Appendix 4D & Half-Yearly Financial Report

LaserBond Limited

ABN 24 057 636 692

Half Year Information given to the ASX under Listing Rule 4.2A

For half-year ended 31st December 2015

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CHAIRMAN'S LETTER

Dear Shareholders,

Against the background of many of our long-term customers in mining and mineral processing reporting major reductions in sales revenue, it's pleasing to be able to report that LaserBond's revenue from ordinary activities for the half year is up 1.8% over the p.c.p., to $4,739,312.

Reduced business from our major customers has been well compensated by the development of new, high quality global customers seeking reduced unit operating costs, reduced maintenance costs and performance gains.

During this half year LaserBond has transformed its marketing position to industry. We are now able to present ourselves with fresh, future focussed, information rich material at tradeshows, online and one-to-one with customers. An expanding suite of case studies clearly demonstrates our value proposition. The significant one-off cost component of this investment occurred in the half reported herein.

In parallel our divisionalisation process continues. In this report we show results for three areas of business; our traditional Services business, the new Products group and our emerging Technology activities. These new divisions report a consolidated net loss in line with recent announcements.

Our Services division has recently invested in vacuum heat treatment facilities that are currently being commissioned. The purchase of these assets from an operating business has enhanced our total service offering to our customers, and significantly grown our customer base.

Our first Product division offering, the Down-the-Hole hammer released for trial mid last year, continues to generate good technical performance feedback from trial sites. Our challenge continues to be the ability to attract customers which are ready and willing to trial and benefit from this new technology, in a highly risk averse environment. Whilst the benefits are clear, the conversion of customers is taking longer than originally planned.

The 'Technology' licencing activities have also gained traction with international businesses seeking new processes to deliver to their local service customers. One significant opportunity has been advanced and we hope to offer some qualified information later this half.

As the company transitions from a solely service based organisation to encompass our future in exporting our IP in MiningEquipment, Technology & Services (METS) products and services, we learn new skills, make new alliances and are collaborating with globally focused resource businesses. We expect this process to take 12 -18 months.

The Executive Directors' report which follows provides more detail on the new divisions, together with our previous geographic split. It should be noted that our South Australian group carries the bulk of the 'Product' division and our R&D activities.

The aforementioned investment has resulted in a net loss after tax of $(150,934) for the HY2016 reporting period.

Your Board retains a positive outlook towards the future for all three divisions. For example our offering to resources sector is enhanced during periods of low commodity prices. Key mineral production volumes particularly, growing at 30–60%, are providing ongoing operations focus on productivity through innovation. The $US exchange rate enhances our export opportunities. We are capitalising on this by working closely with governments, in collaboration with research groups and embedded companies to accelerate the improvement of our business capabilities, particularly over the next 12 – 18 months. We are comfortable to maintain our dividend policy and associated DRP with an interim fully franked dividend of 0.2c per share.

Again we thank the management team and our employees' contribution to these results. We also appreciate the continued support from our investors who see the same future for LaserBond.

Allan Morton
Chairman

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half Year To 31st December 2015		**Half Year To 31st December 2014**
Revenues from ordinary activities	$4,739,312	**Up 1.8% from**	$4,653,665
Net Profit / <Loss> from Ordinary Operating Activities after Tax Attributable to Members	<$150,934>	**Down 157.2% from**	$263,784
Net Profit / <Loss> Attributable to Members	<$150,934>	**Down 157.2% from**	$263,784
Earnings per share (cents) from profit attributable to members	<0.17>	**Down 156.7% from**	0.30
Net Tangible Assets per Ordinary Share (NTA Backing - cents)	6.40	**Down 5.9% from**	6.80

Dividend Information

Dividends	Amount Per Share (cents)	Total	Franked Amount	Record Date	Payment Date
2015 Final	0.2	$175,817	100%	11 September 15	7 October 15
2016 Interim	0.2	$177,227	100%	17 March 16	8 April 16

The Board has resolved to pay a 0.2 cent per share fully franked interim dividend. With the forecasted continued growth, the Board expects to be able to continue to pay dividends. As the Board resolution regarding dividends was made after 31st December 2015, the dividend will be paid from retained earnings but is not recognised as a liability in the half-year financial statements.

Dividend Reinvestment Plans

During the period LaserBond Limited had a Dividend Reinvestment Plan (DRP) in operation. Under the DRP shareholders may elect to have dividends on some or all of their ordinary shares automatically reinvested in additional LaserBond shares, at a discount to the market price. Full details of the operation of the DRP are contained in the Terms and Conditions available on the LaserBond website: www.laserbond.com.au.

The Board has resolved to offer the DRP for the FY2016 Interim Dividend. The discount applied to determine the Market Price in accordance with the DRP Terms and Conditions will be 5%.

Brief Explanation of Results:

For commentary on our half yearly results please refer to the Directors' Report on pages 5 to 8.

Details of Subsidiaries

During the period from 1st July 2015 to 31st December 2015, LaserBond Limited has not gained or lost control over any entities.

Details of Associates and Joint Venture Entities

During the period from 1st July 2015 to 31st December 2015, LaserBond Limited has no interest in any Associates or Joint Venture Activities.

Accounting Standards

Australian Accounting Standards have been used in compiling the information contained in this Appendix 4D.

Audit Modified Opinion, Emphasis of Matter or other matter

None.

Directors' Report

Your directors present their report on the consolidated entity for the half-year ended 31st December 2015.

Directors

Details of the group's Directors during the half year and up to the date of the report are as follows:

Director:	*Position Held*	*In Office Since*	*Ceased to Hold Office*
Wayne Hooper	Executive Director	21 April 1994	
Gregory Hooper	Executive Director	30 September 1992	
Allan Morton	Non-Executive Chairman	18 March 2014	
Philip Suriano	Non-Executive Director	6 May 2008	
Nigel de Veth	Non-Executive Director	1 April 2015	24 August 2015

Results for the Half Year Ending December 2015

LaserBond has traditionally gained revenue in relation to our services, particularly our advanced surface engineering technologies and applications, placing emphasis on the operational efficiencies our customers are able to achieve from the services LaserBond offer. The efficiency gains our customers are provided from these service offerings have always provided the value to instil confidence in LaserBond. However, with a significant proportion of revenue from resource extraction and processing industries, many customers continue to seek short term gains by reducing their spending on maintenance activities. This continues to have an effect on revenue from some major customers over recent reporting periods.

LaserBond have taken the offensive against this slowing growth in services by continuing to be driven by operational performance excellence, within LaserBond and for our customers, as well as a renewed focus on innovation. This concerted effort in research and development has delivered a new laser deposition process, new products and patent applications. Commercialisation remains underway for the LaserBond DTH hammer products, after independent testing proved significant wear life extension and cost savings for end users.

This renewed focus on innovation, and the resultant commercialisation of new product offerings comes with planned investment costs, in resources (particularly human) as well as sales and marketing activities.

The challenge remains in maintaining both cultures of operational performance excellence and innovation, and meeting the expectations of moderate to substantial growth in the coming years.

At the 2015 Annual General Meeting, the outlook for the first half of FY2016 was discussed, including expectations that revenue would be in-line with the previous corresponding period and a loss would be reported due to the necessary investment in sales, marketing and customer trials of the new DTH products.

Division Reporting Structure

The Group has identified its operating segments based on a divisional structure to better manage and capitalise on the ongoing success of our R&D and surface engineering activities. With a strategic focus on growth, LaserBond recently established four unique but integrated operating divisions: Services, Products, Research & Development and Technology.

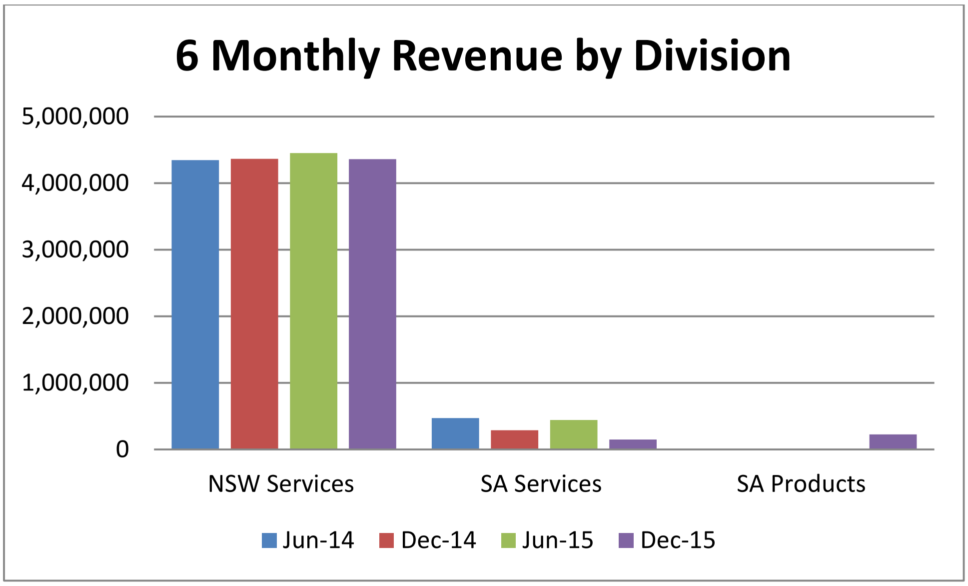
'Services' continues to provide its long standing surface engineering repair, remanufacturing and contract manufacturing business from both the NSW and SA facilities.

'Products' has been established out of the SA facilities, where it is close to our R&D activities, offers skilled manufacturing labour force and is a central location for national distribution.

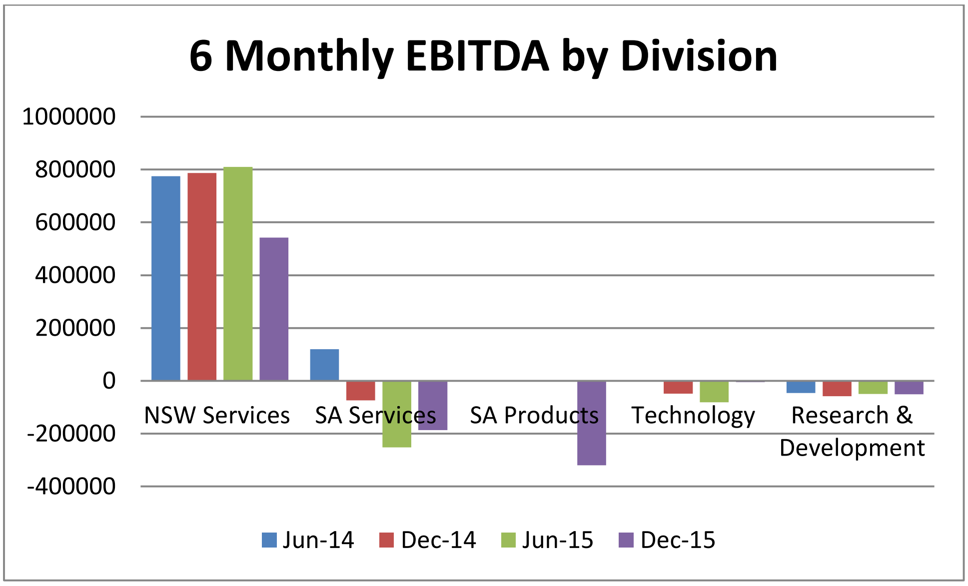
'Research & Development' focus has been renewed, continuing research of new products and / or applications.

'Technology' has been set-up in response to international interest in licensing our IP and market research activities undertaken throughout FY2015 to current.

Results by reportable segments are as follows:



- Revenue from continuing operations was $4.739 million, up by 2% in comparison to the previous corresponding period.
- NSW Services achieved revenue of $4.361 million, down by 0.1% in comparison to the previous corresponding period.
- SA Services achieved revenue of $151,550, down by 47.5% in comparison to the previous corresponding period.
- SA Products achieved revenue of $226,564 for the first revenue reporting period of its DTH product sales.



- EBITDA from continuing operations is reporting a loss of <$20,150> in comparison to the profit of $607,327 in the previous corresponding period.
- NSW Services achieved EBITDA of $542,043 in comparison to $786,799 in the previous corresponding period.
- SA Services achieved EBITDA of <$186,656> in comparison to <$73,820> in the previous corresponding period.
- SA Products achieved EBITDA of <$319,266> for the first reporting period of its DTH product division.
- These results to end December 2015 are directly proportionate to the planned investment resulting in increased fixed costs, as detailed in the following Explanation of Results by division.

Explanation of Results

New South Wales Activities

The New South Wales services division achieved revenue for the December 15 half year of $4.361 million, representing a 0.1% decline over the previous corresponding period, but a 2% decline in comparison to the January to June 2015 period. The stable revenue results between the two six month periods of the 2015 calendar year are as expected despite the challenges of major customers reducing orders and many mining service companies suffering major declines.

New South Wales results show a 31% decline in half year EBITDA over the previous corresponding period to December 2014. This is a direct result of planned increases in fixed costs for the past six months, including some one off costs, such as:

- Increased travel & accommodation costs, mainly local and interstate travel for sales staff to develop new clients in new industry sectors.
- Increased advertising and promotion costs, related to marketing activities to directly support growth initiatives of the services division.
- Increased rent, related to original negotiations for full market rent not to be payable until the fourth year of the property lease at Smeaton Grange.
- Increased bad debt provision, due to a client being recently placed in administration.

If the above mentioned additional expenses had not been incurred the New South Wales division would have achieved a further 35% profit to that reported, however these expenses are necessary for the continuing development of new markets, representing investment which are expected to provide a return throughout the 2016 calendar year and beyond.

For the balance of the 2015-2016 fiscal year, the New South Wales site is expecting stable to moderate growth in revenue, along with improving profitability as a moderation in some spending occurs after the spike during the 2015 calendar year.

South Australia Activities

Our South Australian location achieved revenue for the December 15 half year of $378,114, which represents a growth from the previous corresponding period of 31.1%.

However due to the continuing decline of commodity prices, industry spending in South Australia is subdued which has resulted in services revenue of only $151,550, a 47.5% decline in comparison to the previous corresponding period.

To compensate this decline in services revenue, South Australia's products division has achieved revenue from its new range of DTH products of $226,564 during its first reporting period of revenue from products. In the current risk adverse environment the DTH market has been difficult to penetrate in the short term. Introductory trials are continuing with a number of large end users to continue to prove the excellent performance and substantial cost savings provided from our innovative products.

Additionally, a composite material applied via our patented laser deposition method has provided substantial wear protection and performance improvement of a consumable product for a large multi-national which has resulted in substantial initial orders from the second half of the 2016 fiscal year.

The South Australian location's half year EBITDA has resulted in a loss of <$505,922>, with the products division providing approximately 65% of this loss. This is a direct result of the investment made by LaserBond in South Australia to become the planned advanced manufacturing facility of DTH hammers (and associated parts) and other high performance consumable products embedded with our technology. This investment has included significant spending in areas such as:

- Increased wages and on-costs, including recruitment fees based on the investment in human resources to enable the planned growth and build of skill in LaserBond technologies, techniques and applications for future revenue growth.
- Increased consultant fees, related to support provided during the commercialisation of the DTH products.

- Increased marketing expenses, related to the commercialisation of the DTH products.
- Increased travel and accommodation, related to sales staff developing new clients for the DTH products.
- Increased depreciation, related to the capitalisation of the DTH product development costs.

For the balance of the 2015-2016 fiscal year the South Australia site will be generating increased revenue from both services and products and significantly improved profitability.

Technology Division

Throughout the 2015 fiscal year, and leading into this reporting period, LaserBond appointed consultants and provided other significant resources to assist in the identifying and pursuing of opportunities internationally for our products and services. This division has been set-up for the licencing of LaserBond technology in overseas markets that do not compete with our existing markets.

From these activities one particular opportunity has so far emerged as being very promising in the near term. The Board expects to be able to make a decision on this opportunity within the coming months, and will advise the market accordingly.

Research & Development

Costs from this division will continue to increase over future reporting periods, with no direct revenue attainable on the R&D activities in the short term. However, this expense is necessary to continue research of new products and / or applications, and continuing development of LaserBond products.

Over the last six months LaserBond has continued the groundwork for a number of potential new products, as well as experimenting with applications and techniques to provide increased performance excellence for our service's division client base. As any development reaches a stage of commercialisation, and the development is deemed to have significant value and opportunity for LaserBond, the market will be advised.

Dividends

Dividends details are discussed in the Results for Announcement to Market on page 3 of this report

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page nine (9) for the half-year ended 31 December 2015.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the director's by:

Wayne Hooper
Director
Dated this 24th Day of February 2016

Gregory Hooper
Director

Lachlan Nielson Partners Pty Limited
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Level 11, 60 Castlereagh St
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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF LASERBOND LIMITED

As lead auditor of Laserbond Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Laserbond Limited and the entities it controlled during the period.

LNP Audit and Assurance

Anthony Rose
Director

Sydney, 24 February 2016

DIRECTORS' DECLARATION

The directors of the group declare that:

1. The financial statements and notes, as set out on pages 13 to 22:

    a. comply with Accounting Standards AASB 134: Interim Financial Reporting; and

    b. give a true and fair view of the consolidated entity's financial position as at 31st December 2015 and of its performance for the half year ended on that date.

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.

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

Wayne Hooper
Director

Gregory Hooper
Director

Dated this 24th Day of February 2016

LNP Audit and Assurance

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Australia

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
LASERBOND LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Laserbond Limited and controlled entities ('the consolidated company'), which comprises the consolidated condensed statement of financial position as at 31 December 2015, consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

Director's Responsibility for the Half-Year Financial Report

The directors' of Laserbond Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Laserbond Limited and controlled entities financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the Laserbond Limited and controlled entities for the half-year ended 31 December 2015 included on the website of Laserbond Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Laserbond Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

ii. complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001.*

LNP Audit and Assurance

Anthony Rose
Director

Sydney, 24 February 2016

Consolidated Statement Profits or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2015

	Note	31 Dec 15 $	31 Dec 14 $
Revenue from continuing operations		4,739,312	4,653,665
Cost of Sales		(2,562,784)	(2,191,124)
Gross Profit from continuing operations		**2,176,528**	**2,462,541**
Other Income		72,072	55,629
Advertising & Promotion		(185,310)	(52,739)
Depreciation & Amortisation		(259,353)	(196,440)
Employment Expenses		(986,471)	(830,085)
Property Rental & Rates Expenses		(293,677)	(318,927)
Administration Expenses		(615,345)	(464,051)
Operating Lease Expenses		(63,223)	(60,717)
Repairs & Maintenance		(68,646)	(44,837)
Borrowing Costs		(32,293)	(48,652)
Research & development Costs		(51,790)	(58,579)
Other Expenses		8,042	(50,843)
Profit before income tax from continuing operations	2	**(299,466)**	**392,300**
Income tax expense		148,532	(128,516)
Net profit attributable to members of LaserBond Limited		**(150,934)**	**263,784**

Earnings per share for profit attributable to members:

Earnings per share (cents)	(0.17)	0.30
Diluted earnings per share (cents)	(0.17)	0.30

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

Consolidated Statement of Financial Position
for the Half-Year Ended 31 December 2015

	Note	31 Dec 15 $	30 Jun 15 $
CURRENT ASSETS			
Cash and cash equivalents		1,277,154	2,138,084
Trade and Other Receivables		2,277,751	2,399,680
Inventories	3	1,806,166	1,332,501
Total Current Assets		**5,361,071**	**5,870,265**
NON-CURRENT ASSETS			
Property, plant and equipment		1,921,057	1,886,695
Deferred tax assets		206,000	235,876
Intangible Assets		313,206	384,686
Total Non-Current Assets		**2,440,263**	**2,507,257**
TOTAL ASSETS		**7,801,334**	**8,377,522**
CURRENT LIABILITIES			
Trade and Other Payables		643,953	663,176
Provisions		531,011	550,939
Interest-bearing liabilities		367,756	156,710
Current Tax Liabilities		(269,206)	(112,149)
Total Current Liabilities		**1,273,514**	**1,258,676**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		398,884	692,264
Provisions		66,127	65,493
Deferred Tax Liabilities		91,918	113,269
Total Non-Current Liabilities		**556,929**	**871,026**
TOTAL LIABILITIES		**1,830,443**	**2,129,702**
NET ASSETS		**5,970,891**	**6,247,820**
EQUITY			
Issued Capital	4	5,918,022	5,868,200
Retained earnings		52,869	379,620
TOTAL EQUITY		**5,970,891**	**6,247,820**

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

Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2015

	31 Dec 2015 $	31 Dec 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,158,516	5,628,218
Payments to suppliers and employees	(5,390,370)	(5,098,956)
Interest paid	(32,293)	(48,652)
Interest received	13,109	30,994
Income taxes paid	-	(35,032)
Net cash (used in) / provided by operating activities	**(251,038)**	**476,572**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds – sale of property, plant & equipment	1,000	-
Proceeds – disposal of other assets	20,909	-
Payments for plant and equipment	(287,977)	(120,139)
Payments for intangible assets	-	(186,962)
Loans to employees	1,000	-
Repayments of loans to employees	(6,710)	5,034
Net cash (used in) investing activities	**(271,778)**	**(302,067)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for issue of shares	(4,962)	-
Repayments to lessors	(157,335)	(226,828)
Dividends paid	(175,817)	(168,401)
Net cash used in financing activities	**(338,114)**	**(395,229)**
NET (DECREASE) IN CASH HELD	(860,930)	(220,724)
Cash at beginning of period	2,138,084	2,559,454
CASH AT END OF PERIOD	**1,277,154**	**2,338,730**

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

Consolidated Statement of Changes in Equity
for the Half-Year Ended 31 December 2015

	Issued ordinary capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2014	**5,818,453**	**444,830**	**6,263,283**
Profit attributable to members of parent entity	-	263,784	263,784
Dividends provided for or paid	-	(174,795)	(174,795)
Issue of Share Capital (net of transaction costs)	2,513	-	2,513
Closing Balance at 31st December 2014	**5,820,966**	**533,819**	**6,354,785**
Opening Balance at 1st July 2015	**5,868,200**	**379,620**	**6,247,820**
Profit attributable to members of parent entity	-	(150,934)	(135,397)
Dividends provided for or paid	-	(175,817)	(175,817)
Issue of Share Capital (net of transaction costs)	49,822		49,822
Closing Balance at 31st December 2015	**5,918,022**	**52,869**	**5,970,891**

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Note 1: Significant Accounting Policies

a) Summary of Significant Accounting Policies

The condensed consolidated financial report does not include notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and activities of the consolidated entity as the full financial report. It is recommended this condensed consolidated financial report be read in conjunction with the most recent annual financial report.

It is also recommended that the condensed consolidated financial report be considered together with any public announcements made during the half year to 31 December 2015 in accordance with the continuous disclosure obligations within the *Corporations Act 2001*.

b) Basis of Preparation

The condensed consolidated financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001,* applicable Accounting Standards (including AASB 134 *Interim Financial Reporting)* and other mandatory professional reporting requirements.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

c) New and Amended Standards Adopted

A number of new or amended standards became applicable for the current reporting period however there are no changes to accounting policies or retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2016 annual report as a consequence of these amendments.

d) Impact of Standards Issued but not yet Applied

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 2017 but is available for early adoption. When adopted the standard will affect accounting for 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 will therefore have to be recognized directly in profit or loss.

There will be no impact on the group's accounting for financial liabilities as the new requirements only affect the accounting of financial liabilities that are designated at fair value through profit or loss and there are no such liabilities. The de-recognition rules have been transferred from AASB *139 Financial Instrument: Recognition and Measurement* and have not been changed.

e) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent LaserBond Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealized gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Note 2: Expenses (from continuing operations)

	31 Dec 2015 $	31 Dec 2014 $
Advertising & Promotion	185,310	52,739

Advertising costs relates to marketing activities directly supporting growth initiatives of the services division, and the commercialisation of the DTH products for the products division.

	31 Dec 2015 $	31 Dec 2014 $
Employment Expenses:		
Wages – General	784,572	700,248
Wages – On-Costs	201,899	129,837
	986,471	830,085

Employment expenses relate to in-direct wages and associated on-costs, and increases during the December 2015 reporting period including additional staff (Operations Manager and Senior Sales Engineer for the products division), and additional wage costs due to annual wage reviews at CPI.

	31 Dec 2015 $	31 Dec 2014 $
Administration Expenses:		
Travel & Accommodation	81,684	38,963

Travel and accommodation costs related mainly to local and interstate travel for sales staff to both develop new clients in new industry sectors for the services division, and marketing of the DTH products. Also included for this reporting period are costs for an international trip related to developing opportunities for our technology division.

	31 Dec 2015 $	31 Dec 2014 $
Depreciation & Amortisation	259,353	196,440

The increase in depreciation and amortisation can be directly related to any new assets purchased during the reporting period, particularly the amortisation cost for the capitalised development costs (related to the DTH products).

	31 Dec 2015 $	31 Dec 2014 $
Repairs & Maintenance	68,646	44,837

Repairs and maintenance expenditure includes planned servicing of equipment, plus a planned major overhaul of one older piece of equipment to return it its most optimal efficiency.

	31 Dec 2015 $	31 Dec 2014 $
Research & Development Costs	51,790	58,579

This expense relates to the renewed efforts in research and development of applications and techniques which ensures LaserBond remains at the forefront of the surface engineering industry, including costs related to continuing development of new products.

Note 3: Inventories

	31 Dec 2015 $	30 Jun 2015 $
	1,806,166	1,332,501

The increase in inventories relates directly to the building of stock of both raw materials and finished goods of the LaserBond DTH product. This is in preparation for the requirement to supply on demand by customers using our products.

Note 4: Contributed Equity

	31 Dec 2015 $	30 Jun 2015 $
Issued and Paid Up Capital	5,918,022	5,868,200

	31 Dec 2015 Shares	31 Dec 2015 $	30 Jun 2015 Shares	30 Jun 15 $
Existing Shares	87,608,466	5,868,200	87,397,357	5,818,453
Issued Shares	1,005,047	88,822	211,109	10,747
Provision unissued (entitled) shares	-	(39,000)	-	39,000
	88,613,513	5,918,022	87,608,466	5,868,200

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2015	Opening Balance	87,608,466		5,868,200
7th Oct 2015	Dividend Reinvestment Plan	532,344	10.48	54,138
29th Oct 2015	Non.Exec. Director Remuneration	300,000	13.00	(1,654)
24th Dec 2015	Employee Share Plan	172,703	9.00	(2,662)
31st December 2015	Closing Balance	88,613,513		5,918,022

Note 5: Dividends

	31 Dec 2015 $	31 Dec 2014 $
Declared fully franked 2015 final dividend of 0.2 cents per share (2014: 0.2)	175,817	174,795
Declared fully franked 2015 interim dividend of 0.2 cents per share (2014: 0.2)	-	-

(a) Dividends not recognised during reporting period

Since 31 December 2015, the Directors have recommended the payment of an interim dividend of 0.2 cents per fully paid ordinary share (2014: 0.2), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 8 April 2015 out of retained earnings at 31 December 2015, but not recognized as a liability, is $177,227.

Note 6: Contingent Liabilities

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

Note 7: 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.

Labour Hire		
Labour – Payroll Staff	168,792	162,196
Labour – Contract Staff	-	9,041
	168,792	171,237

Payroll staff relates to costs for salaries and superannuation through payroll for any persons related to the Executive Directors.

	31 Dec 2015 $	31 Dec 2014 $
Consultants		
Hawkesdale Group	-	21,650
Sam Holdngs (Aust.)	89,815	-
Deveth Drilling Qld	12,500	-
	102,315	21,650

Sam Holdings, a director related entity, provided consultancy services related to marketing, sales support and strategy development. Deveth Drilling, a director related entity, provided consultancy services related to DTH product commercialization.

Loans – Related Parties

Director Loan (a)	46,174	50,174
Employee Loans (b)	660	95
	46,834	50,269

All loans to related parties are classified current, unsecured and interest free.

a) The director loan is receivable from Mr. Greg Hooper.

b) The employee loans are receivable from one (1) employee.

Note 8: Subsequent Events

There are no matters to report subsequent to the end of the reporting period.

Note 9: Segment Reporting

The group operates entirely within Australia.

Identification of reportable segments

The Group has identified its operating segments based on a divisional structure to better manage and capitalize on the ongoing success of our R&D and surface engineering activities. With a strategic focus on growth, LaserBond recently established four unique but integrated operating divisions: Services, Products, Research & Development and Technology.

'Services' continues to provide its long standing surface engineering repair, remanufacturing and contract manufacturing business from both the NSW and SA facilities.

'Products' has been established out of the SA facilities, where it is close to our R&D activities, offers skilled manufacturing labour force and is a central location for national distribution.

'Research & Development' focus has been renewed, continuing research of new products and / or applications.

'Technology' has been set-up in response to international interest in licensing our IP and market research activities undertaken throughout FY2016 to current.

Results by reportable segments are as follows:

	NSW - Services Division		SA Services & Products Divisions			
	Dec-15	Dec-14	Dec-15		Dec-14	
	Services		Services	Product	Services	Product
Revenue	4,361,198	4,365,198	151,550	226,564	288,467	-
EBITDA	542,043	786,799	(186656)	(319266)	(73,820)	-
Interest	(19,183)	(17,658)	-	-	-	-
Depreciation & Amortisation	(163,348)	(180,696)	(9,934)	(86,072)	(15,744)	-
Profit Before Income Tax	359,512	588,445	(196,590)	(405,338)	(89,564)	-
Income tax expense	(178,314)	(192,772)	(97,507)	(201,043)	(29,341)	-
Profit after Income Tax	181,198	395,673	(99,083)	(204,295)	(60,223)	-
Assets	6,398,648	7,784,312	1,399,029		854,039	
Liabilities	1,720,012	2,217,472	110,430		71,696	

	Other Divisions				Total	
	Dec-15		Dec-14		Dec-15	Dec-14
	R&D	Tech	R&D	Tech		
Revenue	-	-	-	-	4,739,312	4,653,665
EBITDA	(51,012)	(5,259)	(57,650)	(48,002)	(20,150)	607,327
Interest	-	-	-	-	(19,183)	(17,658)
Depreciation & Amortisation	(779)	-	(929)	-	(260,133)	(197,369)
Profit Before Income Tax	(51,791)	(5,259)	(58,579)	(48,002)	(299,466)	392,300
Income tax expense	25,688	2,608	19,190	15,725	148,532	-128,516
Profit after Income Tax	(26,103)	(2,651)	(39,389)	(32,277)	(150,934)	263,784
Assets	3,657	-	5,602	-	7,801,334	8,643,953
Liabilities	-	-	-	-	1,830,442	2,289,168

Note 10: Group's Details

Registered Office and Principal Place of Business:

LaserBond Ltd

Principal Place of Business / NSW Services Division

2/57 Anderson Road
SMEATON GRANGE NSW 2565
Phone: 02 4631 4500
Fax: 02 4631 4555
www.laserbond.com.au

Divisions of Head Office:

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

Share Registry:

Boardroom Pty Ltd

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