LASERBOND®
PRODUCTIVITY | INNOVATION | CONSERVATION

25th
1992 • 2017 • ANNIVERSARY

Shareholder's Annual Report
Laserbond Limited

ABN 24 057 636 692

For year ended 30th June 2016

All comparisons to year ended 30th June 2015

Contents

2017 is LaserBond's 25th year of researching, developing and applying innovative surface engineering technologies to extend plant and machinery life, improve resistance to wear and corrosion, increase reliability and reduce maintenance and replacement costs. We focus on heavy industry sectors that embrace the productivity, innovation and sustainability benefits delivered by our products, services and technology.

Surface engineering is in our DNA

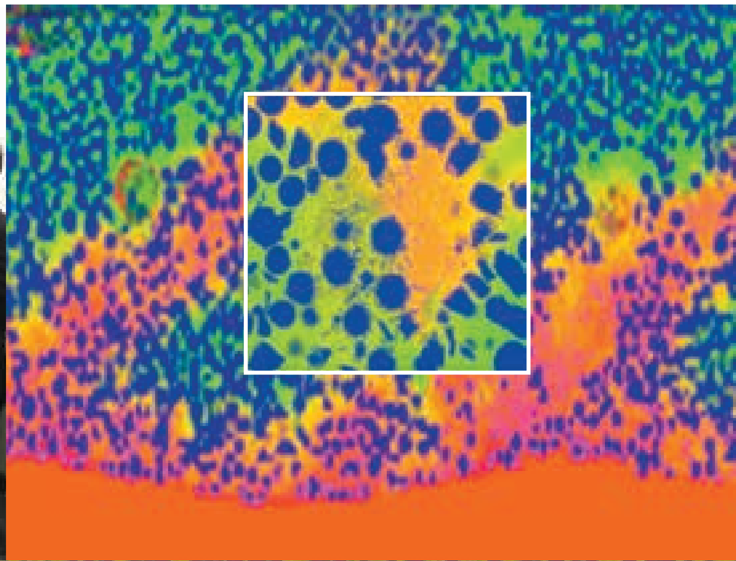
Our vision is to be a global leader in the research, design and implementation of advanced surface engineering technologies and innovations that tangibly reduce unit operating costs and impact on the environment, by extending the wear and operational life of production-vital equipment.

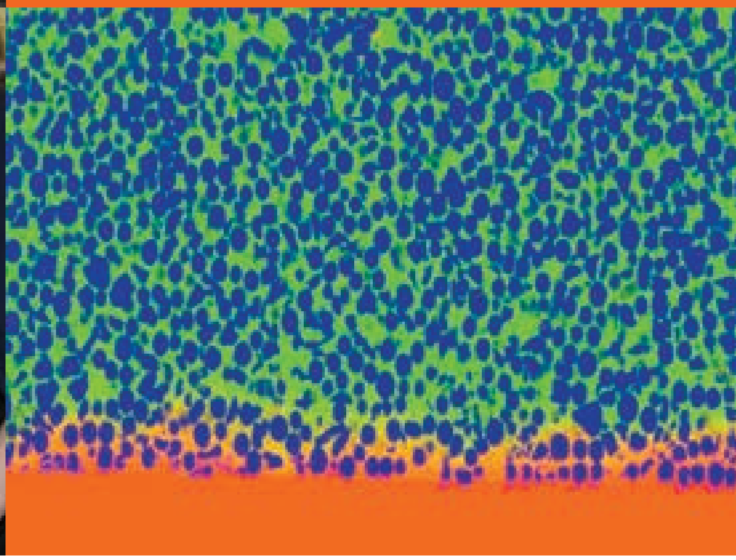
Our mission is to optimise the capacity and capability of our facilities and staff to deliver innovative services and products and build on our core competency of surface engineering to diversify and grow our business.

Vision and Mission

LaserBond is a classic grass roots family-founded business. Gregory Hooper, whilst working as a leading technical specialist in welding applications and metallurgy, foresaw a services company that could embrace new metal spray deposition technology. With family support, Greg founded the company as HVOF Australia P/L in 1992, working from a small workshop in Ingleburn, NSW. His brother, Wayne, joined the business in 1994. The company was at the forefront of the development of the HP HVOF thermal spray process. It relocated to larger premises in Smeaton Grange, NSW in 2012. Cavan SA was established in 2013. It was ASX listed as LaserBond Limited (ASX:LBL) in 2007. Innovation in laser cladding dates from 1999 when we built one of the world's first high-powered cladding systems using a 6kW CO^2 laser. Introduction of energy efficient 8kW diode laser and 6-axis robot control followed.

A history of innovation



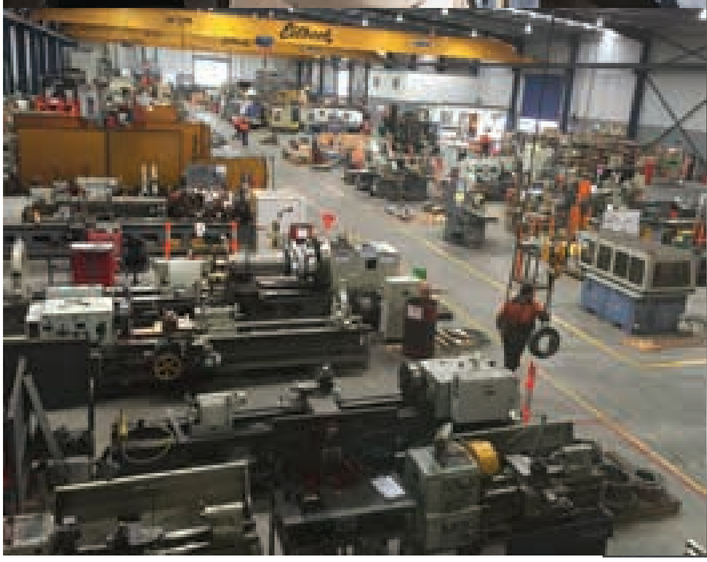


LaserBond's R&D team is backed by more than 30 years' experience in industrial tribology and the impacts and effects of abrasion, erosion and corrosion. Our material scientists work with customers and research institutes, like Australian Synchrotron, to develop solutions for specific surface engineering needs. We have developed an extensive range of technologies that apply claddings to a wide range of metallic and non-metallic materials. In 2014 our team lodged patent applications for a revolutionary new 'LaserBond deposition method' that enables extremely thin layers of metallurgically bonded cladding to be laid down efficiently at low heat thereby avoiding debilitating intermetallic dilution or porosity. A well-equipped in-house metallographic laboratory supports our R&D in NSW. In 2016 a formal R&D collaboration commenced with UniSA – Future Industries Institute to accelerate and expand industry led development of laser cladding materials and application technology to increase productivity of wear components used in resource industries.

Continued R&D leadership

The company designs and builds its own integrated robotic laser cladding and component handling systems to enable it to work with components from our heavy industry customers. We have three systems in operation. In late 2016 we will be doubling capacity with a new 16kW diode laser. It will form the foundation of an advanced robotic additive manufacturing cell for production of specialised wear resistant components. We are also packaging our unique solution as a technology license tailored to specific industry applications. A suite of gas-quenched vacuum heat treatment furnaces was commissioned in 2016 which brought this capability in-house for current work and now enables us to begin work in developing post-coat fused alloy claddings. Being a pioneer in cladding technology and working across a wide range of demanding Australian industries keeps LaserBond investing in new technical capabilities to fulfill our customer's needs.

Investment in capability



LaserBond surface engineering technology continues to deliver game-changing component and equipment performance across a wide range of customers seeking improved wear and corrosion performance with lower maintenance costs. Repair, refurbishment and remanufacturing of worn or damaged components gives better performance and cost outcomes. Capital-intensive equipment goes back into service faster, at less cost and often with better than OEM specification. This delivers a significant positive bottom line impact with reduced ongoing maintenance costs, less breakdown and extended service intervals. We apply our knowledge to designing and manufacturing a range of specialist products for OEM customers that embeds our wear life extending IP in metallurgy and fused alloy cladding application technology. Achieving extended life also lessens employee exposure to safety hazards and reduces environmental waste. Our commitment to the philosophy of Lean 5S has realised measurable improvements in quality, on-time delivery, waste and organisation culture.

Increasing productivity

LaserBond truly believes that one of the keys to our success is attracting and retaining a talented and diverse workforce. We strive to provide an environment for our employees which encourages innovation and creativity, and that rewards success and effective teamwork. Maintaining a training and learning environment is essential to industry and technology leadership. Our people develop longstanding friendships through working with others within our facilities, and externally with suppliers and customers who share our passion for innovation. Our team know the core values and behaviours that make us a better company and community contributor. It's a significant part of our corporate culture. And we believe those values and behaviours combine to create a culture in which employees can thrive, doing their best to deliver high quality services, products and technology for our customers. There's more to LaserBond than operating a successful, profitable business for 25 years

Empowering people

2016 Financial Report

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2016 Chairman's Letter

Dear Shareholder,

This year LaserBond enters its 25th year. The company has grown from a classic family founded business with a passion for surface engineering in the early days of high performance surface engineering technologies. It is now a recognised leader developing technologies and product applications for global markets.

The two halves of the past year reflect a transitioning process, where the increased focus on R&D activities are translating into new business opportunities and commercial success. The financial loss reported for the December half-year has been reversed in the second half, as new products moved into manufacture, resulting in a modest profit after tax for the full year.

On behalf of the Board I am pleased to present the annual Financial Report to 30th June 2016; results are as follows:

	30 June 2016		30 June 2015
Revenues	$10,515,581	*Up 10.2% from*	$9,546,595
Underlying EBITDA	$634,948	*Down 27.9 % from*	$881,106
Underlying NPAT	$78,745	*Down 78.5% from*	$366,766
Underlying earnings per share (cents)	0.09c	*Down 78.6% from*	0.42c

Research and development activities form both the foundation and future of the company. The past year has demonstrated the market opportunities that flow from our strategic intent for industry collaboration and investment in innovation.

- Services revenues have again been maintained against a background of resource industry challenges. We are now seeing increased interest in the repair, and remanufacture of customer components or capital equipment as our services offer the significant cost reductions and productivity gains being pursued.
- Product manufacturing of specialised long wear life components is a strong growth market for LaserBond. Our developments are consistently offering OEM customers' significant wear-life gains, which are translating into increased demand. Over the last quarter our Cavan, SA facility has been running to capacity, reporting 137% uplift in sales revenue.
- Our technology has been recognised with a recently signed MOU for a license to manufacture and supply an integrated laser system with training and ongoing support fees to an international partner. Converting this into new revenue during FY2017 represents a significant step for LaserBond to become an international supplier of tailored surface engineering solutions.

Forecast sales of our DTH Hammer product have not been realised in FY2016. As a new entrant, accessing an established and well-defended market with a game-changing innovation, is taking more time and effort than expected. It has necessitated an investment in inventory to support customers and development. However as ongoing field trials consistently demonstrate 3 times life of competitive products, the DTH product is gaining traction with a small, but growing, customer base.

Over the past year, "innovation" has become the leading strategy for improving productivity and reducing costs in resources and other heavy industry sectors. LaserBond has been elevated to the forefront of this process through our R&D collaboration with industry partners and research institutions, like University of SA – Future Industries Institute. . Our sales strategy is to leverage these innovation activities to develop more Tier 1 customers. This enhances our bottom line results and reduces our economic dependency on market segments or customers.

Working with global players brings the opportunity for LaserBond to enhance its management capabilities and market readiness. Since February 2016 we have utilized a SA Resources and Engineering Skills Alliance initiative to upskill our management team and business processes to capitalise on the international market opportunities we are generating.

LaserBond has also recently earned the support of government grant programs, firstly with an Commonwealth Innovations Connections grant in conjunction with UniSA, and further with a SA State Development Centre of Excellence innovations initiative to work with a global exploration services partner for further development work on our DTH percussive drilling tools. These collaborations enable LaserBond to accelerate and expand our business faster than being reliant on self-generated funds. We expect these opportunities and activities to continue, with positive impact on the FY2017 results.

Our recent commitment to purchase, of what will be the most powerful laser cladding system in the Southern Hemisphere, forms the basis of an advanced robotic additive manufacturing cell to support new innovations in surface engineered products. These developments have the capacity to transform industry's expectation of wear-life and operating performance. Automation and (3D) additive manufacturing offers LaserBond an exciting future. [*See Note Below]

Over our 25 years, LaserBond has maintained a culture of innovation. With the development of our three divisions we are now better able to identify and exploit local and international market opportunities for the products we manufacture and the technology we have developed in Australia.

The Board has considered the need for cash to fund aforementioned growth opportunities, but recognise that maintenance of dividends will be appreciated by many shareholders; a final 2016 dividend of 0.2 cents per share.

Finally I would like to thank the management team and employees for their support and contributions to our future success.

Yours sincerely

Allan Morton
Executive Chairman
LaserBond Limited

* Note:
Coinciding with the approval of this report, the Board has received advice that LaserBond's application for a $1.07M grant under the Commonwealth's Next Generation Manufacturing Investment Program (Round 2) has been successful.

The company will issue more details by separate announcement.

Corporate Directory

Directors:	Mr. Allan Morton *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
Registered Office, Principal place of business:	2 / 57 Anderson Road SMEATON GRANGE NSW 2567 Phone: 02 4631 4500 Fax: 02 4631 4555
South Australia Division	112 Levels Road CAVAN SA 5094 Phone: 08 8262 2289 Phone: 08 8260 2238
Website:	www.laserbond.com.au
Share Registry:	Boardroom Pty Ltd Grosvenor Place Level 12, 225 George Street SYDNEY NSW 2000 Phone: 1300 737 760
Auditor:	LNP Audit and Assurance Level 14, 309 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 2016.

Principal Activity

LaserBond specialises in developing technologies and implementing surface-engineered solutions to provide enhanced service life for equipment used in a broad range of capital intensive industries, including mining, drilling, minerals processing, manufacturing, construction, transport and power generation. It manufactures, repairs and reclaims wearing parts and assemblies incorporating advanced surface engineering technologies.

LaserBond® cladding and thermal spraying technologies developed by our R&D team form the core of the business. Our IP is deployed within repair and remanufacture of customer equipment, embedded into specialised products we manufacture for OEM and direct customers, and we license to technology partners. Precision machining and fabrication facilities, and a well-equipped metallographic laboratory support the research, development and manufacturing functions.

Our customers are typically internationally recognised Original Equipment Manufacturers (OEMs) and heavy industry businesses that endure high costs whenever their equipment is out of production for maintenance. They are seeking enhanced service life and higher productivity of capital equipment, thereby allowing dramatic reduction in the cost of maintenance, downtime and replacement parts. In industries subject to commodity prices (e.g. mining) there have been major reductions in capital expenditure but increased emphasis on reducing costs and increasing productivity from existing equipment. This has resulted in major challenges for some of LaserBond's traditional customers, but provides tremendous opportunities for LaserBond to exploit.

LaserBond operates from facilities in New South Wales and South Australia.

Review of Operations & Results

In summary, compared to FY2015:

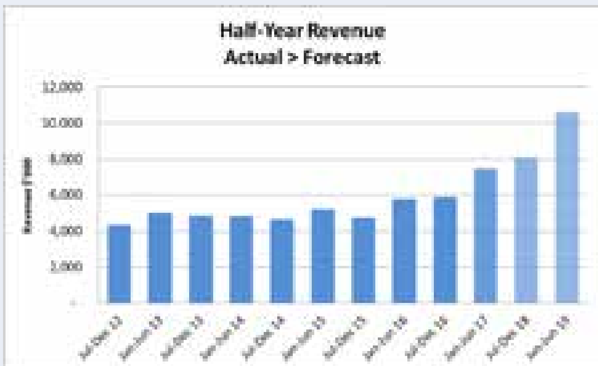
- Despite the continuing challenging business environment surrounding LaserBond's markets in the heavy industry sectors, revenue increased by 10.2%.
- Gross profit was 49.1% of revenue. Whilst this is less than the 52.4% achieved in FY2015, it reflects some increased costs due to imported speciality materials, as well as increased investment in shop floor training and tooling costs, particularly related to the recently commissioned heat treatment facilities throughout the second half of FY2016.
- Operating expenses have increased $583,791, essentially due to the continuing investment in growth-orientated activities to capitalise on the opportunities for the company. The main areas of increase include research & development, consultant fees supporting growth initiatives, marketing expenses, and human resources.
- EBITDA decreased by <27.9%> for the year, a total of $246,158; after the second half providing a turnaround in the loss reported for the half year to 31 December 2015.
- NPAT for FY2016 was $78,745, in comparison to $366,766 for FY2015. This represents a turnaround for the NPAT loss reported in the first half of this year of <$150,934>.
- The current ration of the group is 2.9:1 indicating financial strength. Cash flow from our core 'Services' divisions continues to support our 'Products' and 'Technology' divisions, both of which are expected to generate positive results in the next fiscal year.

Revenue from Operations*

The continuing operations of the business achieved $10.52 million revenue for FY2016 compared to $9.55 million for FY2015. This represents an increase of 10.2%.

Please refer to *Explanation of Results* below for details by division.

**Note: Figures to FY16 as reported. HY17 and beyond are strategic plan forecasts based on assumptions that may change*



Profit Before Tax*

The overall business activities achieved a loss before tax adjustments for the year of <$36,840> after reporting a first half loss of <$299,466>, in comparison to a $384,756 profit for FY2015.

The graph on the left forecasts the increased profitability of the company based on the expected revenue to be achieved from the growth of new services customers, and revenue expectations for current, and expanding development and manufacture of specialised wear-life products.

Please refer to *Explanation of Results* below for details by division.

**Note: Figures to FY16 as reported. HY17 and beyond are strategic plan forecasts based on assumptions that may change.*

Explanation of Results

Services

To date our results have included contract manufacturing activities for OEMs as well as surface engineering repair and remanufacturing services for end-users. These activities are undertaken at both Smeaton Grange, NSW and Cavan, SA facilities.

Revenues increased by 11.2% for FY2016, with the breakdown of revenue being:

- Product Manufacture for OEMs & End Users - $5.2 million or 51% of total services revenue was generated by the group manufacturing products for OEMs and major end users. The majority of these OEM products manufactured incorporate LaserBond's advanced surface engineering applications and technologies to provide the final customers with enhanced service life, increased productivity and reduced operating costs.

- Surface Engineering repair & remanufacturing - $4.4 million or 43% of total services revenue was generated by the group repairing or remanufacturing worn components for both end users and OEMs.

- Other General Engineering and Heat Treating - $0.62 million or 6% of total services revenue was generated from general engineering services that did not incorporate the group's advanced surface engineering applications and technologies.

The breakdown of revenue by facility for services were:

- Smeaton Grange, NSW - $8.8 million or 85.9% of total revenue.

- Cavan, SA - $1.5 million of total revenue, which is an increase of 265.0% on FY2015. This increase is the result of LaserBond providing a manufacturing solution for a global OEM wear consumable application which utilises our recently developed patent pending Laser deposition process. Sales for this initial stock order from the OEM were generated in the second half, which resulted in the turnaround in profitability. Initial performance reports from the customer are very positive, with an expectation of increasing demand over the next 12 to 24 months.

The division provided a profit before tax of $172,747 with the breakdown by facility for services:

- Smeaton Grange, NSW - $454,903, being a decline on FY2015 services profit of $939,675. This decline in profitability is directly relative to investment in shop floor training and tooling subsequent to the heat treatment equipment commissioning and continuing expenses required to assist with future growth opportunities including advertising and consultant's fees.

- Cavan, SA - <$416,796>, a decline on the FY2015 services loss of <$166,826>. This increased loss is directly related to planned increases in fixed expenditure to enable future growth, particularly human resources, advertising and consultant's fees.

Products

Over the past year the Products division has developed, proven, manufactured and marketed specialised long wear-life components and equipment embedded with our surface engineering technology for improved performance.

The first of our products is the range of Down the Hole Hammers (DTH) for the drilling industry with associated consumables, proven by independent trials to provide 3 times the life over existing market leading products, and major reductions in total drilling costs. Another development was a wear component used in the pump industry that provides 4 times life. Through our

R&D collaborations with industry partners we expect this offers strong and secure growth opportunities, as we are less reliant on orders from end-users.

Direct DTH product sales were significantly less than expected for FY2016. It has necessitated a significant investment in inventory to service customer needs and we face some selling and distribution challenges associated with breaking into an entrenched and well-defended market enduring tough times at the bottom of the commodity price cycle. Nevertheless, through strategic distribution alliances, we are confident of success and are underway in a project to expand an advanced manufacturing facility to support current and future LaserBond product development.

Revenue for DTH products was $257,735 in FY2016. However over recent months, up to the date of lodgement of this report, LaserBond has a growing client base of customers with their first or continuing purchases on our LaserBond DTH product range. It is expected this to continue to grow throughout FY2017.

Technology Licensing

As announced, the group has recently signed a Memorandum of Understanding to design, manufacture, train and support a custom designed LaserBond® cladding system tailored to specific industrial applications in an international market. Negotiations remain underway in regards to specific conditions on the sales contract, and if successful this project exceeds $1.4 million plus ongoing service licence revenue for 5 years.

Upon successful completion of this first licensing project the group expects to be able to develop further interest in other international markets and / or industrial applications.

Research & Development

Our R&D activities and collaborative work with customers has created new customers and sales revenue, particularly for our Cavan SA facilities. We are working closely with a number of OEM customers to develop and manufacture specialised wear resistant components for export markets.

The recently announced collaboration with University of SA-Future Industries Institute will assist us accelerate and expand our R&D activities. We also have strategic collaborations with industry customers to develop new product applications for our long wear life surface engineering. These collaboration initiatives are recognised and supported by government innovation programs.

Outlook

While LaserBond works with many heavy industry sectors, much of the sales revenue is associated with the resource sector, particularly the ongoing operations. The total extraction volume from mining continues to increase, so does the need for our services in repair and refurbishment of wearing equipment. This is steadily growing business, dependent on our proximity to markets and relationship with customers.

The significant growth potential we are pursuing lies in our unique capability to design and manufacture superior and specialised long wear life components for global OEM customers. Utilising our experience and technology internally developed over the last 25 years we are able to produce and deliver key components into their established global market, through their distribution channels.

Increased customer focus on innovation led cost savings via productivity, operating performance and wear life extension will continue to provide new sales opportunities.

Our R&D collaboration with UniSA and industry (OEM) partners will consolidate and expand current sales revenue from product manufacturing. We have committed to a multi-year project to install new advanced manufacturing facilities in Cavan SA designed to double its capacity and enable further development of exciting new product applications our Research and Development team have been working on.

The group expects the first half of FY2017 to provide some revenue and profit growth to that reported in the second half of FY2016.

Capabilities and capacity initiatives outlined above will progressively have effect during the second half of FY2017. The Half-Year Revenue graph provided on page 15 of this report reflects the clear growth in revenue and profits expected from this development in Services, growing Products sales and developing applications and / or products from research & development activities.

Directors and Company Secretary

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*	*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
Matthew Twist	Company Secretary	30 March 2009	

Information on Directors and Company Secretary (currently holding office)

Allan Morton – Non-Executive Chairman

Allan is a well-qualified, experienced professional engineer and business leader. He holds degrees in engineering (B.E. Mech 1st Class Hons) and business management (Operations), and is also a graduate of Harvard Business School (Exec. MBA (PMD)). He has graduate qualifications from AICD His career commenced with sixteen years with CSR Limited, working within their sugar division throughout Australia and New Zealand. In 1990 he founded a media replication and Distribution Company, which was later public, listed. Through his consultancy group, Allan works with a number of small-to-medium enterprises to effect successful business turnarounds, executive mentoring and strategic growth initiatives. He is an experienced director and chairman.

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. Wayne is responsible for general management of all Company activities, managing the day-to-day operations and ensuring a smoothly functioning, efficient organisation. He is involved in technology development, engineering and administration of the group.

Gregory Hooper – Executive Director
Gregory has a mechanical engineering background with extensive hands on and sales management experience in the engineering, metallurgy, welding and thermal spray industries. With his knowledge of, and passion for these industries, and seeing the potential applications for coating technology, Gregory founded the Company assisted by other members of the Hooper family in late 1992. Gregory, utilising the in-house laboratory, developed the application parameters for the H.V.O.F. and LaserBond® processes. Gregory's main focus within the group is the research and development of applications and products that utilise LaserBond's core competencies in Laser materials processing and Thermal spray technology.

Philip Suriano – Non-Executive Director
Philip has been a Director since 2008. He began his career in corporate banking with the State Bank of Victoria (Commonwealth Bank). He holds a degree in banking & finance (B.Bus. (Bkg & Fin)). He spent 16 years in senior positions within the Australian Media Industry. Philip 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, Philip was employed within the Victor Smorgon Group. He was also a former Director of BBX Minerals Limited, Adavale Resources Limited and Resources & Energy Group Limited. For the past 12 years he has been working in corporate finance.

Matthew Twist – Company Secretary
Matthew Twist has over 20 years financial management experience, encompassing financial and operational control and systems development in manufacturing companies. Matthew has been the group's Chief financial Officer since March 2007, and was appointed Company Secretary on 30 March 2009. Matthew has a Certificate in Governance Practice, and is a certified member of the Governance Institute of Australia.

Remuneration Report

The directors present the LaserBond Limited 2016 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.
The report is structured as follows:

(a) Key management personnel (KMP) covered in this report.
(b) Remuneration policy and link to performance
(c) Link between remuneration and performance

(d) KMP remuneration
(e) Contractual arrangements for executive KMP's
(f) Non-executive director arrangements

(a) Key management personnel (KMP) covered in this report

All executive directors of the group, and the Company Secretary are considered the key management personnel (KMP's) for the management of its affairs, and are covered by this report.

(b) Remuneration policy and link to performance

Remuneration levels for KMP's are competitively set to attract, motivate and retain appropriately qualified and experienced personnel. Remuneration levels are reviewed annually by the Board through the Remuneration Committee reference to the Group's performance.
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 on our website, http://www.laserbond.com.au/investor-relations/governance-statement.html , for details.

(c) Link between remuneration and performance

From FY2015 the board implemented performance based bonuses for executive directors and additional non-cash (equity based) payments for non-executive directors who hold office for the full twelve months of a fiscal year. At 30 June 2016 no performance based payments have been made to executive directors, however two non-executive directors received non-cash (equity based) payments based on their full tenure for FY2015.

Executive Director's performance based bonuses are subject to the achievement of set key performance indicators, reviewed annually by the Remuneration Committee.

Non-cash (equity based) payments for non-executive directors are reviewed annually by the Board and are subject to shareholder approval prior to issue at the next Annual (or Extraordinary) General Meeting. Further detail can be found under Note 21 b) on Page 44.

The following table shows the gross revenue, profits and dividends for the last five years for the Group, as well as the share prices at the end of the respective financial years.

	2016	**2015**	**2014**	**2013**	**2012**
	$	**$**	**$**	**$**	**$**
Revenue	10,515,581	9,546,595	9,669,960	13,526,724	14,253,624
Net Profit after Tax	78,745	366,766	660,944	(423,472)	1,119,439
Share price at year end (Cents)	8.10	13.00	8.70	9.80	19.00
Dividends paid (Cents)	0.4	0.4	0.4	0.4	0.4

(d) KMP Remuneration

The following table shows details of the remuneration expense recognised for the Group Key Management Personnel for the current and previous financial year.

KMP's received a fixed remuneration in the year ended 30 June 2015 and 30 June 2016

		Salaries and fees	**Superannuation**	**Share based payments**	**Long Service Leave**
Wayne Hooper	2016	155,206	14,511	-	-
	2015	151,860	14,201	-	-
Gregory Hooper	2016	301,538	28,206	-	4,731
	2015	280,995	23,433	-	-
Allan Morton	2016	30,000	-	19,500	-
	2015	30,000	-	-	-
Philip Suriano	2016	25,000	-	19,500	-
	2015	25,000	-	-	-
Nigel de Veth	2016	4,167	-	-	-

	2015	6,250	-	-	-
Matthew Twist	2016	135,037	12,667	1,000	-
	2015	133,683	12,516	1,000	-
Totals	2016	650,948	55,384	40,000	4,731
	2015	627,788	50,150	1,000	-

(e) Contractual arrangements for executive KMP's

KMP's who are active employees of the group are hired following current human resources policies and procedures, and each are required to have employment contracts, job descriptions and key performance indicators relevant to their roles and responsibilities.

(f) Non-executive director arrangements

Non-executive directors are employed based on the group's commitment to develop a Board with a blend of skills, experience and attributes appropriate for the business' goals and strategic plans. Each non-executive is required to have an appointment letter and remuneration agreement prior to commencement.

Allan Morton and Philip Suriano during FY2016 were entitled to a non-cash (equity based) payment of 150,000 shares at the share price at close of business 30 June 2015 based on their full twelve months tenure during FY2015.

End of remuneration report.

Director's Shareholdings

As at 30 June 2016, the number of shares held by directors was:

	Holdings Type	**Holdings**
Wayne Hooper	Direct	8,839,454
	Indirect	1,094,648
Gregory Hooper	Direct	5,232,343
	Indirect	3,652,564
Allan Morton	Indirect	679,397
Philip Suriano	Indirect	184,649

Director's Meetings

During the financial year ended 30th June 2016, the number of meetings held, and attended, by each Director were as follows:

Director	**Board Meetings**		**Audit and Risk Committee Meetings**		**Remuneration Committee Meetings**	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Wayne Hooper	12	12	1	1	-	-
Gregory Hooper	12	9	-	-	-	-
Allan Morton	12	12	3	3	1	1
Philip Suriano	12	11	2	2	1	1
Nigel de Veth	2	1	-	-	-	-

Please refer to the Corporate Governance Statement at http://www.laserbond.com.au/investor-relations/governance-statement.html for further information.

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.

Future Developments

Any future developments required to be disclosed as per ASX Listings Rules have either been disclosed previously or are included in commentary or notes to this report. Any future items requiring to be disclosed will be disclosed according to recent listing rules.

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.

Matters Subsequent to the End of the Financial Year

The final dividend has been recommended and will be paid as detailed below.

Dividends

2015 final dividends of 0.2 cents per share and 2016 interim dividends of 0.2 cents per share were paid during the year. The directors have recommended the payment of a final dividend of 0.2 cents per fully-paid ordinary share (2015: 0.2), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend is expected to be paid on 7th October 2016.

Subject to the group continuing to develop in accordance with future plans, the Board expects to continue to maintain future dividends.

Directors' and Auditors' Information

Insurance premiums of $18,910 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 LNP Audit and Assurance for non-audit services.

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 23.

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

Director
Wayne Hooper

Director
Gregory Hooper

Dated this 29th day of August 2016

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 at: http://www.laserbond.com.au/investor-relations/governance-statement.html

Director's Declaration

The directors of the group declare that:

1. The financial statements and notes, as set out on pages 26 to 46 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 2016 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
Wayne Hooper

Director
Gregory Hooper

Dated this 29th day of August 2016

LNP Audit and Assurance

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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 year ended 30 June 2016, 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 audit; 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.

Lachlan Nielson Partners Pty Limited

Tony Rose
Director

Sydney, 29 August 2016

LNP Audit and Assurance

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF LASERBOND LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Laserbond Limited ("the Company") comprising the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profits and loss and other comprehensive income, consolidated statement of changes in equity, consolidated 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 relevant internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Audit Opinion

In our opinion,

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

(i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Report on Remuneration Report

We have audited the Remuneration Report included in page 18 of the Directors' report for the year ended 30 June 2016. 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.

Audit Opinion

In our opinion the Remuneration Report of Laserbond Limited for the year ended 30 June 2016, complies with s 300A of the *Corporations Act 2001*.

LNP Audit and Assurance

Tony Rose
Director

Sydney, 29 August 2016

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 30th June 2016

	Note	2016 $	2015 $
Revenue from continuing operations		10,515,581	9,546,595
Cost of Sales		(5,354,139)	(4,547,348)
Gross Profit from continuing operations		**5,161,442**	**4,999,247**
Other Income	3	108,746	166,152
Advertising & Promotional Expenses		(269,741)	(122,441)
Depreciation & Amortisation		(612,904)	(449,939)
Employment Expenses		(1,977,924)	(1,802,466)
Property Expenses		(642,030)	(621,209)
Administration Expenses		(1,280,906)	(1,115,518)
Repairs & Maintenance		(191,108)	(106,045)
Operating Lease Expenses		(116,750)	(128,271)
Borrowing Costs		(80,145)	(100,950)
Research & Development		(81,662)	(108,694)
Other Expenses		(53,858)	(225,110)
(Loss) / Profit before income tax expense from continuing operations	4	**(36,840)**	**384,756**
Income tax benefit/ (expense)	5	115,585	(17,990)
Other comprehensive income		-	-
Total comprehensive income attributable to members of LaserBond Limited		**78,745**	**366,766**

Earnings per share for profit attributable to members:

	Note	2016	2015
Basic and diluted earnings per share (cents)	6	0.09	0.42

This *Consolidated Statement of Profit and Loss and Other Comprehensive Income* should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30th June 2016

	Note	2016	2015
		$	$
CURRENT ASSETS			
Cash and cash equivalents		768,041	2,138,084
Trade and other receivables	7	2,976,108	2,399,680
Inventories	8	1,857,953	1,332,501
Current Tax Assets		170,763	112,149
Total current assets		**5,772,865**	**5,982,414**
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,376,727	1,886,695
Deferred tax assets	11	224,562	235,876
Intangible assets	10	242,503	384,686
Total non-current assets		**2,843,792**	**2,507,257**
TOTAL ASSETS		**8,616,657**	**8,489,671**
CURRENT LIABILITIES			
Trade and other payables	12	881,752	663,176
Employee Benefits		533,091	550,939
Hire Purchase and Finance Lease liabilities		578,284	156,710
Total current liabilities		**1,993,127**	**1,370,825**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		392,406	692,264
Employee Benefits		140,046	178,762
Total non-current liabilities		**532,452**	**871,026**
TOTAL LIABILITIES		**2,525,579**	**2,241,851**
NET ASSETS		**6,091,078**	**6,247,820**
EQUITY			
Issued capital	13	5,985,756	5,868,200
Retained earnings		105,322	379,620
TOTAL EQUITY		**6,091,078**	**6,247,820**

This Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
for the Year Ended 30th June 2016

	Note	2016	2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,715,480	10,886,169
Payments to suppliers and employees		(11,032,253)	(10,229,870)
Interest paid		(80,145)	(100,950)
Interest received		21,232	54,539
Income taxes paid		25,813	98,178
Net cash (outflow) / inflow from operating activities	19	**(349,873)**	**708,066**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(325,252)	(166,317)
Payment for intangible assets		-	(219,872)
Proceeds from sale of plant and equipment		30,909	717
Repayments of loans to employees		9,586	3,732
Net cash (outflow) from investing activities		**(284,757)**	**(381,740)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for issue of Shares		(10,528)	-
Payments to lessors		(489,608)	(395,417)
Dividends paid		(235,277)	(352,279)
Net cash (outflow) from financing activities		(735,413)	**(747,696)**
DECREASE) IN CASH AND CASH EQUIVALENTS		(1,370,043)	(421,370)
Cash and cash equivalents at beginning of period		2,138,084	2,559,454
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**768,041**	**2,138,084**

This Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the Year Ended 30th June 2016

	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2014	**5,818,453**	**364,962**	**6,183,415**
Profit / (Loss) for the Period	-	366,766	366,766
Issue of Share Capital	49,747	-	49,747
Dividends paid during period	-	(352,108)	(352,108)
Closing Balance at 30th June 2015	**5,868,200**	**379,620**	**6,247,820**
Profit / (Loss) for the Period	-	78,745	78,745
Issue of Share Capital	117,556	-	117,556
Dividends Paid during period	-	(353,043)	(353,043)
Closing Balance at 30th June 2016	**5,985,756**	**105,322**	**6,091,078**

This Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

LaserBond Limited is a for-profit company limited by shares, incorporated and domiciled in Australia. The financial report was authorised for issue in accordance with a resolution of the directors on 26th August 2016. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations and the Corporations Act 2001, and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). This financial report includes the consolidated financial information relating to LaserBond Limited and controlled entities. LaserBond Limited and its controlled entities are together referred to in this financial report as the group or consolidated entity.

The financial report has been prepared on an accruals basis.

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 its controlled entities. 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.

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) Revenue Recognition

Revenue is recognised in the following manner:

Sale of Goods

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 in an accrual basis.

Other Income

Revenue from other income streams is recognised when the group receives it or as an accrual if the group are aware of the entitlement to the other income. .

d) 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 Board.

e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the 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 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. Deferred 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 tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

f) 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 reporting 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 Statement of Profit and Loss and Other Comprehensive Income, 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.

g) Comparative Information

Where necessary, comparative amounts have been reclassified and repositioned for consistency with current year accounting policy and disclosures. If there are any such changes, details on the nature and reason for the amounts that may 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.

h) 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.

i) Financial Instruments

Financial assets
The group classifies its financial assets 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.

Financial liabilities
Financial liabilities are recognised when the group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income". Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired

The group‘s financial liabilities include borrowings, trade and other payables including finance lease liabilities, which are measured at amortised cost using the effective interest rate method. 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.

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.

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 reporting date which are classified as non-current assets. They 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 losses are recognised as profit or loss.

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 account (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, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable maybe 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. The amount of any 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 income in profit or loss.

j) Inventory

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.

k) Property, Plant and Equipment

Property plant and Equipment are measured at cost less depreciation and any impairment losses.

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

- Plant and equipment 4.5% - 65%
- Motor Vehicles 18.75% - 30%
- Development equipment 20% - 50%

l) Intangible assets

Research and development

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) have a finite life and are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of material, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Development expenditures are amortised at rates between 20% - 50% per annum.

Patents

Patents in progress are recognised as a prepayment until verification of the success of the application. If an application is unsuccessful the costs are expensed in the fiscal year the application is formally closed as unsuccessful. Where an application is successful the costs are recorded as intangible assets and amortised from the point at which the patent application was formally advised of its success. Patent expenditures are amortised at 7.5% per annum.

Software

Where software is deemed a long term investment, such as the current enterprise resource planning software used by the group, the software costs are recorded as intangible assets and amortised from the point at which the software is installed for use. Software expenditures are amortised at 40% - 70% per annum.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) 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.

n) 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 Statement of Profit and Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

o) Issued Capital

Ordinary shares are classified as equity. 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.

p) Goods and Services Tax

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

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

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

q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave long service leave expected to be wholly 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.

(ii) Other long-term employee benefit obligations

The liability for employee entitlements which are 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. Discount rates are based on the market yield on Commonwealth Government Securities with maturity dates close to the expected date the employee will reach 10 years of service.

The obligations are presented as current liabilities in the Statement of Financial Position 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Where employees have completed the required period of service, 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.

(i) Share-based payments

Share-based compensation benefits are provided to employees via an employee share scheme. 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.

The grant by the group of options over 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.

r) Dividends

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

s) 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

There are no outstanding ordinary shares therefore diluted earnings per share is the same as basic earnings per share.

t) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Government grants relating to assets are initially taken to deferred income and then offset against the carrying amount of the asset when construction of the asset has been completed.

u) 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.

v) Investments in controlled entities

Investments in controlled entities are accounted for at cost in the parent entities financial statements. Dividends received are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

w) Tax consolidation legislation

LaserBond Ltd and its 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 standalone tax payer in its own right.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

x) 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.

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

(i) AASB 9 Financial Instruments (Effective Date: 1 January 2018)

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value. LaserBond has not yet decided when to adopt AASB 9.

(ii) AASB 15 Revenue from Contracts with Customers (Effective Date: 1 January 2018

AASB 15 introduces a five step process for revenue recognition with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or service.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. LaserBond has not yet decided when to adopt AASB 15.

(iii) AASB 117 Leases (Effective Date: 1 January 2019)

AASB 117 introduces a new model requiring lessees to recognise all leases on the balance sheet, except for short term leases and leases of low value assets. A short term lease is defined as a lease which has a term of twelve months or less at the commencement date. The assessment of low value asset is based on the absolute value of the leased asset when new. However, in the basis of conclusions which accompanies the standard, IASB notes that leases of assets with a value when new around $US 5,000 or less. The changes in AASB 117 will lead to recognition of increased lease liabilities on the balance sheet.

NOTE 2: Critical Accounting Estimates and Judgements

(i) Provision for impairment of receivables

The value of the provision for impairment of receivables is estimated considering the aging of receivables, communication with debtors and prior history. The value of the provision and credit quality of receivables are monitored on a monthly basis.

(ii) Provision for inventories

The inventory held is reviewed on a monthly basis to determine whether there is any old, damaged or obsolete stock, or any other stock items which need to be written down to net realisable value.

NOTE 3: OTHER INCOME

	2016 $	2015 $
Interest Revenue	21,260	54,539
Other	87,486	111,613
	108,746	166,152

NOTE 4: EXPENSES

(Loss) / (Profit) before Income Tax from continuing operations includes the following specific expenses

	2016 $	2015 $
Rental Expenses relating to Operating Leases		
- Minimum Lease Payments	116,750	128,271
Auditors Remuneration		
a) Lachlan Nielson Partners Pty Ltd		
- Audit Services – audit and review of Financial Reports	57,984	59,378

NOTE 5: INCOME TAX

	2016 $	2015 $
Reconciliation of Income Tax Expense from continuing operations		
(Loss) / Profit before Income Tax expense	(36,840)	384,756
Prima Facie Tax at the Australian tax rate of 30% (2015: 30%)	(11,052)	115,427
Less Deferred Tax Asset adjustments for employee entitlements and expense provisions	(11,313)	49,737
Less R&D Tax Concession	(12,249)	(147,854)
Less non-deductible expense	(46,143)	95,526
Less Adjustment to Prior Year Income Tax Provisions	(34,828)	(94,846)
Total Income Tax (Benefit) / Expense:	(115,585)	17,990

NOTE 6: EARNINGS PER SHARE

	2016 $	2015 $
Basic and diluted earnings per share (cents)	0.09	0.42

There are no current options to affect diluted earnings per share.

(a) Weighted Average Shares on Issue	**No. of Shares**	**Weighted No.**
Opening Balance as at 1st July 2015	87,608,466	87,608,466
Shares issued as at 25th August 2015	300,000	254,795
Shares issued as at 7th October 2015	532,344	389,413
Shares Cancelled as at 29th October 2015	(300,000)	(201,370)
Shares issued as at 29th October 2015	300,000)	201,370
Shares issued as at 24th December 2015	172,703	89,427
Shares issued as at 8th April 2016	796,832	181,197
Closing Balance as at 30th June 2016	89,410,345	88,523,298

NOTE 7: TRADE AND OTHER RECEIVABLES

	2016	2015
	$	$
Trade Receivables	2,823,274	2,050,041
Provision – Impairment of Receivables	(2,865)	(19,175)
Loans – Key Management Personnel	40,174	50,174
Loans – Employees	2,570	1,625
Prepayments	109,846	312,713
Other Receivables	3,109	4,302
	2,976,108	2,399,680

	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 trade terms $000
2016							
Trade receivables	2,823	3	1,450	913	427	30	2,661
Other receivables	156	-	156	-	-	-	156
	2,979	3	1,606	913	427	30	2,817
2015							
Trade receivables	2,050	19	930	590	430	81	1,520
Other receivables	369	-	369	-	-	-	369
	2,419	19	1,299	590	430	81	1,889

NOTE 8: INVENTORY

	2016	2015
	$	$
Cost:		
Stock on Hand – Raw Materials	1,246,510	669,525
Stock on Hand – Finished Goods	473,993	582,255
Work in Progress	137,450	80,721
	1,857,953	1,332,501

NOTE 9: PROPERTY, PLANT & EQUIPMENT

	2016	2015
	$	$
Plant & Equipment		
At Cost	4,258,256	3,399,668
Less Accumulated Depreciation	(2,094,427)	(1,663,821)
	2,163,829	1,735,847
Office Equipment		
At Cost	184,265	166,199
Less Accumulated Depreciation	(144,723)	(127,361)
	39,542	38,838
Motor Vehicles		
At Cost	396,167	322,021
Less Accumulated Depreciation	(222,811)	(210,011)
	173,356	112,010
TOTAL PROPERTY, PLANT & EQUIPMENT	2,376,727	1,886,695

(a) Movements in Carrying Amounts	Plant & Equipment	Office Equipment	Motor Vehicles	Total
2016 Financial Year	$		$	$
Balance at the beginning of the year	1,735,847	38,838	112,010	1,886,695
Additions	960,014	18,065	129,950	1,108,029
Sale / Disposal of Asset	(5,400)	-	(35,849)	(41,249)
Depreciation Expense	(526,632)	(17,361)	(32,755)	(576,748)
Carrying Amount at the end of the year	2,163,829	39,542	173,356	2,376,727
2015 Financial Year	$		$	$
Balance at the beginning of the year	2,003,382	45,571	72,040	2,120,993
Additions	96,011	7,161	63,145	166,317
Sale / Disposal of Asset	-	-	1,340	1,340
Depreciation Expense	(363,546)	(13,894)	(24,515)	(401,955)
Carrying Amount at the end of the year	1,735,847	38,838	112,010	1,886,695

(b) Asset Additions financed

	2016	2015
The values for asset additions purchased utilising finance leases or hire purchase agreements are:	413,596	-

NOTE 10: INTANGIBLES

	Patents and Trademarks	Development Asset	Other Intangibles	Total
	$	$	$	$
2016 Financial Year				
Balance at the beginning of the year	6,960	377,564	162	384,686
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Amortisation Expense	(522)	(141,570)	(91)	(142,183)
Net Book Amount at 30th June 2016	6,438	235,994	71	242,503
2015 Financial Year				
Balance at the beginning of the year	7,524	204,882	392	212,798
Additions	-	219,872	-	219,872
Disposals	-	-	-	-
Impairment	-	-	-	-
Amortisation Expense	(564)	(47,190)	(230)	(47,984)
Net Book Amount at 30th June 2015	6,960	377,564	162	384,686

Amortisation charges are included in depreciation and amortisation in the statement of profits and loss.

NOTE 11: DEFERRED TAX ASSETS

	2016	2015
Deferred tax assets comprise temporary differences attributable to:	$	$
Employee Benefits	180,702	184,929
Accruals	43,860	50,947
	224,562	235,876
Deferred tax assets expected to be recovered within 12 months	108,985	110,957
Deferred tax assets expected to be recovered after more than 12 months	115,577	124,919
	224,562	235,876

	Employee Benefits	Expense Accruals	Total
At June 2014	174,946	79,651	254,597
(Charged) / credited			
- to profit or loss	-	-	-
- directly to equity	9,983	(28,704)	(18,721)
At June 2015	184,929	50,947	235,876
(Charged) / credited			
- to profit or loss	-	-	-
- directly to equity	(4,227)	(7,087)	(11,314)
At June 2016	180,702	43,860	224,562

NOTE 12: TRADE AND OTHER PAYABLES

	2016	2015
	$	$
Trade Payables	566,923	375,317
Taxes	144,901	116,106
Superannuation	61,218	25,377
Dividends	23,672	20,104
Accrued Expenses	85,038	126,272
	881,752	663,176

NOTE 13: CONTRIBUTED EQUITY

Issued and Paid Up Capital	5,985,756	5,868,200

	2016 Shares	2016 $	2015 Shares	2015 $
Existing Shares	87,608,466	5,868,200	87,397,357	5,818,453
Issued Shares	1,801,879	117,556	211,109	10,747
Provision Unissued (Entitled) Shares	-	-	-	39,000
	89,410,345	5,985,756	87,608,466	5,868,200

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2014	Opening Balance	87,397,357		
15th December 2014	Employee Share Plan	211,109	9.00	10,747
30th June 2015	Closing Balance	87,608,466		10,747
25th August 2015	Non-Exec. Director Remuneration	300,000	13.00	(3,308)
7th October 2015	Dividend Reinvestment Plan	532,344	10.48	54,138
29th October 2015	Cancel Non-Exec. Director Remun.	(300,000)	(13.00)	(3,308)
29th October 2015	Re-issue Non-Exec. Director Remun.	300,000	13.00	3,308
24th December 2015	Employee Share Plan	172,703	9.00	10,587
8t April 2016	Dividend Reinvestment Plan	796,932	7.41	56,139
30th June 2016	Closing Balance	89,410,445		117,556

(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.

NOTE 14 : CAPITAL AND LEASING COMMITMENTS

	2016 $	2015 $
(a) Hire Purchase / Finance Lease Commitments		
Payable:		
Within one (1) year	578,284	299,784
Later than one (1) year but not later than five (5) years	392,406	549,190
Minimum Hire Purchase / Finance Lease payments:	970,690	848,974
Less future finance charges	(31,597)	(19,527)
Total Hire Purchase / Finance Lease Liability	939,093	829,447

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 currently within 1 to 3 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

Payable:		
Within one (1) year	762,219	999,975
Later than one (1) year but not later than five (5) years	3,580,827	4,088,184
	4,343,046	5,088,159

Operating lease commitments are in relation to Property Leases and Plant & Equipment.

NOTE 15: CONTINGENT ASSETS & LIABILITIES

The directors are not aware of any contingent assets or contingent liabilities that would have an effect on these financial statements. (2015: Nil)

NOTE 16: 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.

(a) Other Related Parties	2016 $	2015 $
Labour Costs		
Labour – Payroll Staff (persons related to executive directors)	313,113	325,629
Labour – Contract Staff (Basin Enterprises, director related entity providing casual administration staff)	-	9,041
	313,113	334,670
Superannuation		
Contribution to superannuation funds on behalf of employees	353,929	297,505
Loans – Other Related Parties		
Employee Loans - receivable from two employees.	2,570	1,625
Employee Personal Expenses - 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 employee's salary or wage.	311	1,572
	2,881	3,197

(b) Key Management Personnel Transactions

Consultants		
Hawkesdale Group	-	21,650
Sam Holdings (Aust.)	162,075	100,625
Deveth drilling Qld	10,000	61,250
	172,075	183,525

Hawkesdale Group, a director related entity, provided consultancy services related to Sales support and strategy development.

Sam Holdings, a Director related entity, provided consultancy services related to Product Commercialisation support and Sales support and strategy development.

Deveth Drilling, a Director related entity, provided consultancy services related to Product Commercialisation and continuing development support.

	2016	2015
Loans	$	$
Director Loan	40,174	50,174

All Loans are classified current, unsecured and interest free. The Director Loan is receivable from Mr Greg Hooper, a director of the group.

Superannuation		
Contribution to superannuation funds on behalf of key management personnel	55,384	50,150

NOTE 17: KEY MANAGEMENT PERSONNEL

The key management personnel of the group for management of its affairs are all executive Directors and the company secretary.

(b) Remuneration

Details in relation to the remuneration of the key management personnel of the group for management of its affairs are included in the Directors' Report on pages 18 to 20.

(c) Options Held

There were no options held at 30 June 2016 or 30 June 2015. There were no options issued during the financial year.

(d) Shares Held

Interest		Shares Held as at 30th June 2015	Issued	Purchased / (Sold)	Shares Held as at 30th June 2016
Wayne Hooper	Direct	8,541,809	297,645	-	8,839,454
Wayne Hooper	In-Direct	1,045,919	48,729	-	1,094,648
Greg Hooper	Direct	5,232,343	-	-	5,232,343
Greg Hooper	In-Direct	3,652,564	-	-	3,652,564
Philip Suriano	In-Direct	33,107	151,542	-	184,649
Allan Morton	In-Direct	505,405	173,547	445	679,397
Matthew Twist	Direct	33,825	12,987	-	46,812
		19,044,972	684,450	445	19,729,867

Interest		Shares Held as at 30th June 2014	Issued	Purchased / (Sold)	Shares Held as at 30th June 2015
Wayne Hooper	Direct	8,541,809	-	-	8,541,809
Wayne Hooper	In-Direct	935,919	-	110,000	1,045,919
Greg Hooper	Direct	4,969,952	-	262,391	5,232,343
Greg Hooper	In-Direct	3,652,564	-	-	3,652,564
Philip Suriano	In-Direct	33,107	-	-	33,107
Allan Morton	In-Direct	255,405	-	250,000	505,405
Matthew Twist	Direct	22,714	11,111	-	33,825
		18,411,470	11,111	622,391	19,044,972

NOTE 18: DIVIDENDS

	2016	2015
	$	$
Declared 2016 fully franked interim ordinary dividend of 0.2 (2015: 0.2) cents per share franked at the tax rate of 30% (2015: 30%)	177,227	175,217
Declared 2015 fully franked final ordinary dividend of 0.2 (2014: 0.2) cents per share franked at the tax rate of 30% (2014: 30%)	175,817	174,795
Total dividends per share for the period	0.4 cents	0.4 cents

Dividends paid in cash or satisfied by the issues of shares under the dividend reinvestment plan during the year were as follows:	2016	2015
	$	$
Paid in cash	238,209	350,012
Satisfied by the issue of shares	114,835	-
	353,044	350,012

Dividends not recognised during the reporting period

Since year end the directors have recommended the payment of a final dividend of 0.2 cents per fully-paid ordinary share (2015: 0.2) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 7th October 2016 out of retained earnings at 30 June 2016, but not recognised as a liability at year end is $178,821. The debit expected to franking account arising from this dividend is $76,638.

Franking credits	2016	2015
	$	$
Franking credits available for subsequent periods based on a tax rate of 30% (2015: 30%)	1,420,073	1,606,205

NOTE 19: CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash flows from operating activities	2016 $	2015 $
Profit after Income Tax for the year	78,745	366,766
Non-cash flows in operating surplus		
Depreciation, Amortisation & Impairment	582,162	503,791
(Profit) / loss on disposal of property, plant & equipment	(23,612)	(9,223)
Changes in assets and liabilities		
(Increase) / Decrease in trade and other receivables	(576,428)	252,508
(Increase) / Decrease in inventories	(525,452)	(305,011)
(Increase) / Decrease in deferred tax assets	11,314	18,721
(Increase) / Decrease in assets held for sale	-	40,000
(Increase) / Decrease in non-current prepayments	-	(500)
Increase / (Decrease) in trade and other payables	218,576	(93,185)
Increase / (Decrease) in current provisions	(17,848)	10,686
Increase / (Decrease) in current tax liabilities	(58,614)	(212,348)
Increase / (Decrease) in non-current provisions	(38,716)	135,861
Net cash provided by operating activities	(349,873)	708,066

NOTE 20: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

Activities undertaken by the group may expose the group to, 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.

The Board of Directors monitors and manages financial risk exposures of the Group and reviews the effectiveness of internal controls relating these risks. 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.

Maturity of financial liabilities at 30th June 2016	Within 1 Year	1 to 5 Years	Total
	$	$	$
Trade and other payables	881,752	-	881,752
Hire Purchase / Finance Lease	578,284	392,406	970,690
Total financial liabilities	1,460,036	392,406	1,852,442

Maturity of financial liabilities at 30th June 2015	Within 1 Year	1 to 5 Years	Total
	$	$	$
Trade and other payables	663,176	-	663,176
Hire Purchase / Finance Lease	299,784	549,190	848,974
Total financial liabilities	962,960	549,190	1,512,150

Credit Risk Exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise 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.

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 cash flow forecasts

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.

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 2016 held a quantity of cash on hand in an Interest Bearing bank account. The Director's do not consider that any reasonably possible movement in interest rates would cause a material effect on profit or equity.

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 continues to expand its operation and has some overseas customers. 100% of those overseas customers invoiced in foreign currency and 97% of overseas suppliers paid in foreign currency are affected by movement in the US dollar exchange rate. To mitigate foreign currency risk for US dollar transactions the group has a US dollar bank account. Payments made from this US dollar account are from foreign customer deposits or transfers of cash at a time the exchange rate is deemed positive (which is reviewed on a daily basis) The Director's do not consider that any reasonably possible movement in foreign currency rates would cause a material effect on profit or equity.

NOTE 21: 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. 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.

	2016 $	2015 $
Number of shares issued under the plan to participating employees: (refer to Note 13 a) for detail of date of issue and issue price)	172,703	211,109

b) Non-Executive Director Remuneration (Non-Cash)

Non-Executive Directors may be paid remuneration through both cash fees and non-cash benefits in the form of equity issues. The fees will be a fixed sum determined annually that reflects the time, commitment and responsibilities of their role, financial forecasts and cash-flow position of the company.

No shares will be issued until shareholder approval is gained at the next Annual (Or Extraordinary) General Meeting.

Where the issue of shares results in the aggregate amount of fees to exceed the sum approved last by shareholders, shareholder approval may be sought to modify the agreed aggregate amount of fees.

Where the issue of shares results in a non-executive director's total remuneration for a fiscal year to be in any way deemed 'unreasonable remuneration', shareholder approval will be sought to approve any recommended issue. Unreasonable remuneration is defined as the aggregate amount of fees most recently approved by shareholders divided by the total number of non-executive directors.

The required approval, if any, will be determined by the Board prior to the next Annual (or Extraordinary) General meeting.

A non-executive director is ineligible for non-cash benefits in the form of equity issues if the non-executive director has not held a position on the Board for the full twelve months of each fiscal year.

At the 2015 Annual General Meeting shareholder approval was sought and gained for the issue of 150,000 shares each to two non-executive directors who held office for the full twelve months of fiscal year 2015. No approval has as yet been sought or gained for the 2016 fiscal year.

c) Expense arising from share based payment transactions

Shares Issued under employee share plan	12,241	10,837
Provision Unissued (Entitled) Shares – Non-Executive Director Remuneration	-	39,000
	12,241	49,837

NOTE 22: PARENT ENTITY FINANCIAL INFORMATION

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

Statement of Financial Position

Assets:		
Current Assets	5,772,865	5,870,265
Total Assets	8,616,657	8,489,071
Liabilities:		
Current Liabilities	1,993,127	1,258,676
Total Liabilities	2,525,579	2,241,851
Shareholders' Equity		
Issued Capital	5,985,756	5,868,200
Retained Earnings	105,322	379,620
	6,091,078	6,247,820
Profit / (loss) before income tax expense	(36,840)	384,756
Profit after tax from continuing operations	78,745	366,766
Total comprehensive income attributable to members	78,745	366,766

Finance Facilities of the Parent Entity

The parent entity has given secured guarantees in respect of operating lease agreements:
(i) for the parent entity with a balance outstanding of $175,379 (2015: $346,475)
(ii) for subsidiaries with a balance outstanding of nil (2015: nil)

The parent entity has given unsecured guarantees in respect of Rental Bonds:
(i) for the parent entity with totaling of $181,885 (2015: $181,885)
(ii) for subsidiaries with a balance outstanding of nil. (2015: nil)

The parent entity has unsecured and unused finance facilities in place in respect of:
(i) Trade finance facility with unused limit of $2,722,203 (2015: $2,568,350).
(ii) Bank Guarantee Line unused with limit of $18,115 (2015: $18,115).

The trade finance facility is subject to annual review which last occurred February 2016.

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015. The parent entity had no current contractual commitments for the acquisition of property plant or equipment as at 30 June 2016 or 30 June 2015.

NOTE 23: CONTROLLED ENTITIES

The group owns 100% of LaserBond (Qld) Pty Ltd, is a non-trading entity incorporated in Australia.

NOTE 24: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The directors have recommended the payment of a final dividend of 0.2 cents per fully-paid ordinary share (2015: 0.2), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend is expected to be paid on 7th October 2016.

Subject to the group continuing to develop in accordance with future plans, the Board expects to continue to maintain future dividends.

NOTE 25: SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of location. The group operates entirely within Australia.

	NSW - Services Division		SA Services & Products Divisions			
	Jun 16	Jun 15	Jun 16		Jun 15	
	Services		Services	Product	Services	Product
Revenue	8,785,738	8,816,612	1,472,108	257,735	403,345	326,637
EBITDA	1,045,866	1,444,536	(376,848)	82,963	(104,553)	(241,016)
Interest	58,555	46,411	329	-	-	-
Depreciation & Amortisation	397,768	368,120	39,619	173,292	62,273	-
Profit Before Income Tax	589,543	1,030,005	(416,796)	(90,330)	(166,826)	(241,016)
Income tax expense	(134,640)	48,160	131,498	70,701	(7,800)	(11,269)
Profit after Income Tax	454,903	1,078,165	(285,298)	(19,629)	(174,626)	(252,285)
Assets	6,396,914	7,394,904	2,216,855		1,090,332	
Liabilities	(2,295,121)	(2,166,422)	(230,457)		(75,429)	

	Other Divisions				Total	
	Jun 16		Jun 15		Jun 16	Jun 15
	R&D	Tech	R&D	Tech		
Revenue	-	-	-	-	10,515,581	9,546,594
EBITDA	(79,438)	(37,595)	(106,598)	(128,713)	634,948	863,656
Interest	-	-	-	-	58,884	46,411
Depreciation & Amortisation	2,224	-	2,096	-	612,904	432,489
Profit Before Income Tax	(81,662)	(37,595)	(108,694)	(128,713)	(36,840)	384,756
Income tax expense	36,748	11,279	(5,082)	(6,018)	115,585	17,990
Profit after Income Tax	(44,914)	(26,317)	(113,776)	(134,731)	78,745	402,746
Assets	2,887	-	4,435	-	8,616,656	8,489,671
Liabilities	-	-	-	-	(2,525,578)	(2,241,851)

NOTE 26: ECONOMIC DEPENDENCY

Revenues of $3,409,684 (2015 - $3,942,465) are derived from a single external customer. These revenues are attributed to the Services segment.

Shareholder Information

1. Substantial Shareholders at 9th August 2016

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	8,839,454	9.886
Mr Wayne Edward Hooper	8,839,454	9.886
Mr Wayne Edward Hooper (W&D Hooper Investments Pty Ltd)	1,094,648	1.224
Mr Rex John Hooper	7,283,916	8.147
Ms Lillian Hooper	7,137,590	7.983
Mr Gregory John Hooper	5,232,343	5.559
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,652,564	4.085
Mrs Loretta Mary Peachey	2,693,344	3.012
Lornat Pty Ltd <WK & LM Peachey S/Fund A/C>	2,250,000	2.516

2. Distribution of Shareholders as at 9th August 2016

Holdings Ranges	Holders	Total Units	%
1-1,000	29	5,416	0.006
1,001-5,000	48	169,561	0.190
5,001-10,000	66	540,140	0.604
10,001-100,000	255	9,414,399	10.529
100,001-9,999,999,999	93	79,280,829	88.671
Totals	**491**	**89,410,345**	**100.000**
Holdings less than a marketable parcel	79	185,196	0.207

3. Twenty Largest Shareholders as at 9th August 2016

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	8,839,454	9.886
Mr Wayne Edward Hooper	8,839,454	9.886
Ms Rex John Hooper	7,283,916	8.147
Mr Lillian Hooper	7,137,590	7.983
Mr Gregory John Hooper	4,969,952	5.559
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,652,564	4.085
Mr Ian Davies	3,528,374	3.946
Mrs Loretta Mary Peachey	2,693,344	3.012
Lornat Pty Ltd (WK & LM Peachey S/Fund A/C)	2,250,000	2.516
Mr Keith Knowles	2,249,232	2.516
Parks Australia Pty Ltd	2,177,615	2.436
Mr James Gordon Moffatt	1,248,289	1.396
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	1,150,000	1.286
Fortitude Enterprises Pty Ltd	1,139,365	1.274
W&D Hooper Investments Pty Ltd <W&D Hooper Unit A/C>	1,094,648	1.224
Mr Brendan Thomas Birthistle	1,076,304	1.204
Mr Makram Hanna & Mrs Rita Hanna (Hanna & Co P/L Super A/C)	1,045,000	1.169
Sam Nominees (Aust) Pty Ltd (Sam Super Fund A/C)	979,397	1.095
Mr William Ross Fenner	913,807	1.022
Dixson Trust Pty Limited	869,560	0.973
Totals for Top 20	63,137,865	70.616
Security Totals	**89,410,345**	

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
38,588	14 Feb 2017 – 38,588 shares		
96,291	15 Dec 2016 – 48,152 shares	15 Dec 2017 – 48,139 shares	
166,665	21 Dec 2016 –55,560 shares	21 Dec 2017 – 55,560 shares	21 Dec 2018 – 55,545 shares

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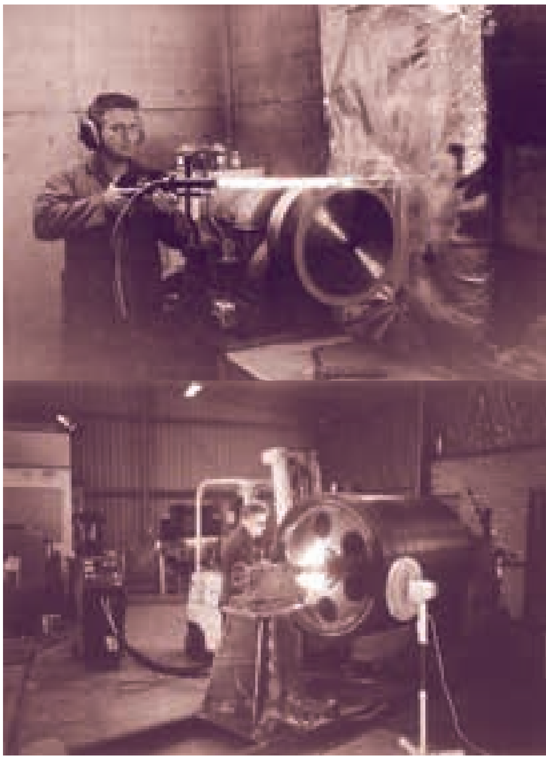
QAS INTERNATIONAL ISO 9001:2008 REGISTERED COMPANY — Quality
QAS INTERNATIONAL ISO 14001:2004 REGISTERED COMPANY — Environment
QAS INTERNATIONAL BS OHSAS 18001:2007 & AS/NZS 4801:2001 REGISTERED COMPANY — Health & Safety

LISTED ASX
ASX:LBL



With family support, Greg Hooper founded LaserBond as HVOF Australia P/L in 1992, working from a small workshop in Ingleburn, NSW, shown above. His brother, Wayne, joined the business in 1994. It relocated to larger premises in Smeaton Grange, NSW in 2012. Cavan SA was established in 2013. It was ASX listed as LaserBond Limited (ASX:LBL). For 25 years LaserBond has been researching, developing and applying innovative surface engineering technologies to extend plant and machinery life and improve resistance to wear and corrosion.

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