LASERBOND®

EXTENDING MACHINERY LIFE WITH
ADVANCED SURFACE ENGINEERING

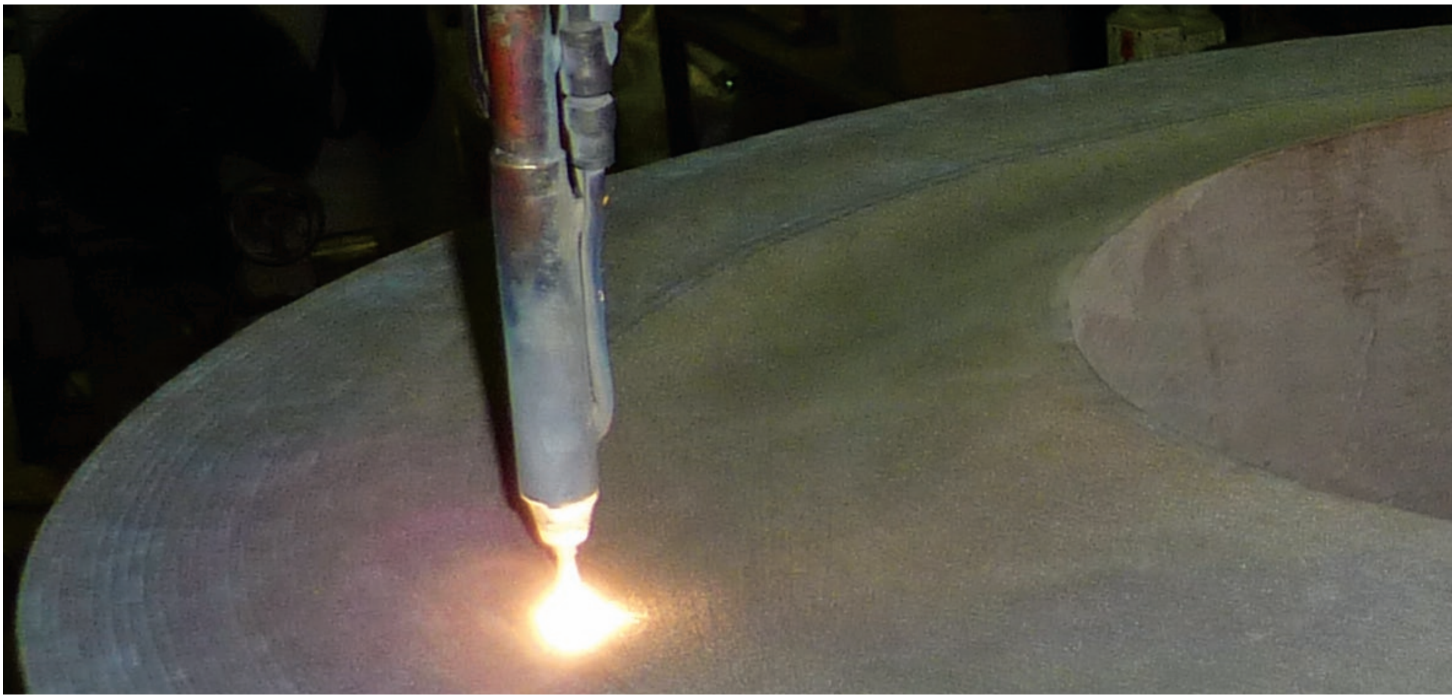
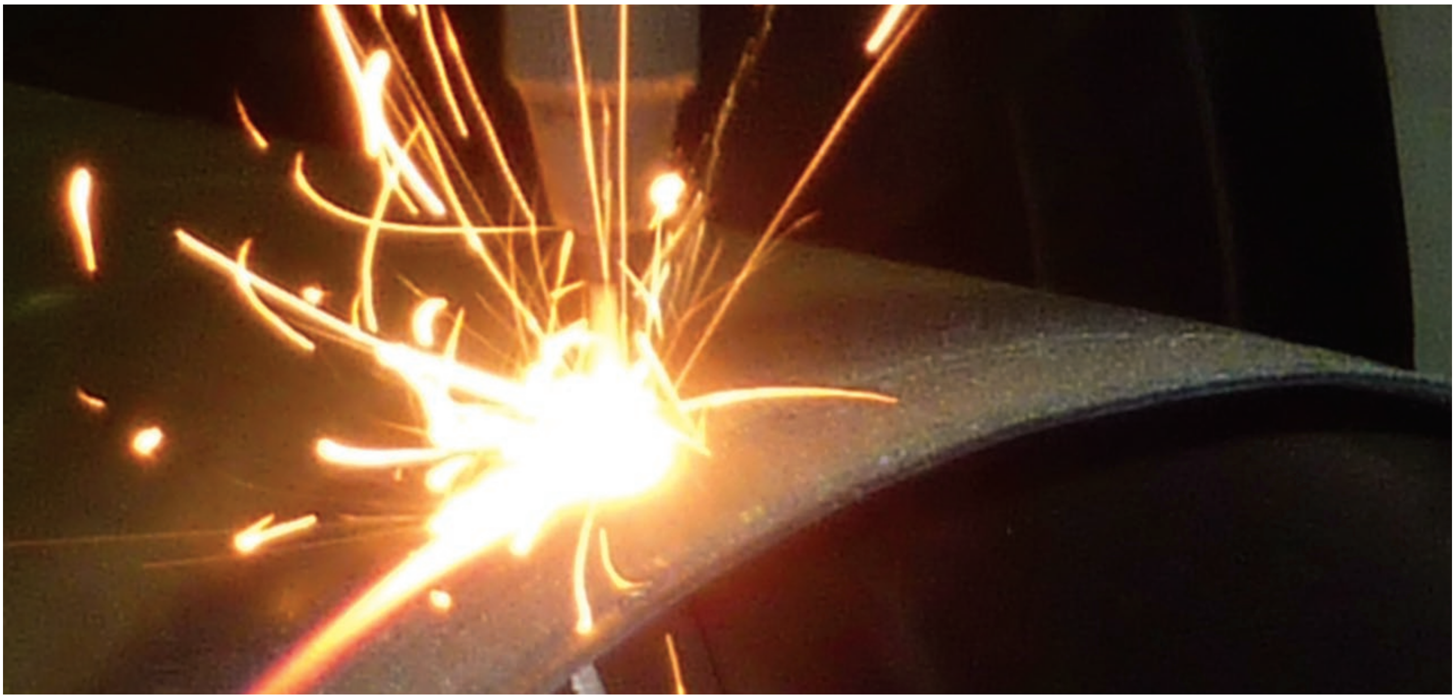
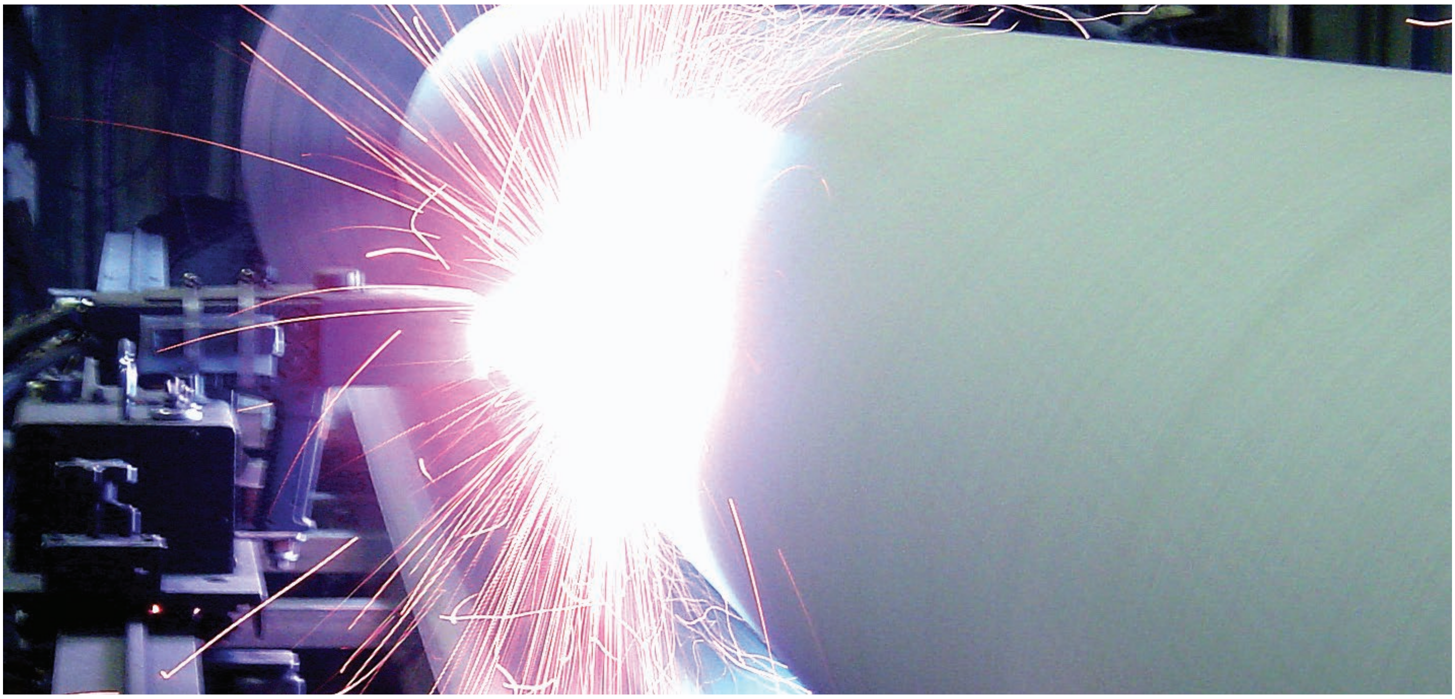
Shareholder's Annual Report

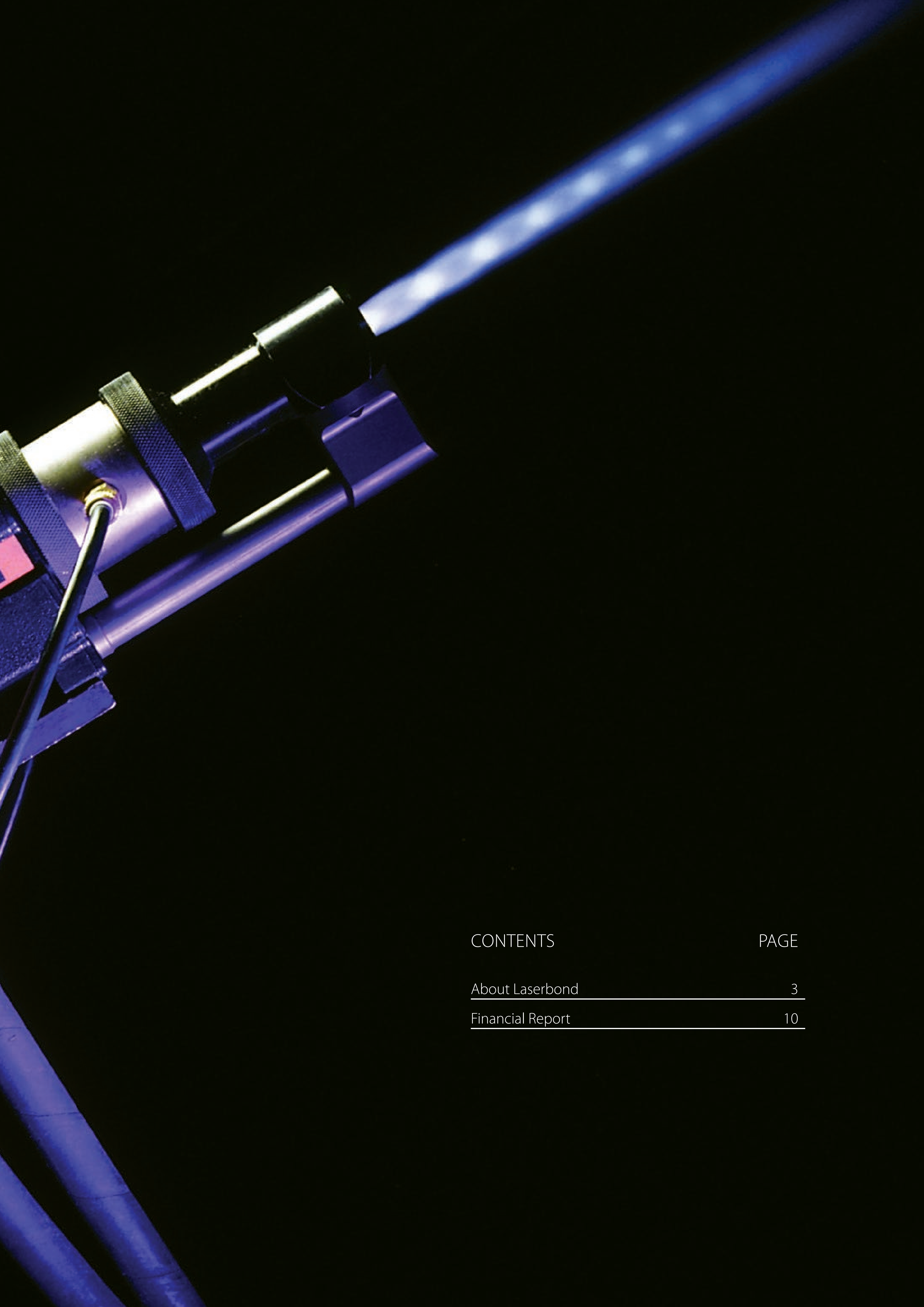
LaserBond Limited

ABN 24 057 636 692

For year ended 30th June 2013

All comparisons to year ended 30th June 2012



CONTENTS PAGE

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 Adelaide, SA. 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.

Reclamation and Surface Engineering

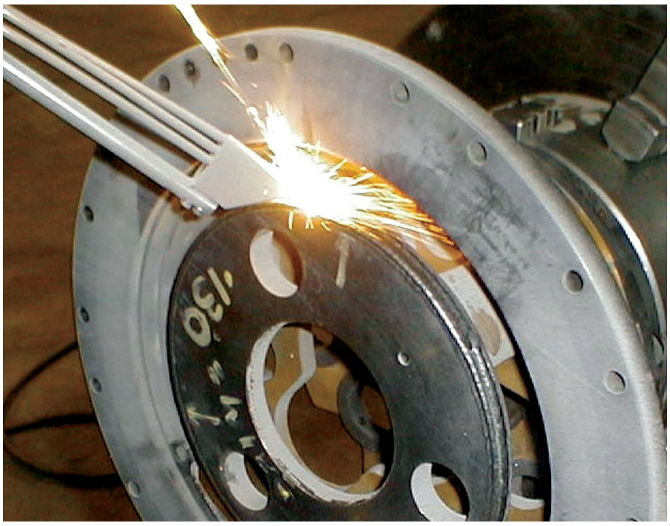
The low carbon alternative

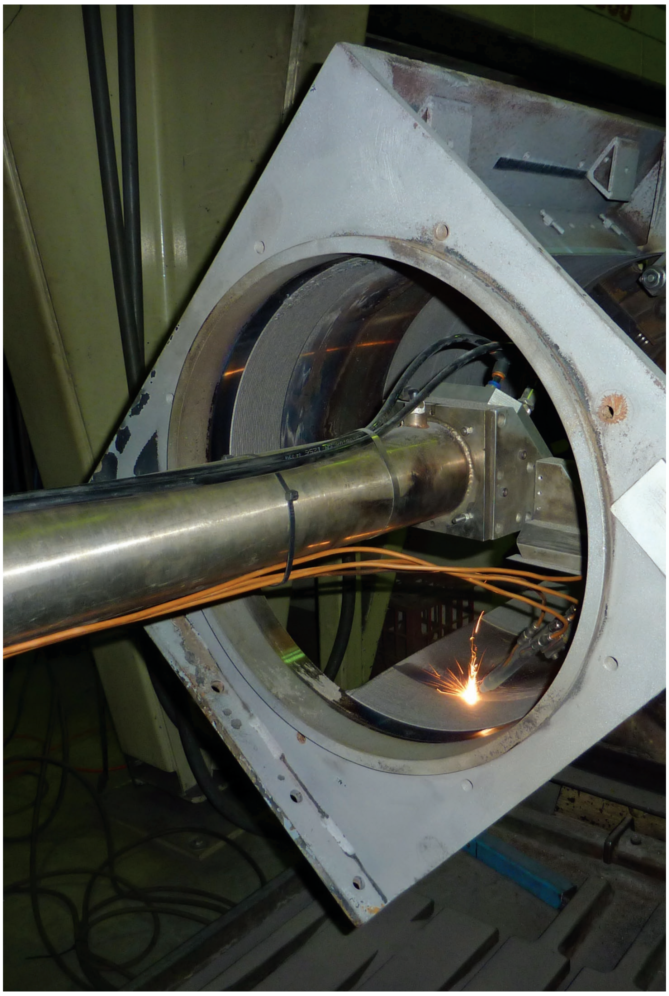
LaserBond can reclaim fatigued and worn industrial parts at a fraction of the cost of a replacement part, whilst improving resistance to wear and corrosion, increasing reliability and service life. New components and replacement parts can also be surface engineered to provide extended service life in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





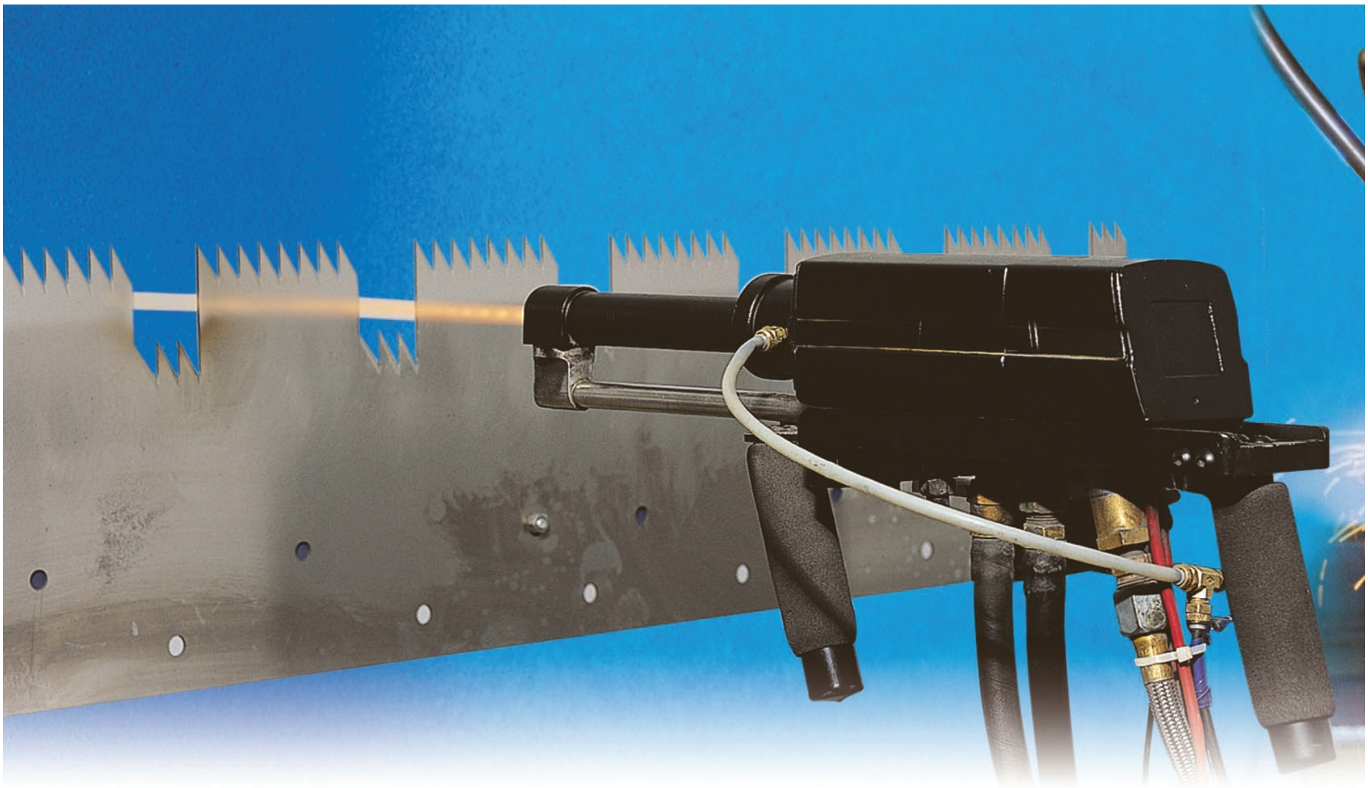
LaserBond®

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 200°C.

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.

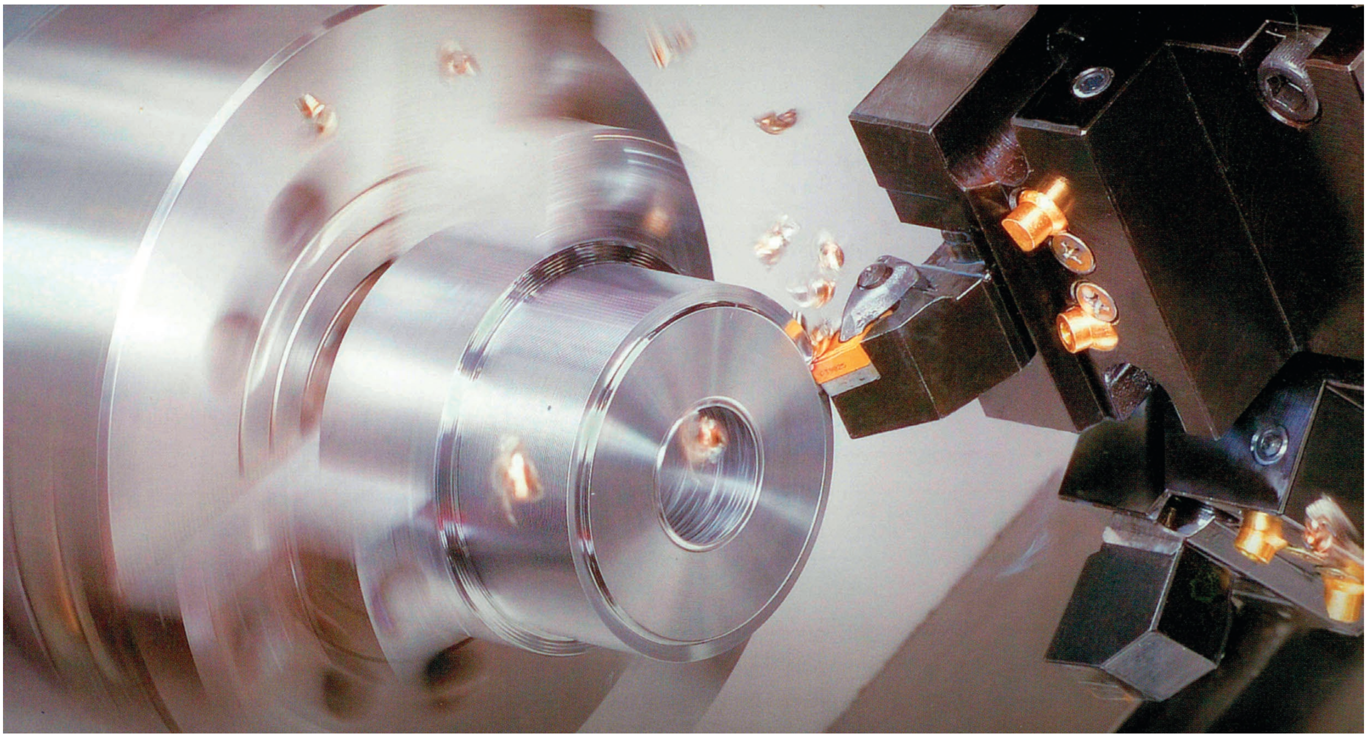
LaserBond approved HP HVOF coatings include Tungsten Carbide, Chrome Carbide, Nickel based alloys (e.g. Inconel 625 and 718), Cobalt alloys such as Stellite[1], stainless steels and copper based alloys.

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.



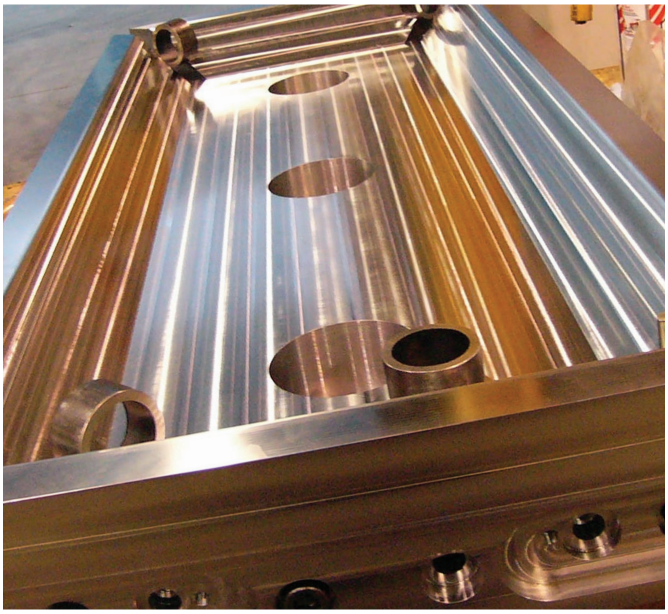
Machine Shops

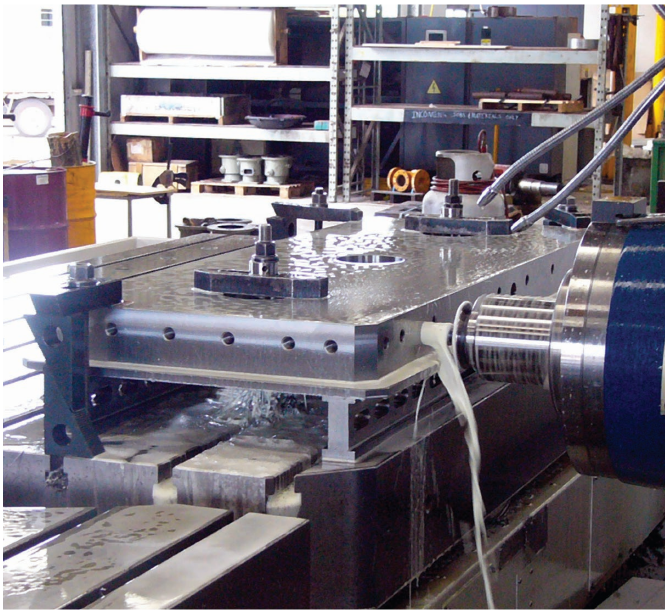
A comprehensive range of modern large capacity CNC Lathes, Mills and Borers, in addition to a variety of conventional manual lathes, mills and borers, cylindrical, surface and internal grinders etc are installed. These are used to manufacture new components (from one offs to large batches) in a wide 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.





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.

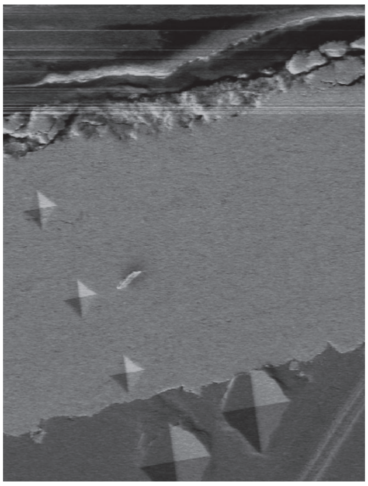
Fitting and Assembly Services

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.

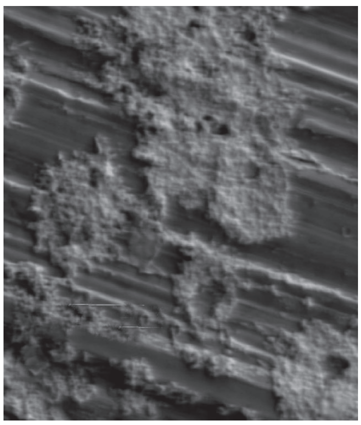
Metallographic Laboratory

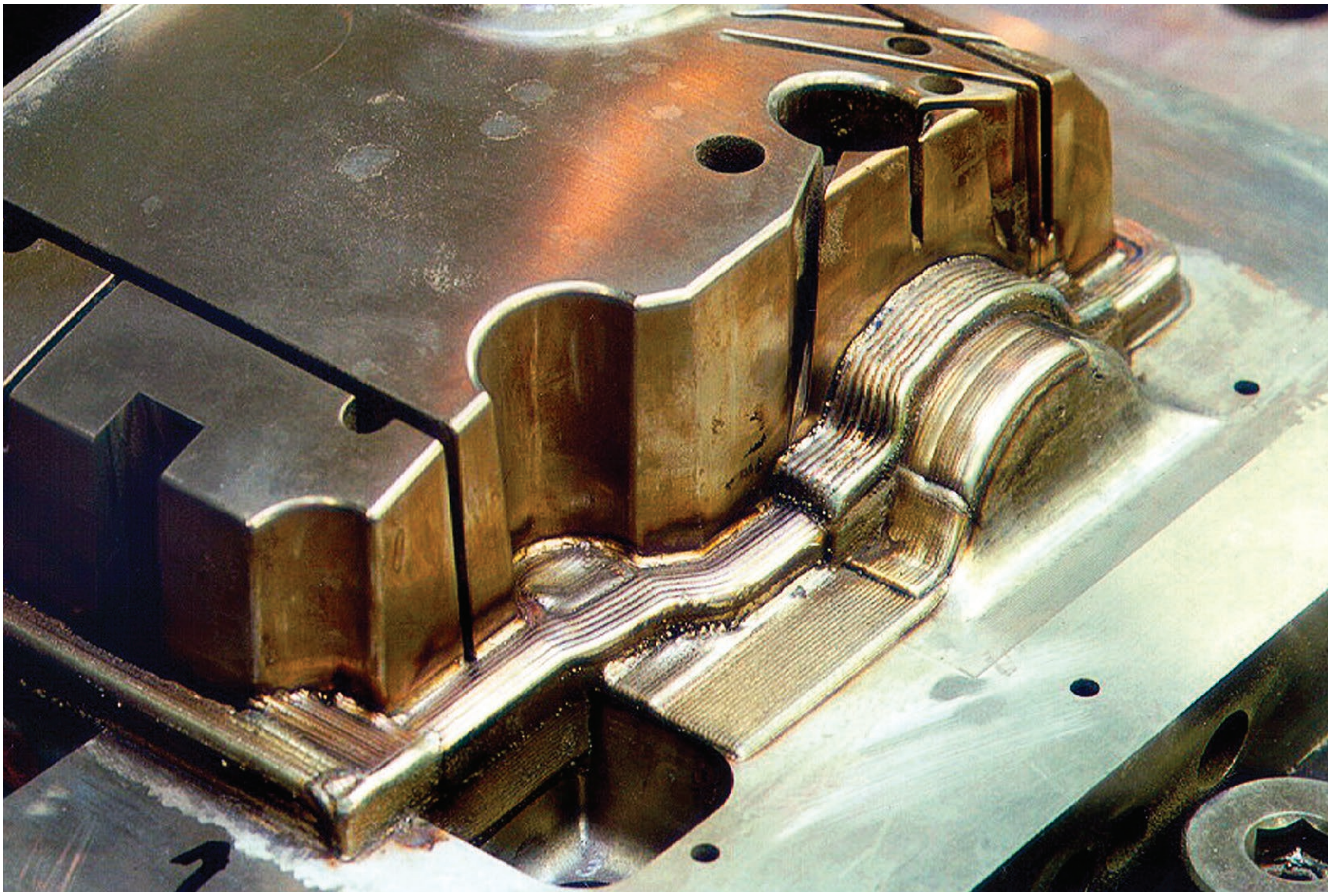


Due to the many and varied applications and materials that are processed by the **LaserBond** workshops, an in house laboratory is utilised to carry out testing and examination, including metallographic characterisation, hardness testing, and chemical analysis.

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.

Contents	Page

Dear Shareholder,

On behalf of the Board I am pleased to present the annual Financial Report to 30th June 2013. The underlying results were as follows:

	30 June 2013		**30June 2012**
Revenues from continuing operations	$13,526,724	**Down 5.1% from**	$14,253,624
Underlying EBITDA	<$100,433>	**Down 105% from**	$2,035,547
Underlying NPAT	<$423,472>	**Down 138% from**	$1,119,439
Underlying Earnings per share (cents)	<0.50>	**Down 133% from**	1.50

The underlying results above exclude several one off costs including an impairment loss for the goodwill in consideration for the purchase of our Queensland division ($3,598,927), the move of the NSW facilities ($248,872), additional payroll tax from a Queensland OSR audit ($108,216), related interest from OSR audit ($23,624) and Queensland redundancies ($48,294). After these significant one off items the profit after tax attributable to members is showing a loss of <$4,322,703>.The decision to write off all the remaining Goodwill relating to the original purchase of the Gladstone division was necessary due to the disappointing trading conditions in Gladstone and the resulting negative impact that the Queensland Division was having on the group's earnings.

Over the course of the past year, the Board has spent considerable time reviewing the Queensland operations and has initiated several cost saving measures to assist it through the current conditions. These changes are being implemented and should positively impact the division and assist in eliminating future losses from the Queensland operations.

On a positive note the NSW division continues to outperform despite the decline in some of the mining related activities. During the year, the Company moved the Sydney operations into a purpose built building, providing much needed work space and improved working conditions for our employees. The move was disruptive to the business impacting our results through a lower than expected Gross Profit of 47.1% and a 4.4% decrease in revenue over the fiscal year. However, the last four months of FY 2013, saw profits of $516,600 with Gross Profit back to more than 50%. Going forward with the increased capacity and more workable environment NSW will be on track to achieving revenue growth with appropriate profit margins and continue to be a major contributor to the financial stability of LaserBond.

This year also saw LaserBond open a new division in South Australia that included the Company's founder, Greg Hooper, relocating to Adelaide to ensure a successful launch into the market. The focus in Adelaide will be on our core business of LaserBond® Cladding and building revenue through organic growth.

The Board is pleased to issue total fully franked dividends of 0.4 cents per share for the fiscal year. We are well placed to continue with our dividends and our DRP in the coming fiscal year.

Whilst the reported results on a consolidated basis are disappointing, they are a consequence of temporary factors. LaserBond is looking forward to continuing growth in revenue and profits. We would like to thank all shareholders and employees for their continued support.

Yours sincerely

TMcCauley

Tim McCauley
Chairman
LaserBond Limited

Directors:	Mr. Timothy McCauley *Chairman / Non-Executive Director* Mr. Wayne Hooper *Executive Director* Mr. Gregory Hooper *Executive Director* Mr. Philip Suriano *Non-Executive Director*
Company Secretary:	Mr. Matthew Twist
Principal Registered Office:	2 / 57 Anderson Road SMEATON GRANGE NSW 2567 Phone: 02 4631 4500 Fax: 02 4631 4555
Website Address:	www.laserbond.com.au
Share Registry:	Boardroom Pty Ltd Level 7, 207 Kent Street SYDNEY NSW 2000 Phone: 1300 737 760
Auditor:	Lachlan Nielson Partners Pty Ltd Level 18, 201 Kent Street SYDNEY NSW 2000
Solicitor:	Equius Legal Pty Ltd Level 57, MLC Centre 19-29 Martin Place SYDNEY NSW 2000
Bankers:	Commonwealth Bank of Australia Corporate Financial Services Sydney South-West Suite 2.01 Centric Park Central CAMPBELLTOWN NSW 2560

Stock Exchange Listing: LaserBond Ltd shares are listed on the Australian Securities Exchange (ASX) under LBL.

The Directors present their report on the consolidated entity for the financial year ended 30th June 2013.

Principal Activities

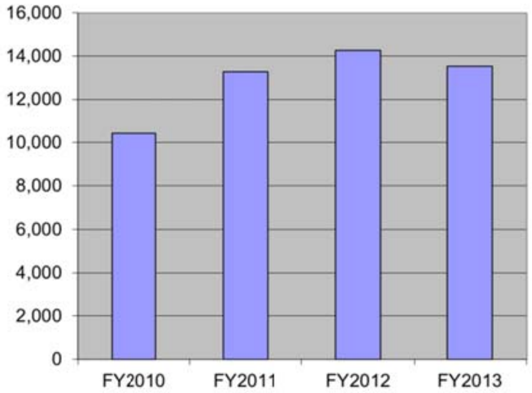
LaserBond specialises in the manufacture and reclamation of industrial components and assemblies used in a broad range of capital intensive industries and environments, such as mining, minerals processing, and primary metals manufacturing. Usually the components are for critical applications that require 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.

These services are currently provided from facilities in New South Wales, Queensland and South Australia.

Review of Operations & Results

Despite depressed market conditions, LaserBond consolidated revenue resulted in only a 5.1% decrease over previous corresponding period. Compounded annual revenue growth from fiscal years 2010 to 2013 has resulted in a consolidated increase of 6.7%.

Revenue



The consolidated business achieved $13.5 million revenue for FY2013 compared to $14.2 million for FY2012. This 5.1% decline in revenue is a slight improvement over the 5.6% decline reported in the December 2012 HY financial report.

LaserBond recently provided guidance that as a result of increased costs as well as significant non-recurring factors, particularly with the Queensland division, the group expected a consolidated underlying loss of approximately <$700,000> for the 2012-2013 fiscal year. The actual underlying loss was <$613,034>.

The reportable loss attributable to members is <$4,322,703> taking into account the significant non-recurring factors being a one off impairment loss of $3,598,927 and moving costs for the NSW division of $248,472. Further information is provided below in the NSW results section.

Explanation of Results

New South Wales

The NSW division's results have shown a decline in revenue of 4.4%, Gross Profit results of 47% in comparison to 51% for the previous corresponding period and an increase in fixed expenses of $848,548. This has resulted in a $602,935 underlying profit before tax (before the effect of non-recurring factors including the impairment loss and moving costs).

The January to June 2013 period has shown a noticeable improvement in results for the NSW division with results for the second half showing:

- Revenue of $5 million in comparison to $4.4 million for the July to December 2012 period. This represents a 13.6% increase in revenue in the second half of the year. This has improved the 16% decline in revenue reported in our half year December 2012 report to only a 5.1% decline for the full year.

- Gross Profit results of 48% in comparison to 46% for the July to December 2012 period. The December 12 half year report discussed the significant impact of the NSW move to Smeaton Grange from the Ingleburn and Minto premises. The majority of the move occurred between August and October 2012, however due to client demand some of the larger, critical pieces of equipment were not relocated until January and February 2013. Since March 2013 with the relocation essentially complete production efficiencies have improved with March to June 2013 results providing Gross Profits at 51% in line with prior year results.

- Underlying profit before tax of $517,880 in comparison to $85,102 for the July to December period. This represents a 609% improvement in profits for the NSW division in the second half of the fiscal year, with essentially all of these profits achieved since the relocation was essentially complete (from March to June 2013).

NSW division's reported profit attributable to members (before tax) is a loss of <$3,293,049>. This is after the effect of two extraordinary one-off expenses allocated for the 2013 fiscal year:

- Impairment loss of $3,598,927 – these relates to the 100% write down of the existing Goodwill in Consideration related to the purchase of our Queensland division. Further detail on the status of the Queensland division follows in this report, however due to continued poor financial results since the purchase of the business and downturn in industry spending throughout Central Queensland it is difficult to justify future forecast forming any impairment tests. The majority of this goodwill was written down as at 31st December 2012.

- Moving Costs of $248,471 – these costs relate to the relocation of the NSW division to our premises in Smeaton Grange. The majority of these costs relate to the de-commissioning, relocation and re-commissioning of plant & equipment.

South Australia

By mid June 2013 LaserBond had set-up facilities in South Australia with LaserBond® cladding equipment. This move was based on a Memorandum of Understanding being signed with Gearhart United who specialise in both the manufacture and repair of oil and gas field drilling tools and components. Gearhart is committed to engaging LaserBond exclusively for LaserBond® cladding of its components including all Redback roller reamer bodies.

With the division only productive for two weeks South Australia has reported a loss before tax of <$54,827> effected by costs incurred during the non-productive set-up of the division.

Queensland Division

The Qld division's results have shown a decline in revenue of 6.8%, Gross Profit results of 23% in comparison to 34% for the previous corresponding period and an increase in fixed expenses of $365,439. This has resulted in a <$1,293,089> loss before tax.

The '07-08 Annual Economic Report on the Queensland Economy' documented the solid economic expansion of the state, noting in particular that year being the 12th consecutive year in which Queensland's growth was greater than national growth. It also stated this was the 4th consecutive year of double-digit growth in business investment with this growth at the time being attributed to a strong mining sector, tight commercial property market and the highest Australian dollar exchange rate in two decades.

LaserBond purchased the Queensland division in November 2008 and since then has been impacted by the global financial crisis in 2009 slowing economic growth, widespread flooding and cyclones over the past two years, the cancellation of a number of mining projects and a shortage of skilled labour and housing causing cost pressure in the region for businesses.

Over the last few months recent media coverage have commented on Central Queensland in particular feeling the brunt of a massive mining downturn, with many projects on hold or scrapped altogether. The Queensland Resources Council has commented, in regards to the coal industry, that Queensland is experiencing the most difficult conditions in 10 years. Coal prices have dropped considerably whilst costs have been escalating, placing many mines in loss-making situations. The alumina industry, with a strong presence in Gladstone, is struggling with similar issues. (Note also this situation has also affected the Hunter Valley region in NSW therefore our NSW division has also felt the impact of the mining downturn)

In June 2013 in LaserBond's market update it was noted that the board was actively pursuing all options for eliminating future losses from the Queensland division, and cope with the current uncertainty of the Queensland economy. These options in particular focus on reducing the footprint in Gladstone to reduce the fixed overheads to achieve at very least a breakeven, and therefore stop losses, in order to wait out the poor trading conditions. During the April to June 13 quarter a number of redundancies were made to reduce fixed costs, ensuring skill retained was to service current market spending expectations only. Since these redundancies weekly payroll spending has halved. The current July to September 13 quarter LaserBond is looking to achieve continued revenue consistent with January to June 2013 average spending and improved gross profit results. Further the Queensland division is currently committed to leases on two facilities. We are actively seeking tenants to take over at least one of these leases to reduce fixed costs further.

The results from the July to September quarter will determine further options to be taken with the Queensland division.

Outlook

New South Wales

During the 2013 fiscal year, NSW revenue was impacted by the downturn in the mining & minerals processing and related industry sectors. Over the past few years this sector has contributed approximately 80% of total revenue for NSW. 2013 revenue from this sector has shown an 8% decline in spending in comparison to 2012 revenue. Revenue from this sector is expected to remain subdued in the short term, with little to no growth currently expected during 2013-2014.

However the focus over the past twelve months has been to stimulate demand in other industry sectors. This focus has generated inroads into a number of industries such as oil & gas, rail, marine and drilling which will provide growth throughout the next twelve to eighteen months. This recent demand also provided a proportion of the increased revenue in the second half of the 2013 fiscal year.

LaserBond is forecasting a moderate sales growth figure of 10% for FY 2014. To ensure profitability remains high on this level of revenue, despite the increased costs relative to the new Smeaton Grange facilities, particular focus will be on both retaining and improving the historical gross profit rates of 50% and ensuring fixed costs have little growth in comparison to 2013 actual spending.

South Australia

With the commitment from Gearhart United and other customers, our South Australian division is expected to achieve a minimum of $1 million in revenue for the current fiscal year. Gearhart is expected to have a greater work load for LaserBond in the second half of 2014 due to their requirement to increase production in line with their own client's demands for their drilling (Redback) products.

To ensure that the SA division's start up is effective and efficient, Greg Hooper, an Executive Director, has moved to South Australia to manage the business for at least the first twelve months. His focus will be on assisting Gearhart achieve their stated goals on production output and build our client base in the region, along with managing all day to day areas of the SA division.

The low overheads of the SA division, combined with the secured contract work from inception, will allow the division to achieve profits quickly.

Queensland

With the outlook of the coal and alumina sectors it is difficult to determine when business investment throughout Central Queensland will strengthen. As discussed previously, the current concerted programme of cost reductions and margin improvements together with the financial results for the July to September 2013 quarter will determine the future for LaserBond in Queensland.

Directors

Details of the group'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 group 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 13 were:

		Salaries and fees	Superannuation	Long Service Leave Accrual
Wayne Hooper	2013	124,401	24,992	9,754
	2012	100,086	44,487	3,847
Greg Hooper	2013	275,467	-	-
	2012	251,186	-	-
Timothy McCauley	2013	30,000	-	-
	2012	30,000	-	-
Philip Suriano	2013	25,000	-	-
	2012	25,000	-	-
	2013	454,868	24,992	9,754
	2012	406,272	49,487	3,847

Directors only received a fixed salary or fee in the year ended 30 June 2013.

Director's Shareholding

As at 28th August 2013, the number of shares held by directors was:

	Holdings Type	Holdings
Wayne Hooper	Direct	8,329,710
Wayne Hooper	Indirect	899,736
Greg Hooper	Direct	4,969,952
Greg Hooper	Indirect	3,652,564
Timothy McCauley	Indirect	992,659
Philip Suriano	Direct	31,827

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 the building products industry. Wayne holds degrees in Science and Engineering (Honours Class 1) and an MBA. He is involved in technology development, engineering and administration of the group.

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 group 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. 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 BBX Minerals Limited, Microview Limited (Australian Power Gas Limited), Adavale Resources Limited and Resources & Energy Group Limited. For the past 10 years Mr Suriano has been working in corporate finance. He is currently working with Lempriere Capital Partners as 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 group (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 2013, 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	7	7
Gregory Hooper	7	7
Timothy McCauley	7	7
Philip Suriano	7	7

No committees have been formed up to the time of this report. Please refer to the Corporate Governance Statement on pages 19 to 22 for further information.

Debt

At the end of the financial year, the group maintains a strong Balance Sheet with minimal debt. The current ratio of the group is 2.6:1 indicating a high financial strength. With our cash flow projections for the next fiscal year, the group 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 group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Diividends

Interim dividends were paid at 0.2 cents per share based on the December 2012 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 (2012: 0.2), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend is expected to be paid on 25 October 2013 out of retained earnings at 30 June 2013.

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

Corporate Governance

The directors of the group 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 group'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 Lachlan Nielson Partners Pty Ltd for non-audit services.

Proceedings on behalf of the Group

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

The group 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 26. Pursuant to the provisions of Sec 324DAA of the Corporations Act 2001 the directors have granted approval for Robert John Nielson, acting on behalf of Lachlan Nielson Partners Pty Limited, to play a significant role in the audit of the company for a further 2 successive years.

The reasons for this approval are

(i) Robert John Nielson has a comprehensive knowledge of the financial affairs and financial history of the company which will reflect in a more efficient and effective audit;
(ii) The directors have been satisfied with the quality of audit services provided in past years and have no reason to believe that quality of the audits to be carried out in the next two years will be impaired as a result of approving this extension;
(iii) The directors believe that the introduction of a new service provider will cause unnecessary disruption to the audit that will not provide any additional benefit to the company;
(iv) Having made due enquiry, the directors are satisfied that no independence issues will arise as a result of approving this extension."

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

Director
Wayne Hooper

Director
Greg Hooper

Dated this 30th day of August 2013

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 2013.

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 group's Board is responsible for corporate governance of the group. The Board develops strategies for the group'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 group's conduct and activities; and
c) To ensure compliance with the group'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 group 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 group, 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 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 group 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 group is committed to the following principles:

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

b) The principal criterion for the appointment of new Directors is their ability to add value to the group

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 2013.

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

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 group, 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 group'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 group. No formal performance evaluation of board members has taken place during the reporting period. The next evaluation will occur December 2013.

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 groups 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 group or its securities. Also, subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the group'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 group 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 group 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 group.

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 group will continue to encourage position applications from females to redress this situation, and diversity throughout the group (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 2013 were as follows:

a) Total workforce – 14% (7 of 49)
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 group 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 group 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 group'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 group'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 group'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 group'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 group'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 group'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 group will apply the broad principles of a fair and equitable standard of remuneration commensurate with the qualifications and experience each member brings to the groupy. 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 group 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 group, nor will they be entitled to retirement allowances.

The group'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 2013, 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.

Lachlan Nielson Partners Pty Limited

Robert Nielson
Director

30 August 2013

LACHLAN PARTNERS
Chartered Accountants, Business & Financial Advisors

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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 comprising the statement of financial position as at 30 June 2013, 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 of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control relevant as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud and error. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101; *Presentation of Financial Statements* that the financial statements comply with the *International Financial Reporting Standards*.

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

LACHLAN PARTNERS
Chartered Accountants, Business & Financial Advisors

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 is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2013 and of their 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 comply with International Financial Reporting Standards as disclosed in Note 1.

Report on Remuneration Report

We have audited the Remuneration Report included in page 9 of the directors' report for the year ended 30 June 2013. 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 Laserbond Limited for the year ended 30 June 2013, complies with s 300A of the *Corporations Act 2001*.

Lachlan Nielson Partners Pty Limited

Robert Nielson

30 August 2013

Declaration by Directors

The directors of the group declare that:

1. The financial statements and notes, as set out on pages 27 to 54 are in accordance with the Corporations Act 2001 and:

    a. Comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. Give a true and fair view of the financial position as at 30th June 2013 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 group will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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	Director
Wayne Hooper	Greg Hooper

Dated this 30th day of August 2013

Consolidated Statement of Profits and Loss and Comprehensive Income for the Year Ended 30th June 2013

	Note	2013	2012
		$	$
Sale of Goods & Services	2	13,526,724	14,253,624
Cost of Sales		(8,115,796)	(7,723,489)
Gross Profit		**5,410,928**	**6,530,135**
Other Income	3	196,153	264,797
Advertising & Promotional Expenses		(75,191)	(28,548)
Depreciation & Amortisation		(451,608)	(363,183)
Employment Expenses		(2,331,514)	(1,751,145)
Property Rental & Rates Expenses		(1,261,142)	(857,042)
Administration Expenses		(1,510,029)	(1,346,194)
Repairs & Maintenance Expenses		(219,032)	(199,153)
Finance Lease Expenses		(342,336)	(417,770)
Borrowing Costs		(182,426)	(136,537)
Impairment of Goodwill		(3,598,927)	-
Other Expenses		(275,842)	(103,334)
Profit / (Loss) before income tax expense	4	**(4,640,966)**	**1,592,026**
Income tax expense	5	318,263	(472,587)
Profit / (Loss) after tax from continuing operations		**(4,322,703)**	**1,119,439**
Other comprehensive income		-	-
Total comprehensive income / (loss) attributable to members of LaserBond Limited		**(4,322,703)**	**1,119,439**
Earnings per share (cents)	6	(5.07)	1.50
Diluted earnings per share (cents)	6	(5.02)	1.32

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

Consolidated Statement of Financial Position
As at 30th June 2013

	Note	2013	2012
		$	$
CURRENT ASSETS			
Cash and cash equivalents	7	1,989,096	2,782,949
Trade and other receivables	8	2,915,320	3,614,430
Inventories	9	1,497,765	1,770,561
Total current assets		**6,402,181**	**8,167,940**
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,675,967	1,804,590
Deferred tax assets	13	549,786	237,174
Intangible assets	11, 12	18,294	3,611,014
Prepayments		500	500
Total non-current assets		**3,244,547**	**5,653,278**
TOTAL ASSETS		**9,646,728**	**13,821,218**
CURRENT LIABILITIES			
Trade and other payables	14	1,387,640	1,451,199
Provisions	16	564,872	499,222
Interest-bearing liabilities	15	518,420	424,651
Current tax liabilities	18	-	158,885
Total current liabilities		**2,470,932**	**2,497,957**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15	1,279,252	987,470
Provisions	16	48,851	98,265
Other non-current liabilities	17	-	12,500
Total non-current liabilities		**1,328,103**	**1,098,235**
TOTAL LIABILITIES		**3,799,035**	**3,596,192**
NET ASSETS		**5,847,693**	**10,225,026**
EQUITY			
Issued capital	19	5,701,090	5,410,011
Retained earnings	20	(71,879)	4,596,533
Asset Revaluation Reserve	20	218,482	218,482
TOTAL EQUITY		**5,847,693**	**10,225,026**

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

Consolidated Statement of Cash Flows
for the Year Ended 30th June 2013

Consolidated Statement of Changes in Equity

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,265,503	14,359,172
Payments to suppliers and employees		(13,786,764)	(13,147,119)
Interest paid		(182,426)	(136,537)
Interest received		97,810	56,198
Income taxes paid		(281,477)	(458,974)
Net cash inflow from operating activities	26	**112,644**	**672,740**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(1,272,545)	(1,517,064)
Proceeds from sale of plant and equipment		35,000	10,489
Net cash inflow/(outflow) from investing activities		**(1,237,545)**	**(1,506,575)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Shares		(10,500)	1,909,690
Payments to lessors		485,551	1,013,124
Dividends paid		(144,005)	(288,669)
Net cash inflow/(outflow) from financing activities		**331,046**	**2,634,145**
NET INCREASE/(DECREASE) IN CASH HELD		(793,853)	1,800,310
Net cash at beginning of period		2,782,949	982,639
NET CASH AT END OF PERIOD	7	**1,989,096**	**2,782,949**

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

Consolidated Statement of Changes in Equity
for the Year Ended 30th June 2013

	Issued capital $	Asset Revaluation Reserve $	Retained earnings $	Total equity $
Opening Balance at 1st July 2011	**3,062,907**	**218,482**	**3,699,956**	**6,981,345**
Profit / (Loss) 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**	**218,482**	**4,596,533**	**10,225,026**
Profit / (Loss) for the Period	-	-	(4,322,703)	(4,322,702
Issue of Share Capital	291,079	-		291,079
Dividends Paid during period	-	-	(345,709)	(345,709)
Closing Balance at 30th June 2013	**5,701,090**	**218,482**	**(71,879)**	**5,847,693**

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 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of LaserBond Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 30 August 2013 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 and its subsidiaries are together referred to in this financial report as the group or consolidated entity.

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

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. LaserBond Limited is a for-profit entity for the purpose of preparing financial statements.

The consolidated financial statements of the LaserBond Ltd group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period of any prior period and are not likely to affect future periods.

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 group obtains control and until such time as the group 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 group 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 receivable but not shown on bank statements the interest is recognised on an accrual basis.

Other Income

Revenue from other income streams are recognised at the date of receipt of the income.

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.

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

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

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

g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days from end of month. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance accounts (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The amount of the impairment loss is recognised in profit or loss within administration expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other in come in profit or loss.

h) 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.

i) 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

j) 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.

k) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial Instruments

Classification

The group 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 group 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 group 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.

m) Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

n) 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.

o) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition. They are recognised as current liabilities unless payment is not due within 12 months from the reporting date.

p) 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 group 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.

q) 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.

r) 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.

s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which employees render the related service 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 end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(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.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via an employee share scheme. Information relating to this scheme is set out in the accompanying notes to the financial statements. The fair value of options granted under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares granted, including the impact of any vesting conditions.

Vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the numbers of shares that are expected to vest based on the vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(v) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for those benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

t) 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.

u) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to members of the group, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) 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.

w) 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 group has made significant accounting estimates and assumptions on impairment of goodwill, and these are set out in detail in the accompanying notes.

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.

x) Changes in Accounting Policies

The accounting policies and methods of computation adopted in the preparation of this financial report are consistent with those adopted and disclosed in the group's 2013 annual financial report for the financial year ended 30 June 2012. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

y) Impact of Standards Issued but not yet applied by the Entity

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available for sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the group recognised no such gains in other comprehensive income.

Their will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The group has not yet decided when to adopt AASB 9.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent / principal relationships. While the group does not expect the new stand to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The group's investment in a joint venture partnership will be classified as a joint venture under the new rules. AASB 11 does not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a 'partial disposal' concept. The group expects no impact from these amendments.

The group will adopt the new standards from their operative date. They will therefore be applied in the financial statements for the annual reporting period ending 30 June 2014.

z) Parent entity financial information

The financial information for the parent entity, LaserBond Ltd, disclosed in the accompanying notes has been prepared on the same basis as the consolidated financial statements except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at costs in the financial statements of LaserBond Ltd. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) *Tax consolidation legislation*

LaserBond Ltd and it wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, LaserBond Ltd, and the controlled entities in the tax consolidated group account for their current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right.
In addition to its own current and deferred tax amounts, LaserBond Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controller entities in the consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate LaserBond Ltd for any current tax payable assumed and are compensated by LaserBond Ltd for any current tax receivable or deferred tax assets relating to unused tax losses or unused tax credits that are transferred to LaserBond Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable / payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iv) Share-based payments

The grant by the group of options overs its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of the employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

	2013	2012
NOTE 2: REVENUE	**$**	**$**
From continuing operations		
Sales Revenue		
Sales of Goods & Services	13,526,724	14,253,624
NOTE 3: OTHER INCOME		
Interest Revenue	97,811	56,198
Other	98,342	208,599
	196,153	264,797
NOTE 4: EXPENSES		
Profit / (Loss) before Income Tax includes the following specific expenses		
Borrowing Costs:		
Interest Paid	182,426	136,537
Depreciation & Amortisation		
- Plant & Equipment	363,802	308,493
- Fixtures & Fittings	1,128	502
- Office Equipment	26,768	11,146
- R&D Equipment	464	751
- Motor Vehicles	43,750	30,018
- Leasehold Improvements	5,382	8,930
- Intangible Assets	10,314	3,343
	451,608	363,183
Rental Expenses relating to Operating Leases		
- Minimum Lease Payments	342,336	417,770
Auditors Remuneration		
a) Lachlan Nielson Partners Pty Ltd		
- Audit Services – audit and review of Financial Reports	57,200	41,085

NOTE 5: INCOME TAX

Reconciliation of Income Tax Expense	2013 $	2012 $
Profit / (Loss) before Income Tax expense	(4,640,966)	1,592,026
Prima Facie Tax at the Australian tax rate of 30% (2012: 30%)	(1,392,289)	477,608
Less Deferred Tax Asset adjustments for Employee Entitlements and Expense Provisions	(5,651)	(5,804)
Less non-deductible expense	1,079,678	
Less Adjustment to Prior Year Income Tax Provisions	-	783
Total Income Tax Expense:	(318,263)	472,587

NOTE 6: EARNINGS PER SHARE

	2013	2012
Basic earnings per share (cents)	(5.07)	1.50
Diluted earnings per share (cents)	(5.02)	1.32

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 2012	84,059,543	84,059,543
Shares issued as at 6th July 2012	666,667	655,708
Shares issued as at 12th October 2012	571,451	408,627
Shares issued as at 9th February 2013	55,050	19,758
Shares issued as at 26th April 2013	738,065	131,436
Closing Balance as at 30th June 2013	86,090,776	85,275,072

NOTE 7: CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash on Hand	1,700	1,200
Cash at Bank	1,987,396	2,781,749
	1,989,096	2,782,949

NOTE 8: TRADE AND OTHER RECEIVABLES

	2013	2012
Trade Receivables	2,755,062	3,337,263
Provision – Impairment of Receivables	(25,132)	-
Loans – Key Management Personnel	50,174	50,174
Loans – Employees	662	5,899
Prepayments	117,289	200,325
Other Receivables	17,265	20,769
	2,915,320	3,614,430

a) Movements in the provision for impairment of receivables

	2013 $	2012 $
Opening Balance	-	15,474
Provision for impairment recognised during the year	25,132	-
Receivables written off during the year as uncollectable	-	(8,258)
Previously impaired receivables collected during the year	-	(7,216)
	25,132	-

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 $000	Past due and impaired $000	Past due but not impaired (days overdue) <30 $000	31-60 $000	61-90 $000	>90 $000	Within initial trade terms $000
2013							
Trade and term receivables	2,755	25	1,143	913	529	170	2,056
Other receivables	185	-	185	-	-	-	185
	2,940	25	1,328	913	529	170	2,241
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

NOTE 9: INVENTORIES

	2013 $	2012 $
Stock on Hand – Raw Materials	578,484	635,757
Stock on Hand – Finished Goods	592,452	638,786
Work in Progress	326,829	496,018
	1,497,765	1,770,561

NOTE 10: PROPERTY, PLANT & EQUIPMENT

Plant & Equipment, Office Equipment, etc		
At Cost	4,028,820	2,829,140
Less Accumulated Depreciation	(1,479,134)	(1,175,608)
	2,549,686	1,653,532
Motor Vehicles		
At Cost	297,555	281,118
Less Accumulated Depreciation	(172,105)	(131,356)
	125,450	149,762
Research & Development Equipment		
At Cost	24,027	24,027
Less Accumulated Depreciation	(23,196)	(22,731)
	831	1,296
TOTAL PLANT & EQUIPMENT	2,675,967	1,804,590

(a) Movements in Carrying Amounts

	Plant & Equipment, Office Equipment, etc	Motor Vehicles	Research & Development Equipment	Total
2013 Financial Year	$	$	$	$
Balance at the beginning of the year	1,653,531	149,763	1,296	1,804,590
Additions	1,165,318	16,685	-	1,182,003
Sale / Disposal of Asset	(35,000)	(80)	-	(35,080)
Depreciation Expense	(234,163)	(40,918)	(465)	(275,546)
Carrying Amount at the end of the year	2,549,686	125,450	831	2,675,967
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
Sale / Disposal 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

NOTE 11: INTANGIBLES

	Goodwill	Patents and Trademarks	Other Intangible Assets	Total
	$	$	$	$
2013 Financial Year				
Balance at the beginning of the year	3,598,927	8,794	3,293	3,611,014
Additions	-	-	16,522	16,522
Disposals	-	-	-	-
Impairment	(3,598,927)	-	-	(3,598,927)
Amortisation Expense	-	(660)	(9,655)	(10,315)
Net Book Amount at 30th June 2013	-	8,134	10,160	18,294
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

NOTE 12: GOODWILL IN CONSIDERATION

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

	2013	2012
	$	$
	-	3,598,927

An Impairment Test shows the present value of the Goodwill carrying amount was in excess Cash flows. The goodwill in consideration as been impaired in full during the 2013 financial year. The principal assumptions for the Impairment test are annual revenue growth rates of between 0% and 10% and an average discount rate of 20%.

NOTE 13: DEFERRED TAX ASSETS

	2013	2012
Deferred tax assets comprise temporary differences attributable to:	$	$
Employee Benefits	184,418	181,431
Expense Accruals	47,105	55,743
PAYG Instalment	318,263	-
	549,786	237,174
Deferred tax assets expected to be recovered within 12 months	426,840	116,220
Deferred tax assets expected to be recovered after more than 12 months	122,946	120,954
	549,786	237,174

a) Deferred Tax Asset Movement

	Employee Benefits	Expense Accruals	Capitalised IPO Costs	PAYG Instalments	Total
At July 2011					
(Charged) / credited	161,924	46,715	42,148	-	250,787
- to profit or loss	19,507	9,028	-	-	28,535
- directly to equity	-	-	(42,148)	-	(42,148)
At June 2012	181,431	55,743	-	-	237,174
(Charged) / credited					
- to profit or loss	-	-	-	318,263	318,263
- directly to equity	2,987	(8,638)	-	-	(5,651)
At June 2013	184,418	47,105	-	318,263	549,786

NOTE 14: TRADE AND OTHER PAYABLES

	2013	2012
	$	$
Trade Payables	794,427	841,073
BAS Statement (GST & PAYG Withheld)	364,140	471,360
Payroll Tax	33,888	8,131
Fringe Benefits Tax	18,280	1,750
Superannuation	99,940	119,402
Dividends Payable	9,684	7,620
Other Payables	67,281	85,265
	1,387,640	1,451,199

NOTE 15: BORROWINGS

CURRENT		
Hire Purchase Liabilities (Unsecured)	518,420	324,651
Convertible Notes (Unsecured)	-	100,000
	518,420	424,651
NON-CURRENT		
Hire Purchase Liabilities (Unsecured)	1,279,252	987,470
	1,797,672	1,412,121

NOTE 16 : PROVISIONS

	2013	2012
	$	$
CURRENT		
Employee Benefits	564,872	499,222
NON-CURRENT		
Employee Benefits	48,851	98,265
	613,723	597,487

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:

Leave obligations expected to be settled after 12 months	425,432	431,080

NOTE 17: OTHER NON-CURRENT LIABILITIES

Rental Bond	-	12,500

This rental bond is in relation to the sub-letting of premises at George Mamalis Place, Gladstone.

NOTE 18: TAX LIABILITIES

CURRENT		
Income Tax	-	158,885

NOTE 19: CONTRIBUTED EQUITY

Issued and Paid Up Capital	5,701,090	5,410,011

	2013 Shares	2013 $	2012 Shares	2012 $
Existing Shares	84,059,543	5,410,011	72,099,638	3,062,907
Issued Shares	2,031,233	291,079	11,959,905	2,389,252
Deferred Tax Asset from Capitalised IPO Costs				(42,148)
	86,090,776	5,701,090	84,059,543	5,410,011

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2011	Opening Balance	72,099,638		
29th September 2011	Employee Share Plan	144,443	9.0	5,172
21st October 2011	Dividend Reinvestment Plan	1,164,446	13.5	157,200
13th December 2011	Employee Share Plan	104,764	21.0	5,172
24th January 2012	Conversion of Convertible Notes	200,000	15.0	12,338
9th February 2012	Conversion of Convertible Notes	333,333	15.0	20,562
29th February 2012	Conversion of Convertible Notes	266,667	15.0	16,450
22nd May 2012	Share Placement	9,100,000	23.0	1,960,238
5th April 2012	Dividend Reinvestment Plan	512,919	25.3	129,871
28th June 2012	Conversion of Convertible Notes	1,333,333	15.0	82,250
30th June 2012	Closing Balance	84,059,543		2,389,253

6th July 2012	Conversion of Convertible Notes	666,667	15.0	94,000
12th October 2012	Dividend Reinvestment Plan	571,451	16.77	94,331
19th February 2013	Employee Share Plan	55,050	15.5	6,090
26th April 2013	Dividend Reinvestment Plan	738,065	13.3	96,658
30th June 2013	Closing Balance	86,090,776		291,079

(b) Capital Risk Management

Management effectively manages the group's capital by assessing the group'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 group has no borrowings and no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(c) Ordinary Shares

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

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

Ordinary shares have no par value and the group does not have a limited amount of authorised capital.

(d) Dividend Reinvestment Plan

The group has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 5% discount to the market price.

(e) Employee Share Plan

Information relating to the employee share scheme is set out in note 29.

NOTE 20 : RETAINED EARNINGS

	2013	2012
	$	$
Balance 1 July	4,596,533	3,699,956
Dividends	(340,059)	(222,862)
Profit / (Loss) before Tax	(4,640,966)	1,592,026
Income Tax	312,613	(472,587)
	(71,879)	4,596,533

NOTE 21 : OTHER RESERVES

Asset Revaluation Reserve	218,482	218,482

NOTE 22 : CAPITAL AND LEASING COMMITMENTS

(a) Hire Purchase / Finance Lease Commitments

	2013	2012
	$	$
Payable:		
Within one (1) year	518,420	324,651
Later than one (1) year but not later than five (5) years	1,279,252	1,336,246
Minimum Hire Purchase / Finance Lease payments:	1,797,672	1,660,897
Less future finance charges	(199,299)	(348,776)
Total Hire Purchase / Finance Lease Liability	1,598,373	1,312,121

The group'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 group 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

	2013	2012
Payable:		
Within one (1) year	328,693	608,004
Later than one (1) year but not later than five (5) years	531,452	860,145
	860,145	1,468,149

(c) Property Lease

The group has the following property leases:

	Expiry
10 Blain Drive, Gladstone QLD 4680	Nov 2013
5 George Mamalis Place, Gladstone QLD 4680	Feb 2014
122 Levels Road, Cavan SA 5094	May 2015
2 / 57 Anderson Road, Smeaton Grange NSW 2567	August 2022

Payable:	
Within one (1) year	878,212
Later than one (1) year but not later than five (10) years	4,528.333

NOTE 23: CONTINGENT ASSETS & LIABILITIES

The directors are not aware of any contingent assets or contingent liabilities that would have an effect on these financial statements. (2012: Nil)

NOTE 24: 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.

	2013	2012
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.

	2013	2012
Labour Hire		
Direct Labour – Casual Staff	89,425	337,207

	2013	2012
Loans – Related Parties	$	$
Director Loan	50,174	50,174
Employee Loans	662	5,899
Employee Personal Expenses	3,045	7,760
	53,881	63,833

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 group.

The Employee Loans are receivable from three (3) employees.

The Employee Personal Expenses are receivable from employee's who have used, at the approval of director's, a group'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.

	2013	2012
Superannuation		
Contribution to superannuation funds on behalf of employees	570,026	499,819

NOTE 25: KEY MANAGEMENT PERSONNEL

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

(a) Key Management Personnel

The key management personnel of the group 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 group for management of its affairs is as follows:

	Salaries and fees	Superannuation
2013 Financial Year	$	$
Wayne Hooper	124,401	24,992
Greg Hooper	275,467	-
	399,868	24,992
2012 Financial Year		
Wayne Hooper	100,086	44,487
Greg Hooper	251,186	-
	351,272	44,487

(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 2012	Exercised	Expired	Closing Balance as at 30th June 2013
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	-

	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 2012	Issued	Purchased / (Sold)	Shares Held as at 30th June 2013
Wayne Hooper	Direct	8,109,591	220,119	-	8,329,710
Wayne Hooper	In-Direct	861,136	23,600	15,000	899,736
Greg Hooper	Direct	4,838,617	131,335	-	4,969,952
Greg Hooper	In-Direct	3,556,043	96,521	-	3,652,564
		17,363,387	471,575	15,000	17,851,962

	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 26: DIVIDENDS

	2013	2012
	$	$
Declared fully franked interim ordinary dividend of 0.2 (2012: 0.3) cents per share franked at the tax rate of 30% (2012: 30%)	170,706	222,862
Declared 2012 fully franked final ordinary dividend of 0.2 (2011: Nil) cents per share franked at the tax rate of 30% (2011: 30%)	169,452	-
Balance of franking credits available for subsequent financial years based on a tax rate of 30% (2012: 30%)	1,696,725	2,001,349
Total dividends per share for the period	0.4 cents	0.5 cents

Dividends paid in cash or satisfied by the issues of shares under the dividend reinvestment plan during the year were as follows:

	2013	2012
Paid in cash	146,169	92,991
Satisfied by the issue of shares	193,989	129,871
	340,158	222,862

b) Dividends not recognised during the reporting period

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 (2012: 0.2), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 25 October 2013 out of retained earnings at 30 June 2013, but not recognised as a liability at year end is:	172,182	169,452

NOTE 27: CASH FLOW INFORMATION

	2013	2012
	$	$
Reconciliation of profit after income tax to net cash flows from operating activities		
Profit after Income Tax for the year	(4,322,703)	1,119,439
Non-cash flows in operating surplus		
Depreciation, Amortisation & Impairment	3,958,888	353,493

Changes in assets and liabilities		
(Increase) / Decrease in trade debtors	505,813	(225,369)
(Increase) / Decrease in other debtors	193,297	(106,226)
(Increase) / Decrease in inventories	272,796	(224,435)
(Increase) / Decrease in deferred tax assets	(312,612)	13,613
(Increase) / Decrease in no-current provisions	-	14,400
Increase / (Decrease) in trade creditors and accruals / current provisions	127,739	(217,006)
Increase / (Decrease) in statutory liabilities	(248,659)	(59,806)
Increase / (Decrease) in non-current provisions	(61,915)	4,637
Net cash provided by operating activities	112,645	672,740

NOTE 28: 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 group may expose the group to price risk, credit risk, liquidity risk and cash flow interest rate risk. The group's risk management policies and objectives are therefore reviewed to minimise the potential impacts of these risks on the results of the group.

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 2013	%	$	$	$	$	$
Financial Assets:						
Cash on Hand		-	-	-	1,700	1,700
Cash at Bank	2.75	1,787,179	-	-	200,217	1,987,396
Trade and other receivables		-	-	-	2,915,320	2,915,320
Inventories		-	-	-	1,497,765	1,497,765
Total financial assets		1,787,179	-	-	4,615,002	4,615,002
Financial Liabilities						
Trade and other payables		-	-	-	1,377,956	1,377,956
Hire Purchase / Finance Lease	8.0	-	518,420	1,279,252	-	1,797,672
Total financial liabilities		-	518,420	1,279,252	1,377,956	3,175,628

30th June 2012	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total
			Within 1 Year	1 to 5 Years		
	%	$	$	$	$	$
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	4.8	2,519,890	-	-	261,859	2,781,749
Trade and other receivables		-	-	-	3,614,430	3,614,430
Inventories		-	-	-	1,770,561	1,770,561
Total financial assets		2,519,890	-	-	5,648,050	8,167,940
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

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 group may encounter difficulties raising funds to meet commitments. The group 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 group is not exposed to any material price risk.

f) Sensitivity Analysis

The group 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 group as 30th June 2013 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:

	2013 $	2012 $
Change in profit		
- Increase in interest rate by 1.4%	454	1,235
- Decrease in interest rate by 1.4%	(454)	(1,235)
Change in equity		
- Increase in interest rate by 1.4%	454	1,235
- Decrease in interest rate by 1.4%	(454)	(1,235)

Foreign Currency Risk Sensitivity Analysis

The group purchases certain raw material from overseas due to non-availability in Australia or savings due to bulk buying power overseas. The group is expanding its operation and has some overseas customers. At 30th June 2013, 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%	34,946	7,916
- Decline in AUD to International currencies by 15%	(34,946)	(7,916)
Change in equity		
- Improvement in AUD to International currencies by 15%	34,946	7,916
- Decline in AUD to International currencies by 15%	(34,946)	(7,916)

NOTE 29: SHARE BASED PAYMENTS

a) Employee Share Plan

A scheme under which shares may be issued by the group 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 group (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 group (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 group (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 group'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.

	2013	2012
Number of shares issued under the plan to participating employees: (refer to Note 19 a) for detail of date of issue and issue price)	55,050	249,207

b) Expense arising from share based payment transactions

Shares Issued under employee share plan	7,590	10,343

NOTE 30: PARENT ENTITY FINANCIAL INFORMATION

a) Summary Financial Information

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

Balance Sheet	**2013 $**	**2012 $**
Assets:		
Current Assets	8,008,818	8,343,462
Total Assets	10,236,423	13,652,857
Liabilities:		
Current Liabilities	2,709,380	1,665,489
Total Liabilities	2,791,408	2,735,671
Shareholders' Equity		
Issued Capital	5,701,090	5,410,011
Retained Earnings	1,743,925	5,507,175
	7,445,015	10,917,186
Profit before income tax expense	(3,347,877)	1,990,165
Profit after tax from continuing operations	(3,423,191)	1,392,332
Total comprehensive income attributable to members	(3,423,191)	1,392,332

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 $1,414,626 (2012: $969,327)
(ii) for subsidiaries with a balance outstanding of $383,046. (2012: $146,742)

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:

(i) for the parent entity with a balance outstanding of $769,735 (2012: $1,165,379)
(ii) for subsidiaries with a balance outstanding of $90,410 (2012: $498,822)

The parent entity has given unsecured guarantees in respect of Rental Bonds:

(i) for the parent entity with totaling of $181,885 (2012: Nil)
(ii) for subsidiaries with a balance outstanding of $78,925. (2012: $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 (2012: $470,000).
(ii) Bank Guarantee Line unused with limit of $18,115 (2012: $200,000).

The parent entity did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

The parent entity had no current contractual commitments for the acquisition of property plant or equipment as at 30 June 2013 or 30 June 2012.

NOTE 31: CONTROLLED ENTITIES

Subsidiaries of LaserBond Limited

	Country of Incorporation	**Percentage Owned**	
		2013	**2012**
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 32: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters to report subsequent to the end of the financial year that have not been detailed elsewhere in this report.

NOTE 33: SEGMENT REPORTING

The group 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 registered business entity:.

	LaserBond Limited (NSW & SA)			Peachey's Engineering Pty Ltd (Qld)			Consolidated	
	2013	2012		2013	2012		2013	2012
Revenue	9,392,657	9,792,742		4,281,190	4,593,569		13,526,724	14,386,311
Profit Before Income Tax	(3,347,877)	1,990,165		(1,293,089)	(398,139)		(4,640,966)	1,592,026
Profit after Income Tax	(3,423,192)	1,392,332		(905,162)	(272,893)		(4,322,703)	1,119,439
Assets	10,236,423	13,652,857		1,968,978	1,892,758		9,646,728	13,821,218
Liabilities	2,791,408	2,735,671		3,566,301	2,584,918		3,799,035	3,596,192

NOTE 34: COMPANY DETAILS

Registered Office and Principal Place of Business:

LaserBond Ltd — NSW Division

2 / 57 Anderson Road
SMEATON GRANGE NSW 2567
Phone: 02 4631 4500
Fax: 02 4631 4555
www.laserbond.com.au

Divisions of Head Office:

SA Division

112 Levels Road
CAVAN SA 5094
Phone: 08 8262 2289
Phone: 08 8260 2238

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

1. Substantial Shareholders at 19th August 2013

Holder Laserbond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	8,329,710	9.675
Mr Wayne Edward Hooper	8,329,710	9.675
Mr Wayne Edward Hooper (W&D Hooper Investments Pty Ltd)	899,736	1.045
Ms Lillian Hooper	7,137,590	8.291
Mr Rex Hooper	7,283,916	8.461
Mr Gregory John Hooper	4,969,952	5.773
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,652,564	4.243
Mrs Loretta Mary Peachey	2,693,344	3.128
Mrs Loretta Mary Peachey & Mr Nathan Charles Peachey <WK & LM Peachey S/Fund A/C>	2,250,000	2.614

2. Distribution of Shareholders as at 19th August 2013

Holdings Ranges	Holders	Total Units	%
1-1,000	21	4,093	0.005
1,001-5,000	55	202,314	0.235
5,001-10,000	85	681,695	0.792
10,001-100,000	291	10,341,672	12.013
100,001-9,999,999,999	97	74,861,002	86.956
Totals	**549**	**86,090,776**	**100.000**

Holdings less than a marketable parcel	90	280,694	0.326

3. Twenty Largest Shareholders as at 19th August 2013

Holder Laserbond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	8,329,710	9.675
Mr Wayne Edward Hooper	8,329,710	9.675
Ms Rex Hooper	7,283,916	8.461
Mr Lillian Hooper	7,137,590	8.291
Mr Gregory John Hooper	4,969,952	5.773
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,652,564	4.243
Mrs Loretta Mary Peachey	2,693,344	3.128
Mrs Loretta Mary Peachey & Mr Nathan Charles Peachey <WK & LM Peachey S/Fund A/C>	2,250,000	2.614
Picton Cove Pty Ltd	2,125,734	2.469
Wantune Pty Ltd <Trumbull Super Fund A/C>	2,110,677	2.452
Parks Australia Pty Ltd	1,386,638	1.611
Mr James Gordon Moffatt	1,248,289	1.450
Mrs Edna Knowles	1,092,645	1.269
Alliance Business Group Pty Limited <McCauley Super Fund A/C>	992,659	1.153
Mr Keith Knowles	985,073	1.144
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	882,199	1.025
Dixson Trust Pty Limited	869,560	1.010
W&D Hooper Investments Pty Ltd <W&D Hooper Unit A/C>	899,736	1.045
Fortitude Enterprises Pty Ltd	850,000	0.987
UBS Wealth Management Australia Nominees Pty Ltd	759,004	0.882
Totals for Top 20	58,849,000	68.357
Security Totals	**86,090,776**	

4. Voting Rights

The voting rights attached to each class of equity securities are:

a) Ordinary shares - on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
b) Options – No voting rights.

5. Restricted Securities

The group has no restricted securities.

6. Securities subject to voluntary escrow

Total number of shares held in escrow	Escrow Release Date 1	Escrow Release Date 2	Escrow Release Date 3
37,030	22 Dec 2013 – 37,030 shares		
38,100	23 Nov 2013 – 19,044 shares	23 Nov 2014 – 19,056 shares	
96,780	5 Feb 2014 – 32,265 shares	5 Feb 2015 – 32,265 shares	5 Feb 2016 – 32,250 shares

NOTES

LASERBOND®

EXTENDING MACHINERY LIFE WITH
ADVANCED SURFACE ENGINEERING

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