	02 9829 3815
International	+612 9829 3815
Fax	02 9829 2417
International	+612 9829 2417
Email	info@laserbond.com.au

LaserBond Qld Pty Ltd

10 Blain Drive, PO Box 1057
Gladstone QLD 4680

Fabrication Shop
5 George Mamalis Place
Gladstone, QLD 4680

Telephone	07 4972 4522
International	+617 4972 4522
Fax	07 4972 5411
International	+617 4972 5411
Email	info@laserbond.com.au

www.laserbond.com.au