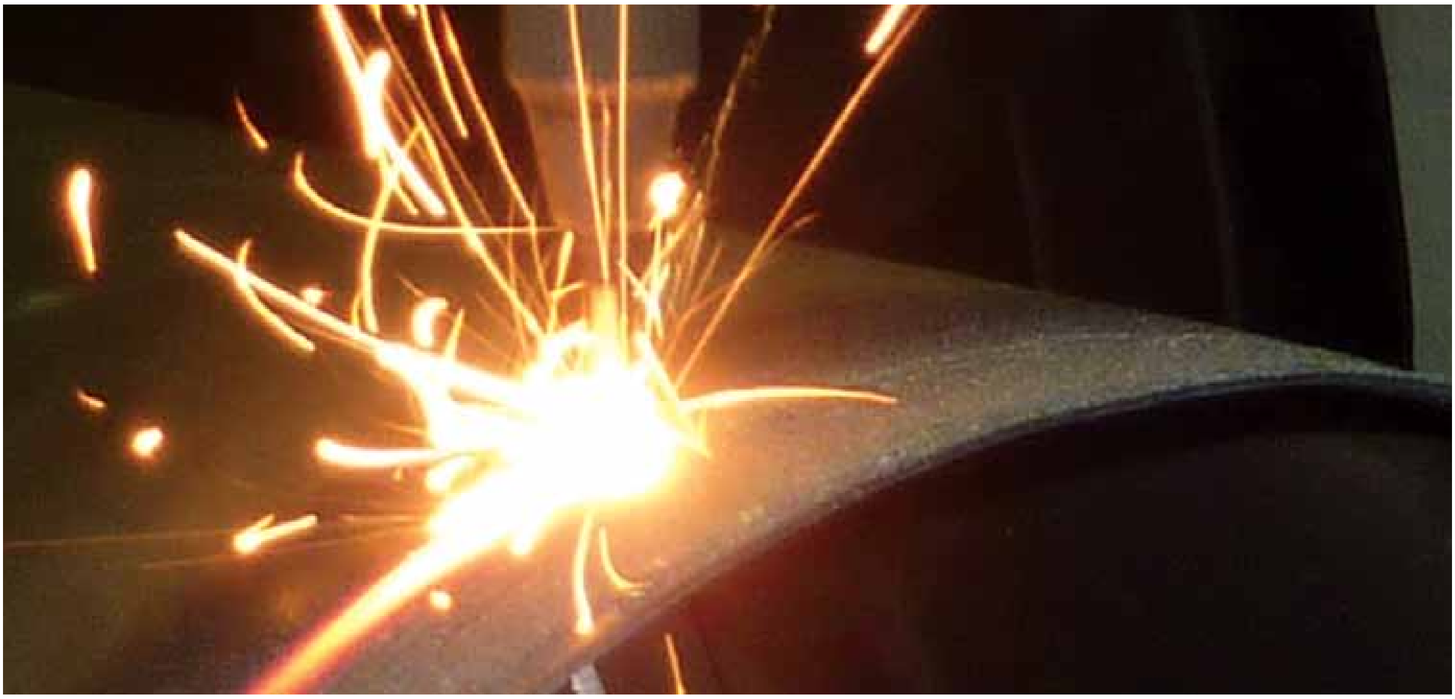
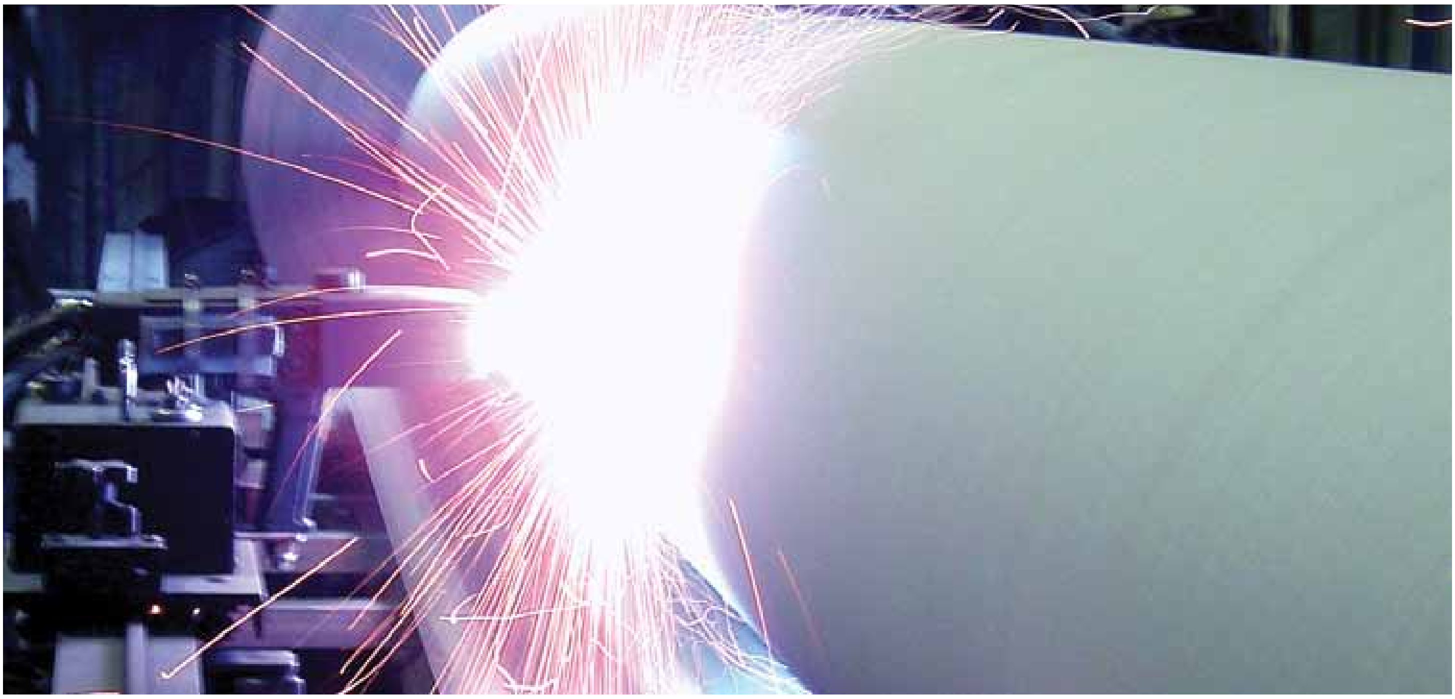
Shareholder's Annual Report

LaserBond Limited

ABN 24 057 636 692

For year ended 30th June 2012

All comparisons to year ended 30th June 2011

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About LaserBond Ltd

LaserBond® is a long established innovative company that has developed and implemented advanced surface engineering techniques to dramatically reduce the maintenance and operating costs of industrial customers. It operates from sites in Sydney NSW and Gladstone Qld. LaserBond specialises in the manufacture and reclamation of components and assemblies for a broad range of capital intensive industries, often for critical applications that require optimised surface properties.

LaserBond commenced trading as HVOF Australia in early 1993 with a vision of reducing maintenance costs and extending machinery life across a range of industries through the adoption of leading edge technologies. The formation of the company coincided with a significant technology development in thermal spraying known as High Pressure High Velocity Oxy Fuel (HP HVOF). HP HVOF considerably increased the quality and performance of thermally sprayed coatings and, as a consequence, greatly broadened the range of potential coating applications. By initially concentrating on these new applications and supporting their development with an extensive in-house metallographic laboratory, the Company quickly established itself as a technical leader in the thermal spray market. In 2001, after significant research, **LaserBond** commissioned it's first laser cladding system, to further broaden it's capabilities, and to provide it's customers with access to coatings and overlays with a full metallurgical bond. This technology permits the deposition of precision layers of material, with minimal heat input, and no unfavorable metallurgical side effects.

This portfolio of technologies allows **LaserBond** to reclaim almost any industrial component, often improving its inherent properties. Alternatively LaserBond manufactures new components, incorporating surface enhancing technologies where appropriate to dramatically increase the service life.

LaserBond (Qld) was established in 1981 as Peacheys Engineering and purchased by LaserBond in November 2008. The Queensland operations provide manufacturing and breakdown services to the industrial and mining hub of the Central Queensland region. The continuous growth of the business has broadened the range of services offered to include a full machine shop able to handle large and small quantity production at the highest possible quality and accuracy. A custom designed fabrication facility further diversifies the company's position, capacity and capability, with the additional space and infrastructure increasing the flexibility to take on large scale fabrication, assembly and disassembly work. A complete portfolio of LaserBond's surfacing technologies has been added, duplicating the capability that exists in Sydney and providing these highly specialised technologies to existing and new clients in this rapidly growing industrial market.

Reclamation and Surface Engineering

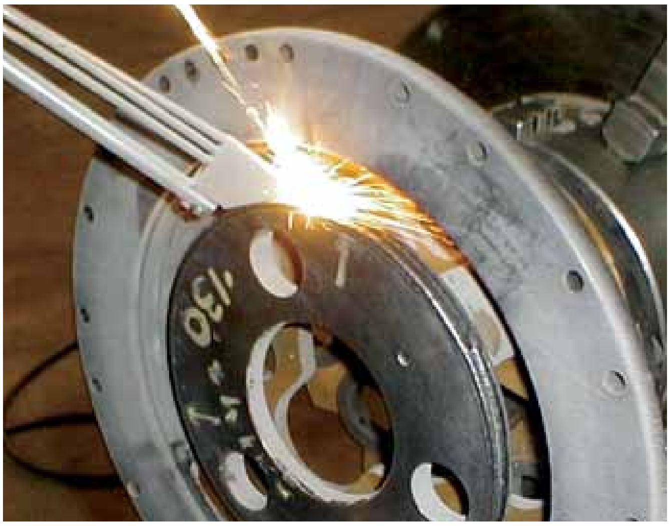
The low carbon alternative

LaserBond can reclaim fatigued and worn industrial parts at a fraction of the cost of a replacement part, whilst improving resistance to wear and corrosion, increasing reliability and service life. New components and replacement parts can also be surface engineered to provide extended service life in a range of challenging environments and applications.

With a price being placed on carbon emissions, the abilities of LaserBond to increase the service life of industrial components provide significant opportunities. The steel industry estimates that around 30GJ of energy is required to produce one tonne of steel. Through utilisation of its surfacing technologies, LaserBond can dramatically extend the useful life of wearing industrial components without the need for replacement. A component originally manufactured from 1 tonne of steel may typically be reclaimed and placed back into service with only 1GJ of energy consumed, thereby dramatically reducing total carbon emissions.

Some of the industries we serve include:

- mining equipment
- slurry pumps
- valves and fluid handling
- alumina refining
- aluminium smelting
- natural gas extraction and processing
- steel making & processing
- oilfield drilling and exploration
- paper making & conversion
- timber and chipboard
- materials screening and handling
- road and rail equipment
- power generation
- water and waste water treatment
- aluminium manufacture and rolling
- printing and packaging
- plastic and film manufacturing
- blades and toolmaking
- glass manufacturing
- automotive and motorsport
- concrete and building products
- aerospace and gas turbines
- food production and processing
- merchant and defence marine
- chrome plate alternatives
- agriculture



LaserBond®

The **LaserBond**® process produces deposits with a full metallurgical bond utilising a precisely focused laser beam, providing infinite control of the energy and heat transfer to the base material. Temperature sensitive components and materials, such as hardened shafts, gears etc, can be repaired with minimal risk of distortion or other undesirable heat effects.

The metallurgical bond allows **LaserBond**® applied layers to be used in high impact, heavily loaded situations with no risk of spalling or separation of the overlay. The infinite controllability of the laser energy allows minimisation of undesirable thermal decomposition of hard phases such as carbides, resulting in optimum wear resistance.

Due to the extremely low dilution with the substrate, thin layers of high performance corrosion and wear resistant materials can be applied. High performance layers from 0.3mm are possible. Thick overlays for significant repairs of up to 20mm can also be applied in multiple passes. Heat affected zones are minimised and the stress related cracking inherent in welded or PTA applied hard facing is generally eliminated.

Standard **LaserBond**® overlay options include Tungsten Carbide, Stainless Steels, Nickel alloys such as Inconel, and Cobalt alloys such as Stellite[1]. Other materials can be applied on request.

Thermal Spraying

Thermal Spraying processes produce high performance surfaces with a mechanical bond There is absolutely no risk of distortion or metallurgical changes as component temperatures are kept low, generally below 200ºC.

HP HVOF

The High Pressure High Velocity Oxy-Fuel process applies coating material at supersonic velocities, resulting in surfaces of the highest possible quality and performance. HP HVOF coatings are very dense, very well bonded, and free of the oxides and tensile stresses typically found in coatings produced with other thermal spray processes. Consequently, they perform better in most service environments.

HP HVOF wear resistant coatings are being adopted globally as an environmentally friendly, and technically superior, alternative to Chrome plating on components such as aircraft landing gear.

Surfaces combining resistance to corrosion and wear are also routinely applied by HP HVOF.

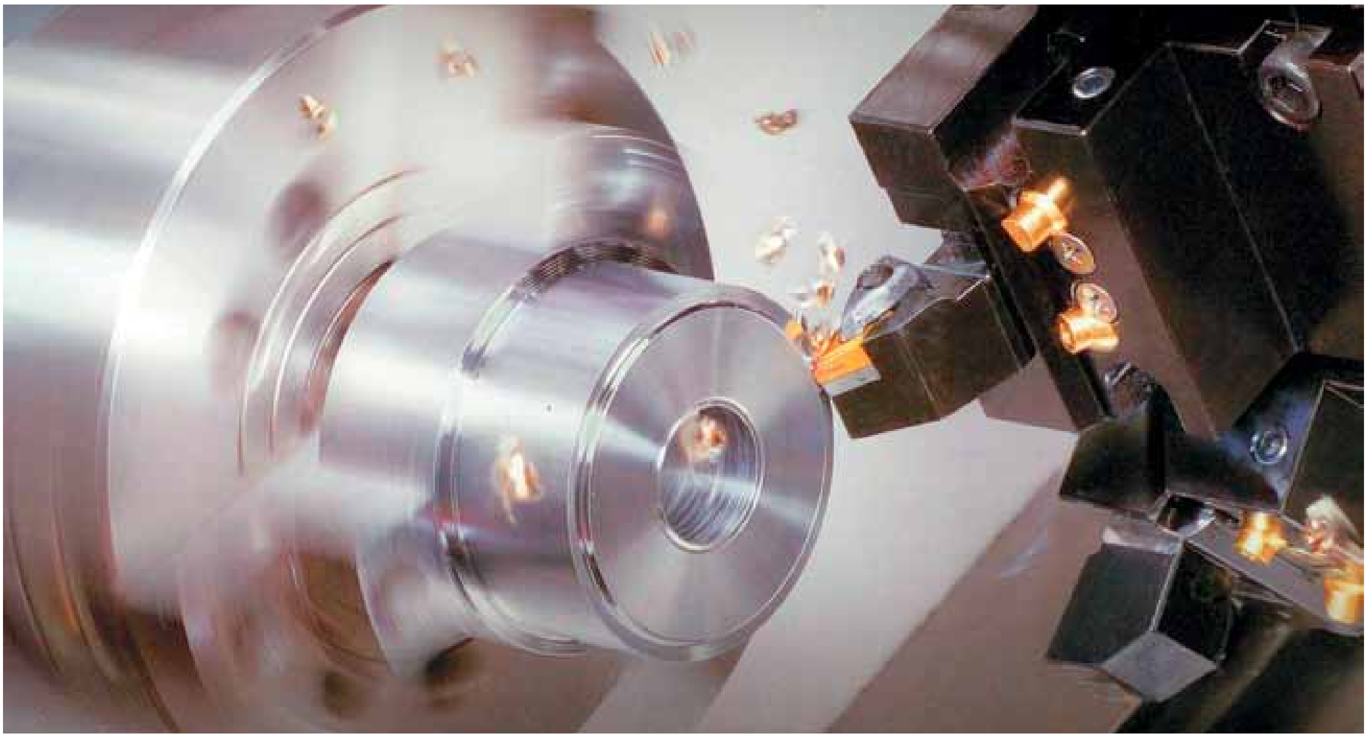
LaserBond approved HP HVOF coatings include Tungsten Carbide, Chrome Carbide, Nickel based alloys (e.g. Inconel 625 and 718), Cobalt alloys such as Stellite[1], stainless steels and copper based alloys.

Plasma Spray

Plasma thermal spray is used to apply higher melting point materials such as ceramics. Applications include high temperature thermal barrier coatings and wear resistant coatings where thermal and electrical resistance are also desired. **LaserBond** approved Plasma coatings include Chrome Oxide, Zirconia, Aluminium Oxide and several other ceramic blends.

Other Thermal Spray Systems

For economical dimensional restoration, Arc Wire and Combustion metal spraying systems are used as appropriate to meet the technical and economic needs of specific applications. The most commonly applied materials include stainless and carbon steels, nickel alloys, bronzes and copper. This technology can also be used to apply coatings for resistance to corrosion (zinc/aluminium) and hard, rough coatings for traction applications.



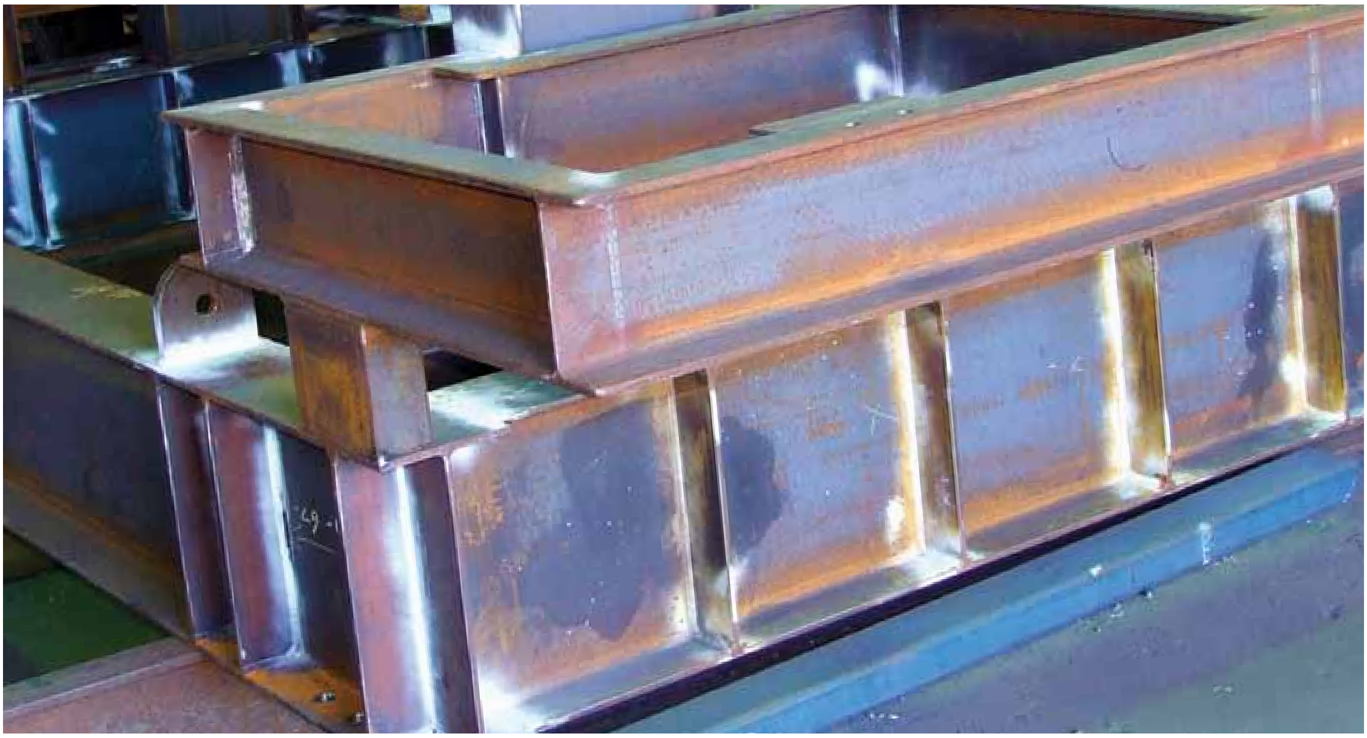
Machine Shops

A comprehensive range of modern large capacity CNC Lathes, Mills and Borers, in addition to a variety of conventional manual lathes, mills and borers, cylindrical, surface and internal grinders etc are installed in both the NSW and Qld facilities. These are used to manufacture new components (from one offs to large batches) in a wide range of sizes, weights and geometries. Additionally, this equipment is utilised to restore and reclaim worn and damaged components to precise tolerances and required surface finishes.

A full capacity and capabilities list is available on our website.

Grinding and Superfinishing

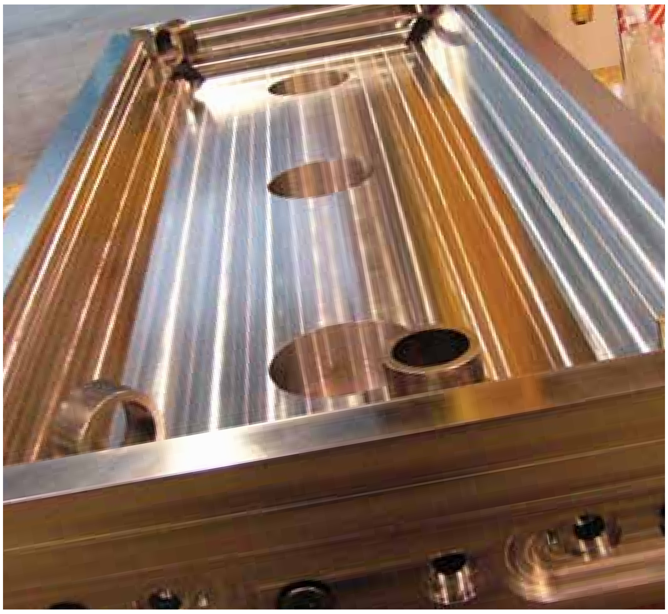
Using semi-automated and manual equipment in conjunction with precision ceramic and diamond abrasives, we can finish any coating or component materials to the highest specifications, including mirror finishes. Typical applications processed include hydraulic rods and material processing rolls.

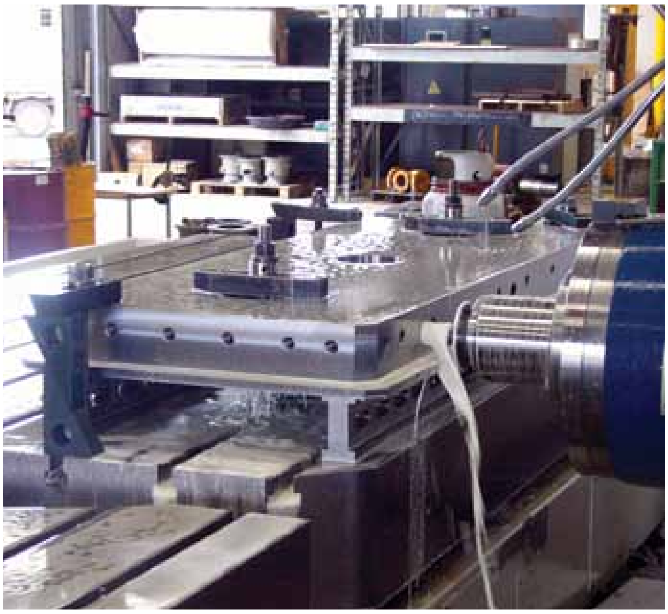


Fabrication (Qld)

A large custom designed fabrication facility provides the capability and capacity for fabrication projects, supported by upgraded welding (GMAW, GTAW & MMAW) equipment, heavy duty positioners and twin 20Tonne overhead crane capacity.

A range of materials can be fabricated including mild and stainless steel, in addition to aluminium alloys. We are routinely handling projects that include complex shapes and geometries, pipe work, structural steel work and hardfacing.





Major Projects

LaserBond's unique combination of expertise, experience and resources, in addition to our client need based focus, makes us ideal for taking on complex projects that may involve some or all of the various core competencies offered. Projects are fully supported by our engineering staff with quality procedures, supporting documentation and drawings as required to meet our clients many and varied needs.

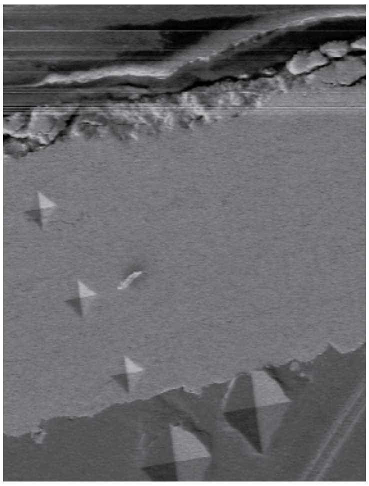
Fitting and Assembly Services

As appropriate to the needs of our clients we also offer a complete component/system/equipment overhaul service. This is particularly appropriate where our range of other services allow for a reduction in the turnaround, maintenance or rebuilding time, or for the trial fitting of newly manufactured or reclaimed component parts.

Site Work

The workshops are set up for maximum flexibility to handle a large range of component sizes, geometries and weights. However, if your equipment is too big to economically dismantle and transport, we usually can bring our technology to site using our trained and qualified operators. We have successfully completed site jobs for a range of industries all over Australia.

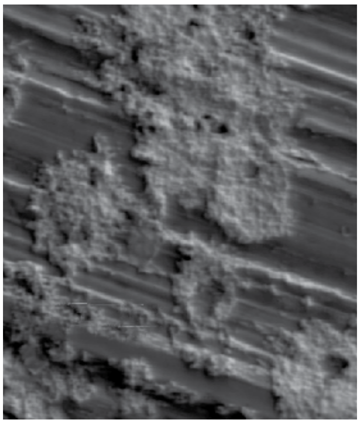
Metallographic Laboratory

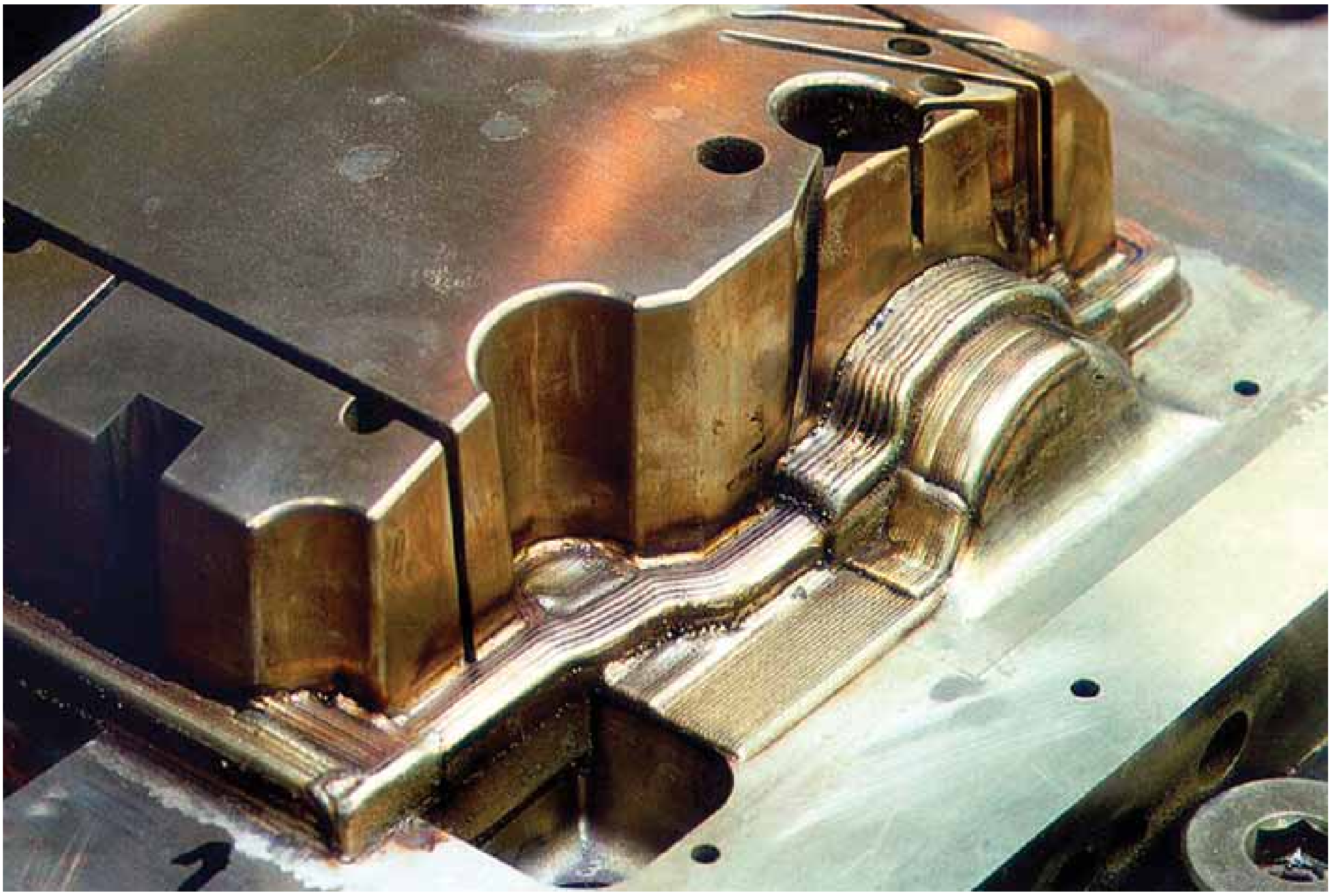


Due to the many and varied applications and materials that are processed by the **LaserBond** workshops, an in house laboratory is utilised to carry out testing and examination, including metallographic characterisation, hardness testing, and chemical analysis.

Among the tools required for this work is a Scanning Electron Microscope (SEM) allowing for investigation of coatings and metallurgy down to the nano scale. The SEM allows for examination of microstructures and surface topography at magnifications up to 200,000 times, along with analysis of material chemistry, location or migration of specific elements within a structure etc.

The lab is routinely used for the optimisation of coatings and overlays, quality control of incoming materials, reports to clients on new applications and materials, and failure analysis as required. Examination of the effects on substrate metallurgy of the coating or cladding operation is done routinely to ensure component integrity or properties are not compromised. This facility is a formidable tool, and further differentiates the **LaserBond** approach to total customer support.





Quality

All LaserBond workshops are quality certified to ISO 9001:2008, proving our commitment to continuous improvement, the quality of our products and services, and the ongoing satisfaction of our customers. Since our inception, we have gained a strong reputation for supplying consistently high quality products and services. As a result our customers can expect only the highest quality standards in all business relations. Quality of workmanship has always been, and will continue to be a hallmark of LaserBond. We welcome customer audits of our Quality Management System.

Technology, Leadership and Strength

In today's ever shrinking and increasingly competitive world, industry must minimise the cost of wear in industrial processes. **LaserBond** remains at the forefront of developments to assist industry in these endeavors. Our customers are reaping the benefits of longer component life, reduced down-time, lower costs and access to the broadest range of machining, surfacing, and fabricating technologies available from a single company anywhere in Australia.

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Dear Shareholder,

On behalf of the Board I am pleased to present the annual Financial Report to 30th June 2012.

The consolidated business has achieved positive results despite tough economic conditions that continue to exist in our Gladstone operations. Our Ingleburn operations continue to perform strongly resulting in a 20% increase in revenue while the Gladstone division had a decline in revenue of 10.3%. The consolidated divisions have produced record revenue of $14.4 up 8.3% over the previous corresponding period.

The consolidations of C & B engineering asset purchase is now complete. The Company will be moving into a 5,400 sq. metre purpose built factory building in Smeaton Grange, NSW. This will allow us to consolidate two engineering workshops into one and allow for greater expansion into new and existing markets. LaserBond has expanded its sales and estimating personnel and is now poised to benefit from additional sales and added engineering capacity.

The outlook for LaserBond for the next fiscal year includes continuing organic growth as well as growth through acquisitions in South Australia and/or Western Australia. We will continue to grow and develop the Queensland operations to full capacity which, along with the investment in new facilities in NSW, will provide a solid foundation to grow the business over the next 3 – 5 years. The Company is continuing its review and monitor various opportunities with the intention to acquire more businesses that fit within our strategic market and meet all of the stringent requirements of the Board. The company recently raised $2.0m in capital via a placement which has been set aside for these plans.

An interim dividend of 0.3 cents per share was paid in April. With the short term demand on capital associated with the relocation of the NSW facilities, the Board has prudently agreed to keep the total dividends the same as last year (0.5c per share) and issue a final dividend of 0.2 cents per share. The Board has developed a dividend policy that includes a dividend reinvestment plan. The Board will continue to review the dividend policy every 6 months with the intent of maintaining the dividend twice per year.

I would like to thank our employees for the hard work and dedication in the strong growth of LaserBond today. Our special thanks to all of our shareholders who have provided support and commitment over the past few years allowing us develop LaserBond and to add value for all stakeholders.

Yours Sincerely

Tim McCauley
Chairman
LaserBond Limited

The Directors present their report on the consolidated entity for the financial year ended 30th June 2012.

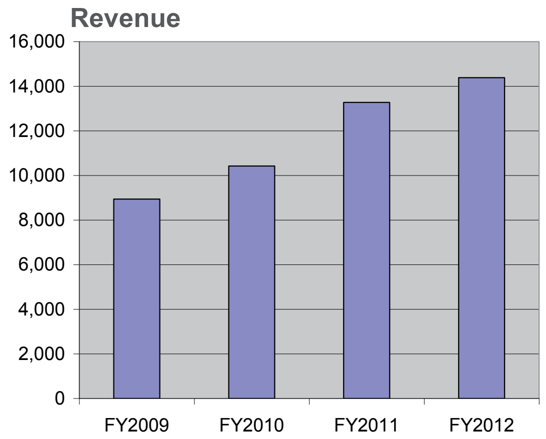
Principal Activities

Laserbond specialises in the manufacture and reclamation of industrial components and assemblies used in a broad range of capital intensive industries and environments, such as mining, minerals processing, and primary metals manufacturing. Usually the components are for critical applications that require optimised surface properties to increase the working life and reduce maintenance costs for LaserBond's customers. 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 Queensland division is focused on providing manufacturing and maintenance 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 Queensland division also includes a custom designed facility providing 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 NSW. These highly specialised technologies will support new and existing industrial customers in the Central Queensland region.

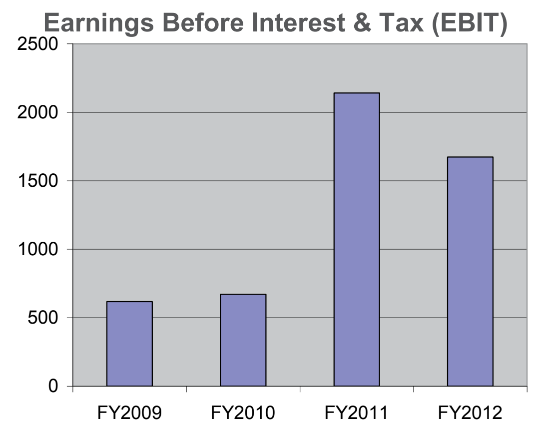
Review of Operations & Results

LaserBond continued its organic growth in revenue with a consolidated increase of 8.3% year on year. This result was achieved despite a decline in revenue in the Queensland operations (for further detail see following explanation). The average increase in revenue over the last 3 years has been in excess of 16% per annum compounded.



- The consolidated business continues to deliver organic growth in revenue, $13.3 million for FY2011 to $14.4 million for FY2012 – an 8.3% increase.
- The NSW Division's revenue increased by 20% over the previous corresponding period, whilst the Queensland division had a decline in revenue of 10.3%.

On 9 May 2012, LaserBond provided guidance that EBIT would be between $1.5m and $1.7m. At $1.67m, the actual EBIT was towards the upper end of this range. The lower profits compared with last year were primarily the result of a combination of one off costs and increased costs associated with the positioning of LaserBond for future growth.



- EBITDA decreased 13% from $2.3 million for FY2011 to $2.0 million for FY2012
- EBIT decreased 19% from $2.1 million for FY2011 to $1.7 million for FY2012
- NPAT decreased 16% from $1.3 million for FY2011 to $1.1 million for FY2012

Further Explanation

The 20% increase in revenue for LaserBond (NSW) was pleasing and continued the excellent growth the division achieved in previous years. Until recently, the growth had been achieved with the company running overly "lean", and it was recognised by the Board that further growth would require additional investment.

In the 2011 Annual report the company stated that 2012 would be a year of cash flow funded investment and continued organic growth. It was further noted in the half year financial report that "continued growth in revenue and profit can only be achieved with increased capacity from planned investment recently undertaken, or to be undertaken in the future. These investments are necessary to help drive future growth for NSW and in the short term will have an impact on our fixed costs. However these fixed costs will diminish as a percentage of revenue as the increased capacity from investment is utilised."

The company has invested in a number of growth initiatives, including the opportunistic purchase of the assets of C&B Engineering, the purchase of new equipment, lease of additional premises and additional human resources (in particular the recent strengthening of the sales team in each state - refer to 'Sales Team Restructure' below for further information).

Whilst the investments have increased the fixed costs of the business, they position the company well for continuing growth into 2013 and beyond. There have also been a number of "one off" increases in costs for FY2012. In NSW, some of the major increases in fixed costs for FY2012 compared to the previous corresponding period include increases of approximately $770k across the following five areas:

- A "once off" increase in Worker's Compensation Premiums of $180,000. The majority of this increase related to the experience adjustment factor for the musculature injury of one employee. The division's FY2013 premium estimate has been calculated at only $110,000 which is in line with the FY2011 rates. This reduction in Worker's Compensation premiums for FY2013 is the result of a significant decrease in the experience adjustment factor.
- An increase in Payroll Tax of $140,000. Approximately 50% of this increase was a once off cost related to additional payroll tax payable after an Office of State Revenue audit of the last four years. The additional payroll tax was caused by a misinterpretation of legislation despite attendance of staff at seminars and advice given by advisory bodies. The other 50% was related to the rising wage costs due to the investment in Human Resources.
- An increase in Rent of $150,000. In July 2011 the company signed a rental agreement for an additional premise in Minto NSW. This was necessary after the purchase of plant & equipment from C&B Engineering Pty Ltd. Note that all current NSW premises are merging into the new purpose built facility during September 2012, essentially doubling the NSW division floor space, and increasing rent expenses for FY2013. The larger, consolidated premises are absolutely necessary for the NSW division to continue its growth in FY2013 and beyond.
- An increase in depreciation expense of $190,000. With the investment in equipment and motor vehicles for new sales staff throughout FY2012 there is a corresponding increase in depreciation expense. Note that the NSW division's fixed assets increased by approximately $1.4 million in FY2012.
- An increase in Administrative Wages & Superannuation of $110,000. This included a Long Service Leave payout for a resigning employee plus the recent hiring of three new employees with the restructuring of our Sales & Estimating team to increase sales.

The Queensland division suffered a 10% decline in revenue compared with the previous financial year. This was the result of a number of factors including capacity and skill constraints brought about by the seemingly insatiable demand for skilled labour by the LNG projects, and the continuing pressure being placed on the alumina/aluminium industries by low aluminium prices, a high Australian dollar and increasing energy costs. These factors have adversely affected the division's traditional machining and fabrication, but the company's surface engineering technologies is continuing to gain acceptance and the demand continues to grow.

The Queensland Division incurred an additional $200,000 in fixed expenses during FY2012 in the following four areas:

- An increase in Rent & Rates of $70,000 brought about by market review clauses in the rental agreements for both properties in Gladstone. Due to the high demand for industrial properties in the Gladstone region the market review caused rent increases of 27%.

- An increase in maintenance costs of $80,000. In order to improve efficiencies in production output the decision was made in July 2011 to focus on structured maintenance on all plant & equipment (including the facilities) throughout FY2012. This increased expense was planned and improvements in efficiencies have begun to show in gross margins (especially in the fourth quarter of FY2012)
- An increase in Staff Training of $15,000. To improve skill of employees resulting in further improved efficiencies in production output a structured training program was put in place for FY2012, recently updated for FY2013. This is the planned cost of this training.
- Increase in Administrative Wages & Superannuation of $35,000 – this is the result of restructuring of the administrative team's roles & responsibilities in FY2011, with the effect of increased costs in FY2012.

Sales Team Restructure

The growth of the company over the last 2 years, combined with the goal of continuing high rates of growth, has required a restructuring of the sales team.

Historically the consolidated entities sales team consisted of three Technical Sales Representatives whose responsibilities included nurturing and protecting existing clients, generating leads to increase the client base and estimating. Whilst this structure had served the company well in the past, it was found that with growth in revenue the estimating/quoting role was occupying too much of the time of the representatives, and limiting the time available for active sales. This was not consistent with the further growth plans for the business.

The restructure essentially doubles the consolidated sales team and incorporates the following staff:

- National Sales Manager
- Sales Consultants x 3
- Estimators x 3

Our clients and the industry sectors we deal with continue to be focused on services that will provide them increased efficiencies through increased production, reduced down-time and lower costs. With the doubling of the consolidated sales team, LaserBond has the ability to present the value of our technologies and techniques to more clients and industry sectors.

NSW Division Move to Larger Premises

Construction of the custom built premises in Smeaton Grange NSW is now complete with the NSW division merging its three existing NSW leased premises into one throughout September 2012. This move provides the long needed floor space and capacity increases necessary for the NSW division to continue to grow at historical rates.

Queensland Division Growth

The focus for FY2012 for the Queensland division has been primarily production efficiency in the face of pressure to retain staff due to the resource projects in the area. The role of actively pursuing sales growth was deemed the responsibility of the existing estimator and the General Manager. However, as discussed under 'Sales Team Restructure' above, without a full time sales person solely pursuing new leads and opportunities in the greater Central Queensland region, sales growth stagnated during 2012.

The original intention on purchasing the Queensland division was to develop the company into an advanced surface engineering company, in line with the parent entity's business strategies, technology and experience.

The LaserBond cladding technology, and the applications developed by the parent entity over the last 10 years, provides a unique service. There is currently no such technology in Central Queensland, and where this technology exists in other states competition remains low for the surface applications the LaserBond group can provide.

The Thermal spray technology, including the HP HVOF process, forms the second stage of the groups advanced surface engineering technology. Thermal spraying (in particular High Pressure HVOF) was introduced to Australia by the parent entity in 1992. The thermal spray technology and its applications developed over the last twenty years by the parent entity, also provides a unique service. Competition does exist in Queensland, however with none between Mackay and Brisbane. This provides a niche region of Central Queensland for our thermal spray capabilities.

Due to the limited competition for the groups advanced surface engineering capabilities, this is expected to be a high sales growth area for FY2013 and future years. Also with the cost savings available for customers this will ensure that gross margins for the Queensland division progressively come in line with the traditional margins achieved by the parent entity.

Since the initial marketing of the LaserBond cladding technology, sales in Queensland for laser cladding in FY2013 grew by 56%. This is despite the Queensland division having no effective sales team promoting the advanced surface engineering capabilities. Essentially, the LaserBond cladding is still a new service for Queensland.

Future Acquisitions

In May 2012 the company successfully completed a share placement made to new professional and sophisticated investors raising $2 million. These funds have been placed in a term deposit to be used for further growth initiatives, in particular acquisitions to extend our reach into South Australia and / or Western Australia.

At this stage, non-disclosure agreements have been signed with a number of organisations to determine opportunities for acquisitions and with potential (and existing) clients to determine revenue expectations interstate based on the need for our specialised surface engineering technologies and techniques.

The Board is acting cautiously to ensure that any acquisition "ticks all of the boxes" for an immediate and profitable fit within the organisation. Any acquisition must be EPS accretive within the first full year of operation, must have excellent management in place, and must provide the company with an excellent platform to grow the revenue and profits utilising its unique technologies and expertise.

Disclosure of these plans will occur when negotiations or proposals are at a stage of completion.

Outlook

The company continues to develop and market applications for its technologies and recent investment in equipment, facilities and human resources provides the expanding capacity to allow ongoing organic growth.

Our clients and the industry sectors we deal with continue to be focused on services that will provide them increased efficiencies through increased production, reduced down-time and lower costs. With the doubling of the consolidated sales team LaserBond has the ability to present the value of our technologies and techniques to more clients and industry sectors. Revenue growth is expected to continue to be strong.

Further, with the completion of the commissioning of our Thermal Coating capabilities in Queensland, focus will continue on growing the advanced surface engineering capabilities throughout Central Queensland. As these capabilities grow in Queensland, gross margins will continue to improve to be more in line with the NSW division margins.

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):

Director:	*Position Held*	*In Office Since*
Wayne Hooper	Executive Director	21 April 1994
Greg Hooper	Executive Director	30 September 1992
Timothy McCauley	Non-Executive Chairman	28 August 2007
Philip Suriano	Non-Executive Director	6 May 2008

All current executive directors of the company are considered the key management personnel for the management of its affairs.

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 12 were:

	Salaries and fees	Superannuation	Long Service Leave Accrual
Wayne Hooper	100,086	44,487	(3,847)
Greg Hooper	251,186	-	-
Timothy McCauley	30,000	-	-
Philip Suriano	25,000	-	-
	406,272	49,487	(3,847)

Director's Shareholding

As at 20th September 2012, the number of shares held by directors were:

	Holdings Type	Holdings
Wayne Hooper	Direct	8,109,591
Wayne Hooper	Indirect	861,136
Greg Hooper	Direct	4,838,617
Greg Hooper	Indirect	3,556,043
Timothy McCauley	Indirect	966,427
Philip Suriano	Direct	45,986

Information on Directors

Timothy McCauley – Non-Executive Chairman

Tim has extensive experience as a company director and senior executive with significant strengths in developing business channels, strategic development and finance. Tim began his career with KPMG accountants and 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 held the position as C.E.O for LaserBond and has been a Director since 2007. Tim was recently named as a Board Member of the Australian Gift and Homewares Association. He is also 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 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 application parameters for the H.V.O.F. and LaserBond® processes. Greg's focus within the company includes sales and marketing, production, training, and the ongoing research and development of applications for Laser materials processing and Thermal spray technology.

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Philip Suriano – Non-Executive Director

Mr Suriano has been a Director since 2008. Other Directorships include BBX Minerals Limited, Adavale Resources Limited and Resources & Energy Group Limited. Mr Suriano began his career in corporate banking with the State Bank of Victoria (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 (Austar and Foxtel TV sales JV) 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 9 years Mr Suriano has been working with Arthur Phillip as 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 18 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 2012, 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	8	8
Gregory Hooper	8	7
Timothy McCauley	8	7
Philip Suriano	8	8

No committees have been formed up to the time of this report. Please refer to the Corporate Governance Statement on pages 21 to 24 for further information.

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 2.6:1 indicating a high financial strength (note this ratio discounts the funds held in term deposit from the recent capital raising). With our cash flow projections for the next fiscal year, the company is in a very sound 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

Interim dividends were paid at 0.3 cents per share based on the December 2011 half year results. In addition, since year end the directors have recommended the payment of a final dividend of 0.2 cents per fully-paid ordinary share (2011: 0.5), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 12 October 2012 out of retained earnings at 30 June 2012.

Subject to continued growth as per expectations, the Board expects to continue to maintain future dividends.

Options

Performance options issued to directors pursuant to the Prospectus expired 30th August 2012. These performance options were only exercisable upon the volume weighted average price of Share quotes on ASX remaining above $0.40 for a consecutive period of thirty (30) days.

No options have been exercised during the year.

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

Insurance premiums have been paid to insure a Director's legal liability to third parties for alleged breach of duty arising out of a claim for which the Director is not indemnified by the corporation.

No insurance premiums have been paid in respect of Auditors.

Non-Audit Fees paid to Auditor

During the financial year, there have been no fees paid to Robert Nielson Partners for non-audit services.

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 25.

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

Director
Wayne Hooper

Director
Greg Hooper

Dated this 20th day of September 2012

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 2012.

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 of Senior Executives. No formal performance evaluation of board members has taken place during the reporting period.

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

In accordance with its Corporate Governance policies, the board meets at least bi-monthly. It met on eight (8) occasions during financial year ended 30 June 2012.

Board members may seek independent professional advice related to their board positions and the company at the expense of the company.

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.

Details of the board including their terms of office are set out in the Directors' Report under the heading "Directors"

The board assesses the independence of directors annually. For this process, the directors must provide all information relevant to this assessment. In order to be assess the independence of each director, a director must be a non-executive and the board considers whether the director:

a) is a substantial shareholder, or associated directly with a substantial shareholder.
b) is or has been a principal of a material customer, supplier, subcontractor, professional adviser or consultant to the company, or has an indirect association with same.
c) is free from any business or other relationship which could (or be perceived to) interfere with their independence.

Existing non-executive director's based on this assessment continue to be deemed independent.

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. No formal performance evaluation of board members has taken place during the reporting period. The next evaluation will occur December 2012.

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 diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

LaserBond Ltd is an equal employment opportunity employer that values and promotes diversity. Diversity encompasses age, gender, ethnicity, physical abilities, religious beliefs, language, political beliefs, sexual orientations, etc.

The company believes that by bringing together men and women from diverse backgrounds who contribute based on their skills, experiences and perspectives, we can deliver the best value and sustainability for LaserBond and its shareholders.

LaserBond's approach to ensuring diversity in the company is based on the following actions:

a) Promotion of a culture of diversity amongst employees.
b) Elimination of any barriers to achieving a diverse workplace.
c) Ensuring all recruitment and selection processes are based on merit alone.
d) Providing opportunities for development to all employees in order to enhance productivity and build teams with a balance of skills, experience and perspectives.
e) Rewarding and remunerating fairly.
f) Promotion of flexible work practices that balance each employee's personal situation or needs with the needs of the company.

The Board reviews these objectives and the performance against them annually. Individual divisions may also set measurable objectives relevant their particular operating contexts.

3.3 – Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Section 3.2 above details the objectives in ensuring diversity (including gender diversity). One of the challenges for gender diversity stems from the fact that almost all of LaserBond's workforce is employed in skilled metals engineering positions (including apprenticeships for those positions). Unfortunately, these positions rarely attract female applicants. The company will continue to encourage position applications from females to redress this situation, and diversity throughout the company (including gender diversity) will remain a focus.

3.4 – Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Representation of female employees as at 30 June 2012 were as follows:

a) Total workforce – 9% (7 of 78)
b) Executive and senior management – 0% (0 of 2)
c) Board – 0% (0 of 4)

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 Balanced 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 (or equivalent) and Chief Financial Officer (or equivalent) 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.

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2012, 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 20 September 2012**

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF LASERBOND LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report of Laserbond Limited and Controlled Entities (the consolidated entity) comprising the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

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 compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS..

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 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Laserbond Limited, would be in the same terms if given to the directors at the time of this audit report.

Audit Opinion

In our opinion,

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

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

(b) the consolidated 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 in pages 17 to 18 of the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion the Remuneration Report of Name Limited for the year ended 30 June 2012, complies with s 300A of the *Corporations Act 2001*.

Robert Nielson Partners

Robert Nielson **Date 20 September 2012**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 28 to 54 are in accordance with the Corporations Act 2001 and:

   a. Comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. Give a true and fair view of the financial position as at 30th June 2012 and of the performance for the financial year ended on that date of the company and consolidated group.

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.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

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

Director
Wayne Hooper

Director
Greg Hooper

Dated this 20th day of September 2012

Statement of Comprehensive Income
for the Year Ended 30th June 2012

	Note	2012	2011
		$	$
Sale of Goods & Services	2	14,386,311	13,276,604
Cost of Sales		(7,856,176)	(7,098,985)
Gross Profit		**6,530,135**	**6,177,619**
Other Income	3	264,797	207,851
Advertising & Promotional Expenses		(28,548)	(63,447)
Depreciation & Amortisation		(363,183)	(158,995)
Employment Expenses		(1,751,145)	(1,595,069)
Property Rental & Rates Expenses		(857,042)	(640,225)
Administration Expenses		(1,346,194)	(1,160,624)
R&D Expenditure		(424)	(15,310)
Repairs & Maintenance Expenses		(199,153)	(93,499)
Finance Lease Expenses		(417,770)	(471,931)
Borrowing Costs		(136,537)	(97,182)
Other Expenses		(102,910)	(46,656)
Profit before income tax expense	4	**1,592,026**	**2,042,532**
Income tax expense	5	(472,587)	(704,418)
Profit after tax from continuing operations		**1,119,439**	**1,338,114**
Total comprehensive income attributable to members of LaserBond Limited		**1,119,439**	**1,338,114**
Earnings per share (cents)	6	1.50	1.88
Diluted earnings per share (cents)	6	1.32	1.86

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

Statement of Financial Position
As at 30th June 2012

	Note	2012	2011
		$	$
CURRENT ASSETS			
Cash and cash equivalents	7	2,782,949	982,639
Trade and other receivables	8, 21	3,614,430	3,282,835
Inventories	9	1,770,561	1,546,127
Total current assets		**8,167,940**	**5,811,601**
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,804,590	651,574
Deferred tax assets	13	237,174	250,787
Investment in subsidiary	12	-	-
Intangible assets	11, 12	3,611,014	3,610,973
Other non-current assets		500	14,900
Total non-current assets		**5,653,278**	**4,528,234**
TOTAL ASSETS		**13,821,218**	**10,339,835**
CURRENT LIABILITIES			
Trade and other payables	14	1,407,579	1,507,124
Provisions	16	506,842	815,066
Interest-bearing liabilities	15, 19	424,651	87,469
Current tax liabilities	18	158,885	409,473
Total current liabilities		**2,497,957**	**2,819,132**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15, 19	987,470	451,527
Provisions	16	98,265	75,331
Other non-current liabilities	17	12,500	12,500
Total non-current liabilities		**1,098,235**	**539,358**
TOTAL LIABILITIES		**3,596,192**	**3,358,490**
NET ASSETS		**10,225,026**	**6,981,345**
EQUITY			
Issued capital	19	5,410,011	3,062,907
Retained earnings		4,815,015	3,918,438
TOTAL EQUITY		**10,225,026**	**6,981,345**

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

Statement of Cash Flows
for the Year Ended 30th June 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,359,172	12,568,156
Payments to suppliers and employees		(13,147,119)	(10,904,203)
Interest paid		(136,537)	(97,182)
Interest received		56,198	17,256
Income taxes paid		(458,974)	(686,120)
Net cash inflow from operating activities	25	**672,740**	**897,907**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(1,517,064)	(119,531)
Proceeds from sale of plant and equipment		10,489	-
Tranche 2 Payment for acquisition of subsidiary		-	(150,000)
Net cash inflow/(outflow) from investing activities		**(1,506,575)**	**(269,531)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Shares		1,909,690	-
Payments to lessors		1,013,124	(67,243)
Loans to Subsidiaries		-	-
Dividends paid		(288,669)	-
Net cash inflow/(outflow) from financing activities		**2,634,145**	**(67,243)**
NET INCREASE/(DECREASE) IN CASH HELD		1,800,310	561,133
Net cash at beginning of period		982,639	421,506
NET CASH AT END OF PERIOD	7	**2,782,949**	**982,639**

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

Statement of Changes in Equity
For the Year Ended 30th June 2012

	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 30th June 2010	**3,001,655**	**2,940,822**	**5,942,477**
Profit for the Period		1,338,114	1,338,114
Issue of Share Capital	103,400		103,400
Deferred Tax Adjustment – Capitalisation of costs incurred for IPO	(42,148)		(42,148)
Dividends paid during period		(360,498)	(360,498)
Closing Balance at 30th June 2011	**3,062,907**	**3,918,438**	**6,981,345**
Profit for the Period		1,119,439	1,119,439
Issue of Share Capital	2,347,104		2,347,104
Dividends Paid during period		(222,862)	(222,862)
Closing Balance at 30th June 2012	**5,410,011**	**4,815,015**	**10,225,026**

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 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of LaserBond Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 20th September 2012 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, except interest paid and received.

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 consolidated 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 consolidated 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 consolidated financial report, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors.

d) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue Recognition

Revenue is recognised in the following manner:

Sale of Goods and Services

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest

Revenue from interest is recognised on the date the interest is received as shown on bank statements. Where revenue from interest is payable but not shown on bank statements the interest is recognised on an accrual basis.

Other Income

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

e) Goodwill

Goodwill is carried at cost less accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

f) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

f) Income Tax (cont'd)

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.

g) Inventories

Raw materials, finished goods 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.

h) 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.

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

i) 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. Intangible assets with indefinite life are assessed for impairment annually.

j) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

k) 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 initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Subsequent Measurement

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

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 statement of comprehensive income 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. Impairment loss recognised as profit or loss.

l) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) 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.

n) 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.

o) 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.

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.

p) 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.

q) 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.

r) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and accumulating annual 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Sick Leave

Liabilities for sick leave are accrued however no provisions are made as sick leave entitlements are not payable to an employee upon termination.

s) 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.

t) 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.

u) 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, with an impairment test completed relative to the carrying amount of goodwill on the parent entity's statement of financial position. 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. Detail of any critical estimates can be found in the notes to the financial statements. .

v) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. These amendments are not expected to significantly impact the group. A discussion of those future requirements is as follows:

(i) AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and de-recognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements. The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

- simplifying the requirements for embedded derivatives;

- removing the tainting rules associated with held-to-maturity assets;

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

(ii) AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes. The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112. The amendments are not expected to impact the Group.

(iii) AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013.

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as emended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

AASB 11 replaces AASB 131: Interest in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will disclosures only.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

(iv) AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 17, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013.

AASB 13 defines fair value, sets out in single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and

- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

(v) AASB 2011-9; Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are re-classifiable to profit or loss subsequently. This Standard affects presentation only.

(vi)) AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14])applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

a) for an offer that may be withdrawn – when the employee accepts;

b) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

c) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

	2012	2011
NOTE 2: REVENUE	**$**	**$**
From continuing operations		
Sales Revenue		
Sales of Goods & Services	14,386,311	13,276,604

	2012	2011
NOTE 3: OTHER INCOME		
Interest Revenue	56,198	17,256
Other	208,599	190,595
	264,797	207,851

Consolidated Other Income includes $151,750 Rental Income for the sub-letting of premises at George Mamalis Place, Gladstone. The lease for the subletting expires August 2012.

NOTE 4: EXPENSES

	2012	2011
	$	$
Profit before Income Tax includes the following specific expenses		
Borrowing Costs:		
Interest Paid	136,537	97,182
Depreciation & Amortisation		
- Plant & Equipment	308,493	101,519
- Fixtures & Fittings	502	767
- Office Equipment	11,146	14,680
- R&D Equipment	751	1,224
- Motor Vehicles	30,018	23,617
- Leasehold Improvements	8,930	13,896
- Intangible Assets	3,343	3,292
	363,183	158,995
Rental Expenses relating to Operating Leases		
- Minimum Lease Payments	417,770	471,931
Auditors Remuneration		
a) Robert Nielson Partners		
- Audit Services – audit and review of Financial Reports	41,085	75,617
- Non-Audit Services – Due Diligence and Non-Audit advice	-	-
	41,085	75,617

NOTE 5: INCOME TAX

	2012	2011
Reconciliation of Income Tax Expense		
Profit before Income Tax expense	1,592,026	2,042,532
Prima Facie Tax at the Australian tax rate of 30% (2011: 30%)	477,608	612,760
Less Deferred Tax Asset adjustments for Employee Entitlements and Expense Provisions	(5,804)	(10,867)
Less Adjustment to Prior Year Income Tax Provisions	783	102,525
Total Income Tax Expense:	472,587	704,418

NOTE 6: EARNINGS PER SHARE

	2012	2011
Basic earnings per share (cents)	1.50	1.88
Diluted earnings per share (cents)	1.32	1.86

Performance options issued to directors pursuant to the Prospectus expired 30th August 2012. There are no current options to effect diluted earnings per share.

(a) Weighted Average Shares on Issue

	No. of Shares	Weighted No.
Opening Balance as at 1st July 2011	72,099,638	72,099,638
Shares issued as at 29th September 2011	144,443	108,827
Shares issued as at 21st October 2011	1,164,446	807,137
Shares issued as at 13th December 2011	104,764	57,405
Shares issued as at 24th January 2012	200,000	86,575
Shares issued as at 9th February 2012	333,333	129,680
Shares issued as at 29th February 2012	266,667	89,133
Shares issued as at 22nd May 2012	9,100,000	972,329
Shares issued as at 5th April 2012	512,919	120,852
Shares issued as at 28th June 2012	133,333	731
Closing Balance as at 30th June 2011	84,059,543	74,472,306

NOTE 7: CASH AND CASH EQUIVALENTS

	2012	2011
	$	$
Cash on Hand	1,200	1,200
Cash at Bank	2,781,748	981,439
	2,782,949	982,639

NOTE 8: TRADE AND OTHER RECEIVABLES

	2012	2011
Trade Receivables	3,235,743	3,010,375
Provision – Impairment of Receivables	-	(15,474)
Loans – Key Management Personnel	50,174	60,500
Loans – Employees	5,899	6,801
Loans - Subsidiaries	-	-
Other Receivables	322,614	189,685
	3,614,430	3,282,835

a) Movements in the provision for impairment of receivables

	2012	2011
Opening Balance	15,474	-
Provision for impairment recognised during the year	-	15,474
Receivables written off during the year as uncollectable	(8,258)	-
Previously impaired receivables collected during the year	(7,216)	-
	-	15,474

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.

	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
	$000	$000	$000	$000	$000	$000	$000
2012							
Trade and term receivables	3,236	-	1,477	1,233	508	18	2,710
Other receivables	378	-	378	-	-	-	378
	3,614	-	1,855	1,233	508	18	3,088
2011							
Trade and term receivables	3,026	16	859	359	12	6	1,218
Other receivables	272	-	270	-	-	2	270
	3,298	16	1,129	359	12	8	1,488

	2012	2011
NOTE 9: INVENTORIES	$	$
Stock on Hand – Raw Materials	635,757	527,124
Stock on Hand – Finished Goods	638,786	521,302
Work in Progress	496,018	497,701
	1,770,561	1,546,127
NOTE 10: PROPERTY, PLANT & EQUIPMENT		
Plant & Equipment, Office Equipment, etc		
At Cost	2,829,140	1,459,263
Less Accumulated Depreciation	(1,175,608)	(853,203)
	1,653,532	606,060
Motor Vehicles		
At Cost	281,118	147,804
Less Accumulated Depreciation	(131,356)	(104,337)
	149,762	43,467
Research & Development Equipment		
At Cost	24,027	24,027
Less Accumulated Depreciation	(22,731)	(21,980)
	1,296	2,047
TOTAL PLANT & EQUIPMENT	1,804,590	651,574

(a) Movements in Carrying Amounts

	Plant & Equipment, Office Equipment, etc	Motor Vehicles	Research & Development Equipment	Total
2012 Financial Year	$	$	$	$
Balance at the beginning of the year	606,060	43,467	2,047	651,574
Additions	1,380,366	136,314	-	1,516,680
Sales of Asset	(10,489)	-	-	(10,489)
Depreciation Expense	(322,406)	(30,018)	(751)	(353,175)
Carrying Amount at the end of the year	1,653,531	149,763	1,296	1,804,590
2011 Financial Year	$	$	$	$
Balance at the beginning of the year	829,434	60,211	3,271	892,916
Additions	113,057	6,873	-	119,930
Re-classification of asset	(205,570)	-	-	(205,570)
Depreciation Expense	(130,861)	(23,617)	(1,224)	155,702
Carrying Amount at the end of the year	606,060	43,467	2,047	651,574

NOTE 11: INTANGIBLES

	Goodwill	Patents and Trademarks	Other Intangible Assets	Total
	$	$	$	$
2012 Financial Year				
Balance at the beginning of the year	3,598,927	9,507	2,539	3,610,973
Additions	-	-	3,383	3,383
Disposals	-	-	-	-
Amortisation Expense	-	(713)	(2,629)	(3,342)
Net Book Amount at 30th June 2012	3,598,927	8,794	3,293	3,611,014
2011 Financial Year	$	$	$	$
Balance at the beginning of the year	3,448,927	10,278	5,061	3,464,266
Additions	150,000	-	-	150,000
Disposals	-	-	-	-
Amortisation Expense	-	(771)	(2,522)	(3,293)
Net Book Amount at 30th June 2011	3,598,927	9,507	2,539	3,610,973

NOTE 12: GOODWILL IN CONSIDERATION

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

	2012	2011
Initial Purchase Costs made up of the following:	$	$
Cash Payment	2,500,000	2,500,000
Scrip Payment – 3,333,334 shares	366,667	366,667
Broker Commission	55,000	55,000
Due Diligence and Audit / Review Costs	75,035	75,035
Miscellaneous Purchase Costs	4,812	4,812
	3,001,514	3,001,514

Tranche Two 08-09 Earn Out costs made up of the following:	2012	2011
	$	$
Cash Payment	448,275	448,275
Scrip Payment – 1,610,010 shares	149,138	149,138
	447,413	447,413
	3,598,927	3,598,927

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 12. The principal assumptions for the Impairment test are annual revenue growth rates of between 14% and 19% and an average discount rate of 12.8%. Refer to Note 29 for further information.

NOTE 13: DEFERRED TAX ASSETS

	2012	2011
Deferred tax assets comprise temporary differences attributable to:	$	$
Employee Benefits	181,431	161,924
Expense Accruals	55,743	46,715
Capitalised IPO Costs	-	42,148
	237,174	250,787

a) Deferred Tax Asset Movement

	Employee Benefits	Expense Accruals	Capitalised IPO Costs	Total
At July 2010				
(Charged) / credited	154,468	30,321	84,296	269,085
- to profit or loss	7,456	16,394	-	23,850
- directly to equity	-	-	(42,148)	(42,148)
At June 2011	161,924	46,715	42,148	250,787
(Charged) / credited				
- to profit or loss	19,507	9,028	-	28,535
- directly to equity			(42,148)	(42,148)
	181,431	55,743	-	237,174

NOTE 14: TRADE AND OTHER PAYABLES

	2012	2011
	$	$
Trade Payables	841,073	841,626
Deferred Revenue – Re-tooling for Climate Change Grant	-	156,769
BAS Statement (GST & PAYG Withheld)	471,360	308,644
Payroll Tax	8,131	15,044
Fringe Benefits Tax	1,750	360
Superannuation	119,402	85,813
Other Payables	85,265	98,868
	1,407,579	1,507,124

NOTE 15: BORROWINGS

CURRENT		
Hire Purchase Liabilities (Unsecured)	324,651	87,469
Convertible Notes (Unsecured)	100,000	-
	424,651	87,469
NON-CURRENT		
Hire Purchase Liabilities (Unsecured)	987,470	211,527
Convertible Notes (Unsecured)	-	240,000
	987,470	451,527

NOTE 16 : PROVISIONS

	2012 $	2011 $
CURRENT		
Employee Benefits	499,222	454,568
Provision – Dividends Payable	7,620	360,498
	506,842	815,066
NON-CURRENT		
Employee Benefits	98,265	75,331
	98,265	75,331

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. This entire amount is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experiences, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2012 $	2011 $
Leave obligations expected to be settled after 12 months	112,845	161,294

NOTE 17: OTHER NON-CURRENT LIABILITIES

	2012 $	2011 $
Rental Bond	12,500	12,500

This rental bond is in relation to the sub-letting of premises at George Mamalis Place, Gladstone. This lease expires August 2012 at which time it is expected for this bond to become payable.

NOTE 18: STATUTORY LIABILITIES

	2012 $	2011 $
CURRENT		
Income Tax	158,885	409,473

NOTE 19: CONTRIBUTED EQUITY

	2012 $	2011 $
Issued and Paid Up Capital	5,410,011	3,062,907
Reconciliation of Issued and Paid Up Capital		
72,099,638 Existing Shares	3,062,907	3,001,655
11,959,905 Issued Shares	2,389,252	103,400
Deferred Tax Asset from Capitalised IPO Costs	(42,148)	(42,148)
	5,410,011	3,062,907

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)
1st July 2010	Opening Balance	71,043,734	
1st June 2011	Conversion of Convertible Notes	1,055,904	10.4
30th June 2011	Closing Balance	72,099,638	
29th September 2011	Employee Share Plan	144,443	9.0
21st October 2011	Dividend Reinvestment Plan	1,164,446	13.5
13th December 2011	Employee Share Plan	104,764	21.0
24th January 2012	Conversion of Convertible Notes	200,000	15.0
9th February 2012	Conversion of Convertible Notes	333,333	15.0
29th February 2012	Conversion of Convertible Notes	266,667	15.0
22nd May 2012	Share Placement	9,100,000	23.0
5th April 2012	Dividend Reinvestment Plan	512,919	25.3
28th June 2012	Conversion of Convertible Notes	1,333,333	15.0
30th June 2012	Closing Balance	84,059,543	

(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 20 : CAPITAL AND LEASING COMMITMENTS

(a) Hire Purchase / Finance Lease Commitments

	2012	2011
	$	$
Payable:		
Within one (1) year	324,651	87,469
Later than one (1) year but not later than five (5) years	1,336,246	280,532
Minimum Hire Purchase / Finance Lease payments:	1,660,897	368,001
Less future finance charges	(348,776)	(69,005)
Total Hire Purchase / Finance Lease Liability	1,312,121	298,996

The company's Hire Purchase and Finance Lease commitments are in relation to Plant & Equipment and Motor Vehicles essential to the operations of the business. These are under 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

Payable:		
Within one (1) year	608,004	864,922
Later than one (1) year but not later than five (5) years	860,145	1,034,164
	1,468,149	1,899,086

(c) Property Lease

The company has the following property leases:

	Expiry
28 York Road Ingleburn NSW 2565	Oct 2011
10 Pembury Road, Minto NSW 2566	Jun 2012
10 Blain Drive, Gladstone QLD 4680	Nov 2013
5 George Mamalis Place, Gladstone QLD 4680	Feb 2014

Payable:	
Within one (1) year	375,417
Later than one (1) year but not later than five (5) years	508,333

The 28 York Road, Ingleburn premises Property Lease as noted expired October 2011. The current landlord has approved to remain on a month by month lease until October 2012.
The 10 Pembury Road, Minto premises Property Lease as noted expired December 2011. The current landlord has approved a month by month lease until LaserBond moves to it's new premises.

NOTE 21: CONTINGENT LIABILITIES

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

NOTE 22: 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.

	2012	2011
Property Lease		
Rent Paid	-	121,187

Rental of Ingleburn head office premises was to Hooper Unit Trust, a director related entity and one month in advance. These premises have been sold by the Hooper Unit Trust to another non-related party. Therefore from 13 July 2011 there is no longer a Related Party Transaction related to Rent Paid.

	2012	2011
Sale of Assets		
Plant & Equipment	10,489	-

The overhead cranes of 28 York Road, Ingleburn premises were sold to Hooper Unit Trust. The cranes were considered to be part of the building and of little value to LaserBond when it relocates to new premises. The value of the sale was the asset written down value at the time of the sale.

	2012	2011
Labour Hire		
Direct Labour – Casual Shop Floor Staff	337,207	-

Basin Enterprises, a director related entity, provided casual shop floor staff. When staff performed and passed any probation periods, employment was transferred to LaserBond directly.

	2012	2011
Loans – Related Parties		
Director Loan	50,174	60,500
Employee Loans	5,899	6,801
Employee Personal Expenses	7,760	2,433
	63,833	69,734

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 four (4) 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 23: 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.

(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
2012 Financial Year	$	$	
Wayne Hooper	100,086	44,487	-
Greg Hooper	251,186	-	-
			-
	351,272	44,487	-
2011 Financial Year			
Wayne Hooper	105,761	27,267	-
Greg Hooper	199,127	2,700	-
			-
	304,888	29,967	-

(c) Options Held

The following performance options were issued to directors pursuant to the prospectus. These options expired 31st August 2012.

	Opening Balance as at 30th June 2011	Exercised	Expired	Closing Balance as at 30th June 2012
Wayne Hooper	2,000,000	-	-	2,000,000
Greg Hooper	2,000,000	-	-	2,000,000
Timothy McCauley	2,000,000	-	-	2,000,000
	6,000,000	-	-	6,000,000

(d) Shares Held

	Interest	Shares Held as at 30th June 2011	Issued	Purchased / (Sold)	Shares Held as at 30th June 2012
Wayne Hooper	Direct	7,728,395	381,196	-	8,109,591
Wayne Hooper	In-Direct	763,028	38,108	60,000	861,136
Greg Hooper	Direct	4,611,175	227,442	-	4,838,617
Greg Hooper	In-Direct	3,388,889	167,154	-	3,556,043
		16,491,487	813,900	60,000	17,363,387

NOTE 24: DIVIDENDS

	2012 $	2011 $
Declared fully franked interim ordinary dividend of 0.3 (2011: Nil) cents per share franked at the tax rate of 30% (2011: 30%)	222,862	-
Declared fully franked final ordinary dividend of Nil (2011: 0.5) cents per share franked at the tax rate of 30% (2011: 30%)	-	360,498
Balance of franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)	1,949,477	1,549,409
Total dividends per share for the period	0.3 cents	0.5 cents

a) Dividends not recognised during the reporting period

	2012 $	2011 $
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 0.2 cents per fully-paid ordinary share (2011: 0.5), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 12 October 2012 out of retained earnings at 30 June 2012, but not recognised as a liability at year end is:	169,452	-

NOTE 25: CASH FLOW INFORMATION

	2012 $	2011 $
Reconciliation of profit after income tax to net cash flows from operating activities		
Profit after Income Tax for the year	1,119,439	1,338,114
Non-cash flows in operating surplus		
Depreciation & Amortisation	353,493	157,381
Changes in assets and liabilities		
(Increase) / Decrease in trade debtors	(225,369)	(911,543)
(Increase) / Decrease in other debtors	(106,226)	(74,938)
(Increase) / Decrease in inventories	(224,435)	60,495
(Increase) / Decrease in deferred tax assets	13,613	18,298
(Increase) / Decrease in no-current provisions	14,400	(14,900)
Increase / (Decrease) in trade creditors and accruals / current provisions	(217,006)	256,930
Increase / (Decrease) in statutory liabilities	(59,806)	88,461
Increase / (Decrease) in non-current provisions	4,637	(15,914)
Net cash provided by operating activities	672,740	902,384

NOTE 26: 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

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total
			Within 1 Year	1 to 5 Years		
	%	$	$	$	$	$
30th June 2012						
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	3.5	2,519,890	-	-	261,859	2,781,749
Trade and other receivables		-	-	-	3,614,430	3,614,430
Total financial assets		2,519,890	-	-	3,877,489	6,397,379

Financial Liabilities						
Trade and other payables		-	-	-	1,407,579	1,407,579
Hire Purchase / Finance Lease	9.0	-	324,651	987,470	-	1,312,121
Total financial liabilities		-	324,651	987,470	1,407,579	2,719,700

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate			Total
			Within 1 Year	1 to 5 Years		
30th June 2011	%	$	$	$	$	$
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	4.8	717,008	-	-	264,431	981,439
Trade and other receivables		-	-	-	3,282,835	3,282,835
Total financial assets		717,008	-	-	3,548,466	4,265,474
Financial Liabilities						
Trade and other payables		-	-	-	1,507,124	1,507,124
Hire Purchase / Finance Lease	9.0	-	87,469	211,527	-	298,996
Total financial liabilities		-	87,469	211,527	1,507,124	1,806,120

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 2012 held a quantity of cash on hand in an Interest Bearing bank account. 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:

	2012 $	2011 $
Change in profit		
- Increase in interest rate by 1.4%	1,235	1,207
- Decrease in interest rate by 1.4%	(1,235)	(1,207)
Change in equity		
- Increase in interest rate by 1.4%	1,235	1,207
- Decrease in interest rate by 1.4%	(1,235)	(1,207)

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. The company is expanding its operation and has some overseas customers. At 30th June 2012, 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:

Change in profit		
- Improvement in AUD to International currencies by 15%	7,916	-
- Decline in AUD to International currencies by 15%	(7,916)	-
Change in equity		
- Improvement in AUD to International currencies by 15%	7,916	-
- Decline in AUD to International currencies by 15%	(7,916)	-

NOTE 27: SHARE BASED PAYMENTS

a) Employee Share Plan

A scheme under which shares may be issued by the company to employees for no cash consideration was approved by shareholders through the prospectus. All Australian resident full-time employees (excluding directors and their related parties) who have been continuously employed by the company (including any 100% owned subsidiaries) for a period of at least three years are eligible to participate.

Eligibility to participate is based on an employee being a full-time employee of the Company (or any of its 100% owned subsidiaries), the employee is an Australian resident for income tax purposes and the employees has been directly employed by the Company (or any of its 100% owned subsidiaries) for at least as period of 36 continuous months in a permanent position.

Each eligible employee will be entitled to a maximum of $1,000 of fully-paid ordinary shares annually, with the number of shares calculated based on the closing price of the Company's on the day each issue is formally passed by the Board. Offers under the scheme are at the discretion of the Board.

Shares issued are vested for a period of three years from date of issue, with one third released annually on each anniversary date of the Board approved issue date. If employment is ceased for any reason any shares still currently vested and not released will be forfeited by the employee.

Shares are issued as fully-paid ordinary shares and rank equally with existing shares on issue.

	2012	2011
Number of shares issued under the plan to participating employees: (refer to Note 19 a) for detail of date of issue and issue price)	249,207	-

b) Expense arising from share based payment transactions

Shares Issued under employee share plan	10,343	-

NOTE 29: CRITICAL ESTIMATES

a) Impairment test

An impairment test has been completed for the carrying amount of goodwill in the parent entity's statement of financial position. Financial forecasts for the next five years have been developed for the Queensland division which provide for increasing revenue expectations, therefore resulting in increase to profits.

The financial forecast growth assumptions are based on the restructuring of the consolidated sales team during 2012, continued marketing and growth of the LaserBond cladding and Thermal coating services in Queensland (and the subsequent higher margins achievable), and the continuing growth in client base outside of the local Gladstone area for the Queensland division (initially throughout Central Queensland and eventually Queensland).

NOTE 28: PARENT ENTITY FINANCIAL INFORMATION

a) Summary Financial Information

The individual financial statements for the parent entity shows the following aggregate amounts:

Balance Sheet	2012 $	2011 $
Assets:		
Current Assets	8,343,462	5,466,298
Total Assets	13,652,857	9,621,010
Liabilities:		
Current Liabilities	1,665,489	1,703,607
Total Liabilities	2,735,671	2,220,397
Shareholders' Equity		
Issued Capital	5,410,011	3,062,907
Retained Earnings	5,507,175	4,337,706
	10,917,186	7,400,613
Profit before income tax expense	1,990,165	1,994,764
Profit after tax from continuing operations	1,392,332	1,395,817
Total comprehensive income attributable to members	1,392,332	1,395,817

b) Finance Facilities of the Parent Entity

The parent entity has given unsecured guarantees in respect of finance leases and hire purchase agreements:

(i) for the parent entity with a balance outstanding of $438,180 (2011: $1,224,144)
(ii) for subsidiaries with a balance outstanding of $72,775. (2011: $187,585)

A liability has been recognized in relations to these liabilities as per Note 15 of this financial report.

The parent entity has given unsecured guarantees in respect of operating lease agreements:

a. for the parent entity with a balance outstanding of $399,417 (2011: $180,486)
b. for subsidiaries with a balance outstanding of $307,209 (2011: $674,942)

The parent entity has given unsecured guarantees in respect of Rental Bonds for subsidiaries totalling $78,925

The parent entity has unsecured and unused finance facilities in place in respect of:

(i) Trade finance facility with unused limit of $470,000 (2011: $470,000).
(ii) Bank Guarantee Line unused with limit of $200,000 (2011: $200,000).

NOTE 29: CONTROLLED ENTITIES

Subsidiaries of LaserBond Limited

	Country of Incorporation	Percentage Owned 2012	Percentage Owned 2011
Peachey's Engineering Pty Ltd	Aust	100%	100%
Canedice Investments Pty Ltd	Aust	100%	100%
LaserBond (Qld) Pty Ltd	Aust	100%	100%

Note that Canedice Investments Pty Ltd and LaserBond (Qld) Pty Ltd are both non trading entities.

NOTE 30: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

a) Conversion of Convertible Notes

In April 2010 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 was 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.

As at 30th June 2012 all remaining Convertible Note holders, holding notes with a face value of $100,000, had provided the company with Conversion Notices to convert these notes to shares. 666,667 shares were issued on 6th July 2012 accordingly.

NOTE 31: 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	
	2012	2011		2012	2011		2012	2011
Revenue	9,792,742	8,159,668		4,593,569	5,116,936		14,386,311	13,276,604
Profit Before Income Tax	1,990,165	1,994,764		(398,139)	47,768		1,592,026	2,042,532
Profit after Income Tax	1,392,332	1,395,817		(272,893)	(60,703)		1,119,439	1,338,114
Assets	13,652,857	9,626,810		1,892,758	2,359,046		13,821,218	10,355,310
Liabilities	2,735,671	2,226,197		2,584,918	2,778,313		3,596,192	3,373,965

NOTE 32: COMPANY DETAILS

Registered Office and Principal Place of Business:

LaserBond Ltd

Current to September 2012

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

From October 2012

2 / 57 Anderson Road
SMEATON GRANGE NSW 2567
Phone: 02 4631 4500
Fax: 02 4631 4555

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:

Boardroom Pty Ltd

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

1. Substantial Shareholders at 22nd August 2012

Holder Laserbond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	8,109,591	9.572
Mr Wayne Edward Hooper	8,109,591	9.572
Mr Wayne Edward Hooper (W&D Hooper Investments Pty Ltd)	861,136	1.017
Ms Lillian Hooper	7,137,590	8.424
Mr Rex Hooper	7,091,432	8.370
Mr Gregory John Hooper	4,838,617	5.711
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,556,043	4.197
Mrs Loretta Mary Peachey	2,693,344	3.179
Mrs Loretta Mary Peachey & Mr Nathan Charles Peachey <WK & LM Peachey S/Fund A/C>	2,250,000	2.656

2. Distribution of Shareholders as at 22nd August 2012

Holdings Ranges	Holders	Total Units	%
1-1,000	16	3,251	0.004
1,001-5,000	68	253,357	0.299
5,001-10,000	88	720,480	0.850
10,001-100,000	333	12,413,122	14.651
100,001-9,999,999,999	101	71,336,000	84.196
Totals	**606**	**84,726,210**	**100.000**
Holdings less than a marketable parcel	26	23,163	0.027

3. Twenty Largest Shareholders as at 22nd August 2012

Holder Laserbond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	8,109,591	9.572
Mr Wayne Edward Hooper	8,109,591	9.572
Ms Lillian Hooper	7,137,590	8.424
Mr Rex Hooper	7,091,432	8.370
Mr Gregory John Hooper	4,838,617	5.711
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,556,043	4.197
Mrs Loretta Mary Peachey	2,693,344	3.179
Mrs Loretta Mary Peachey & Mr Nathan Charles Peachey <WK & LM Peachey S/Fund A/C>	2,250,000	2.656
Picton Cove Pty Ltd	2,069,560	2.443
Wantune Pty Ltd <Trumbull Super Fund A/C>	1,966,000	2.320
HUB24 Nominees Pty Limited	1,176,200	1.388
Alliance Business Group Pty Limited <McCauley Super Fund A/C>	966,427	1.141
Dixson Trust Pty Limited	869,560	1.026
W&D Hooper Investments Pty Ltd <W&D Hooper Unit A/C>	861,136	1.017
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	858,886	1.014
UBS Wealth Management Australia Nominees Pty Ltd	782,170	0.923
Fortitude Enterprises Pty Ltd	727,000	0.858
Mrs Edna Knowles	634,263	0.749
Mr Makram Hanna & Mrs Rita Hanna <Hanna & Co P/L Super A/C>	585,000	0.690
Mr David Webster & Mrs Janine Florence Webster <D&J Webster Super Fund A/C>	573,988	0.677
Totals for Top 20	55,751,466	65.926
Security Totals	**84,726,210**	

4. Restricted Securities

The company has no restricted securities.

5. Securities subject to voluntary escrow

Total number of shares held in escrow	Escrow Release Date 1	Escrow Release Date 2	Escrow Release Date 3
33,330	23 Dec 2012 – 33,330 shares		
96,291	22 Dec 2012 – 48,152 shares	22 Dec 2103 – 48,139 shares	
104,764	23 Nov 2012 – 34,914 shares	23 Nov 2013 – 34,914 shares	23 Nov 2014 – 34,936 shares

NOTES

NOTES

EXTENDING MACHINERY LIFE WITH
ADVANCED SURFACE ENGINEERING

LaserBond Limited

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Ingleburn NSW 2565 Australia

LaserBond Limited
PO Box 597
Ingleburn NSW 1890 Australia

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

In September 2012 we will be relocating to:

Unit 2, 57 Anderson Road,
Smeaton Grange NSW 2567

Telephone	02 4631 4500
International	+612 4631 4500
Fax	02 4631 4555
International	+612 4631 4555

LaserBond (Qld)

10 Blain Drive, PO Box 1057
Gladstone QLD 4680

Fabrication Shop
5 George Mamalis Place
Gladstone, QLD 4680

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Email	info@laserbond.com.au

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