Shareholder's Annual Report
LaserBond Limited
ABN 24 057 636 692

PRODUCTIVITY | INNOVATION | CONSERVATION

2019
ANNUAL REPORT

Contents

Corporate Directory

Directors:	Mr. Philip Suriano *Chairman / Non-Executive Director* Mr. Wayne Hooper *Executive Director* Mr. Gregory Hooper *Executive Director*
Company Secretary:	Mr. Matthew Twist
Registered Office, Principal place of business:	2 / 57 Anderson Road SMEATON GRANGE NSW 2567 Phone: +61 2 4631 4500 Fax: +61 2 4631 4555
South Australia Division:	112 Levels Road CAVAN SA 5094 Phone: +61 8 8262 2289
Website:	www.laserbond.com.au
Share Registry:	Boardroom Pty Ltd Grosvenor Place Level 12, 225 George Street SYDNEY NSW 2000
Auditor:	LNP Audit and Assurance Pty Ltd Level 14, 309 Kent Street SYDNEY NSW 2000
Solicitor:	HWL Ebsworth Lawyers Level 14, Australia Square 264-278 George Street SYDNEY NSW 2000 Phone: +61 2 9334 8555
Bankers:	Commonwealth Bank of Australia Corporate Financial Services Sydney South-West Centric Park Central CAMPBELLTOWN NSW 2560
Stock Exchange Listing:	LaserBond Ltd shares are listed on the Australian Securities Exchange (ASX) under LBL.

About Us

LaserBond is a specialist surface engineering company founded in 1992 that focuses on the development and application of materials using advanced additive manufacturing technologies to increase operating performance and life of wearing components in capital-intensive industries. Within these industries, the wear of components can have a profound effect on the productivity and total cost of ownership of their capital equipment. Almost all components fail at the surface, through a combination of abrasion, erosion, corrosion, cavitation, heat and impact, so a tailored surface metallurgy can be used to dramatically extend life and enhance performance.

LaserBond's technology has applications across many industries where surface engineering can deliver significant cost effective improvements in productivity and/or lower total cost of equipment ownership. They include resources and energy, agriculture, fluid handling, steel and aluminium production, heavy transport, advanced manufacturing, defence and infrastructure construction.

Our growth has been built on the pursuit of leadership in innovation and technology across three surface engineering foundations;

- The tribology of wear and performance in heavy industrial components.
- Metallurgy and science of high performance materials.
- Optimisation of a wide range of materials and application methodologies.

This is supported by marketing and sales focus that seeks opportunities offering productivity and sustainable gains;

- Identifying components, equipment or applications that benefit from our technologies.
- Customer partners with established needs and markets.

Our customers are typically internationally recognised Original Equipment Manufacturers (OEMs) and large end users in capital-intensive heavy industries that endure high costs whenever their equipment is out of production for maintenance. In addition to the significant cost savings and productivity improvements we deliver, these customers recognise LaserBond's focus on WH&S, quality assurance, and the environment which is delivered through our certified PAS99 integrated management system. Importantly our customers also achieve WHS benefits, and the positive contribution to the environment by utilising our services.

WHS benefits are often realised because of the maintenance of equipment and replacement of worn parts is often carried out in potentially hazardous environments (e.g. on mine sites) and/or involves handling of difficult and heavy components. Many of our customers recognise that by reducing the frequency of required maintenance, the utilisation of LaserBond's services significantly lowers the risk of injury to personnel.

Environmental benefits arise from LaserBond's ability to remanufacture and provide performance improvements to machine parts that would have typically been scrapped and replaced with new parts. The typical carbon footprint for a LaserBond remanufactured part is less than 1% of a new part, and with life improvements of between 2 to 20 times of a standard part, a carbon footprint of much less than 1% is achieved.

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


LASERBOND
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Chairman's Letter

Dear Shareholder,

After my first full year as Chairman I am both extremely proud and excited to present the company results for the 2019 fiscal year. During this period LaserBond's share price has risen by 212%. Whilst this growth has occurred over the past 12 months it has been the culmination of a number of years work by management and staff, implementing and executing structural and strategic change to the business. The Board has been delighted that our loyal shareholders have been rewarded for their patience and continued trust in the company and the direction that the Board has set for it..

LaserBond has achieved its goals and exceeded forecasts for FY2019, providing shareholders with continued confidence in their investment. The company's continued performance has provided market certainty that has led to greater investor interest and has seen our shareholder base grow by 47%.

	30 June 2019		30 June 2018
Revenues	$22.667 M	**Up 44.9%** from	$15.648 M
Services Division	$11.175 M	**Up 11.3%** from	$10.040 M
Products Division	$9.132 M	**Up 62.8%** from	$5.608 M
Technology Division	$2.360 M	No FY2018 Revenue	$-
EBITDA	$4.904 M	**Up 120.6%** from	$2.223 M
NPAT	$2.809 M	**Up 190.3%** from	$0.968 M
Earnings per share (cents)	2.972c	**Up 185.8%** from	1.04 c

The results in all divisions surpassed our annual expectations (refer Directors' Report for commentary) and as a direct result of the company's performance the Board is pleased to announce an increase to our final dividend to 0.5 cents per share. This brings the yearly dividends to 1.0 cent per share, fully franked, an increase of 67% over FY2018.

This year has provided LaserBond with greater recognition and reputation globally of our technology, products and services. LaserBond is attracting interest from larger companies and the Board is satisfied that we are well positioned and have advisors on-hand to assist with any future opportunities.

Looking forward to the year ahead the forecast is to organically achieve double digit growth in revenue year on year. The business plan remains unaltered with the $40 million revenue target by 2022. The company continues to review expansion opportunities in strategic areas and markets in its quest to gain greater scale and presence in order to fulfil customer requirements in a timely manner with a reduction to transportation distance and cost.

The Board would like to take this opportunity to thank all our staff for the tremendous level of commitment that they have shown to the business over the past twelve months and our shareholders that continue to show their support.

Yours sincerely

Philip Suriano
Chairman
LaserBond Limited


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Directors' Report

The Directors present their report together with the financial statements of LaserBond Limited for the financial year ended 30th June 2019.

Principal Activity

LaserBond is a specialist surface engineering company that focuses on the development and application of materials using advanced additive manufacturing technologies to increase operating performance and life of wearing components in capital-intensive industries. Within these industries, the wear of components can have a profound effect on the productivity and total cost of ownership of their capital equipment. Almost all components fail at the surface, through a combination of abrasion, erosion, corrosion, cavitation, heat and impact, so a tailored surface metallurgy can be used to dramatically extend life and enhance performance.

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

Review of Operations & Financial Results

During the 2019 financial year LaserBond achieved tremendous growth with continued investment in order to deliver on future planned growth.
The focus of the organisation was on:

1. Increasing staff skill, capacity and capabilities, through recruitment and ongoing training.
2. Increasing equipment capacity and capabilities, through investment in plant and equipment at both facilities.
3. Continued growth, through our on-going research and development activities.
4. Development of the LaserBond technology offering to provide higher productivity for LaserBond and its licensees.
5. Improving customer satisfaction through improved delivery times.

SKILL AND CAPABILITIES

Our continued investment in people throughout the 2019 financial year was based on a plan to have a more fully manned afternoon shifts at both facilities, increasing capacity and reducing the burden of overtime.

Finding personnel with the base trade skills we need has been a challenge for some time, but with a number of recent recruits and the successful employment of six employees on skilled visa programs, our NSW afternoon shift has increased to nine full time employees, with a further three to move to afternoon shift in the next few months. This is an increase from four afternoon shift employees in June 2018.

Our SA facility capabilities have increased with the employment of an additional 33% of shop floor staff.

The company continues to train apprentices and graduate engineers to provide the skills it needs for the future. It is noteworthy that aside from the founders, the longest serving employee, now a key member of the management team in NSW, started as an apprentice in January 1997.

Investment in personnel will continue in order to increase capabilities further at both facilities and deliver on the planned growth.

Our growing afternoon shift providing increased skill and capacity.

LaserBond® cladding system recently commissioned for a global manufacturing company.

CAPACITY AND CAPABILITIES

During the 2019 financial year the company fully commissioned two significant equipment investments:

1. Automated dual station high power LaserBond® cladding system adding significant capacity in South Australia.
2. An additional large capacity CNC horizontal borer in New South Wales, doubling capacity for this work.

In accordance with its practice since establishment, the company will continue appropriate and measured investment in FY2020 to allow increased capacity, capability and improved productivity at both facilities. This is necessary to deliver the planned future growth and increased profits. Equipment is usually financed by equipment finance facilities provided by our bank.

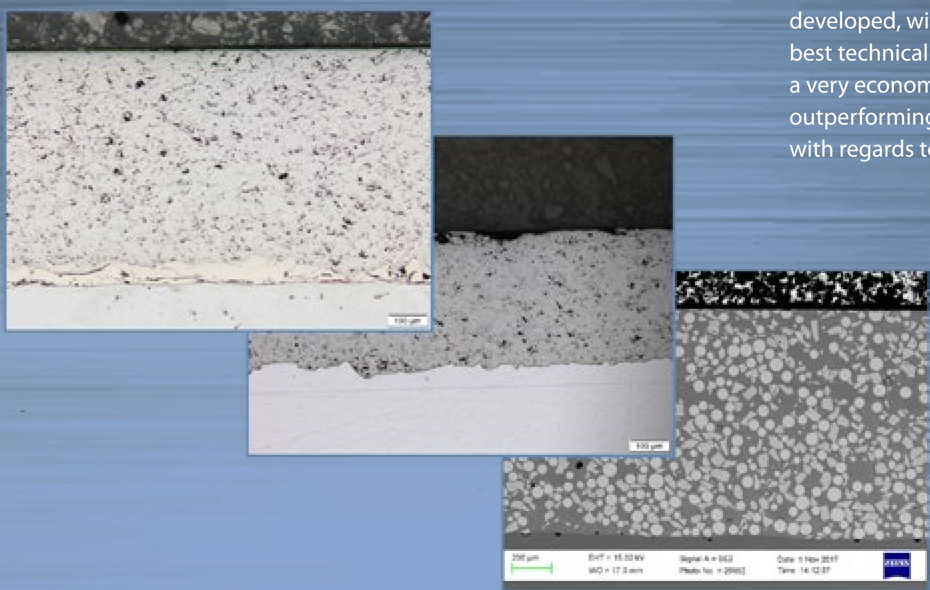
Newly commissioned Horizontal Borer more than doubling capacity.

RESEARCH AND DEVELOPMENT ACTIVITIES

Our R&D efforts focus mainly on the development of application oriented coating systems, the development of new materials and the associated processing parameters for all our coating technologies: Laser Cladding, Thermal Spraying and Surface Brazing. This includes a focus on increasing productivity, which has included the significant improvements in production cycles realised with our new 16 kW Laser source. For example, the deposition rate has been improved by more than 100 % on a number of our high volume applications with a subsequent improvement of critical overlay properties.

Our collaborative work with the University of South Australia and Boart Longyear through the CRC-P is continuing with a number of applications having commercial possibilities. In the last year further products where identified where LaserBond's coatings exhibit tremendous potential to significantly reduce both wear and downtime in Reverse Circulation and Down-the-Hole drilling applications. After the development of coating strategies, parts for on-site testing are currently being carried out on a drill site near Olary, SA.

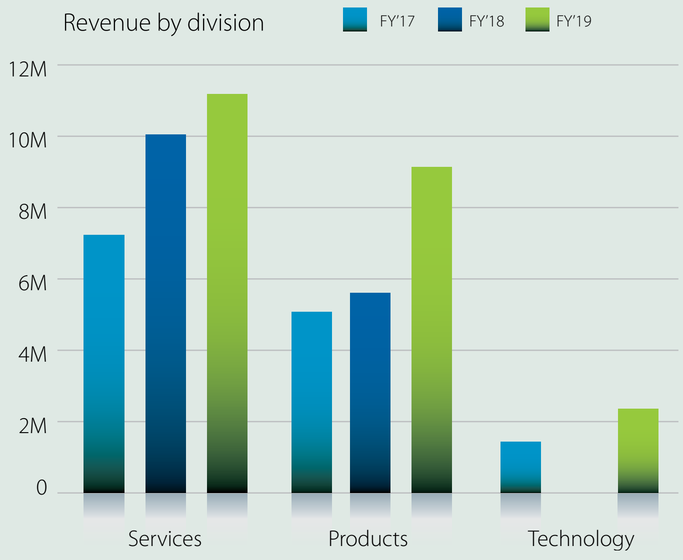
A second research project has just commenced - the Training Centre "Surface Engineering for Advanced Materials (SEAM)", supported by the Australian Research Council. SEAM will be Australia's premier manufacturing Research and Development centre that focuses on applied research with tangible outcomes to nurture and cultivate the industrial innovation leaders of tomorrow. The Centre aspires to provide an excellent environment for carrying out research, explore projects with industry, government and other organisation. Within the frame of SEAM, LaserBond will focus on Additive Manufacturing using Direct Laser Deposition Techniques. The work will be carried out in close collaboration with the Future Industries Institute of UniSA and Swinburne University. Within the frame of the project one additional Research Assistant, two PhD students and several international students will support LaserBond's efforts in continuing its advance in laser cladding.



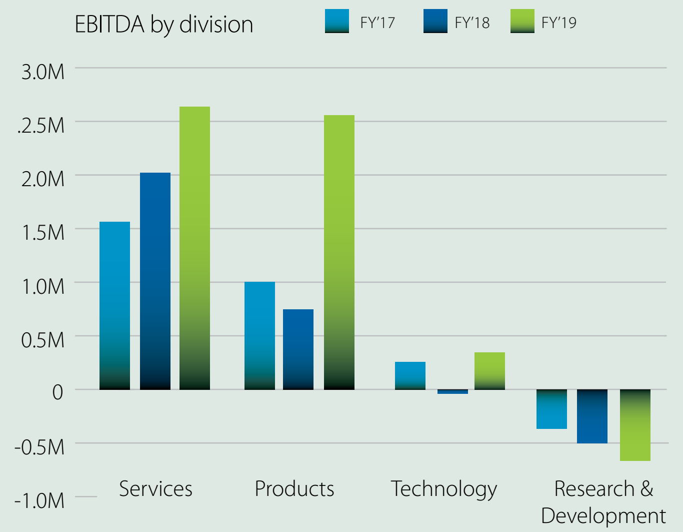
Further industry-oriented research projects have been initiated. Within the frame of one of them the aim is to transfer LaserBond's cladding technologies to a new industrial area (Transportation). Another industrial sector, where LaserBond's coating technologies are believed to have a major impact is agriculture, with our LaserBond® cladding being investigated with regard to their application for new products. So far results are very promising with an example being when wear by erosion or abrasion limits components lifetimes. In abrasion testing, our claddings prove less than a fifth of the wear rate compared to commercially available coated products.

Across multiple industries worldwide, for environmental reasons, "hardchrome plating" is becoming more and more of an issue with considerable research having been conducted over a couple of decades by many companies to try and come up with an environmentally friendly and cost efficient alternative. We have for many years been conducting our own research and development for a cost effective alternative to hardchrome plating. Considerable success has been accomplished over the last 12 months. Development of materials and process parameters for both our LaserBond Cladding and Thermal Spraying processes has enabled the deposition of surface layers that exhibit wear and corrosion properties that exceed those of hardchrome coatings. Two different coating systems have been developed, with one representing the best technical solution and the other one a very economical alternative. Both are outperforming existing hardchrome coatings with regards to corrosion and wear resistance.

Results by Reportable Segments



- Revenue from operations was $22.667 million, up by 44.9% on FY2018.
- Services Division achieved revenue of $11.175 million, up 11.3% on FY2018.
- Products Division achieved revenue of $9.132 million, up 62.8% on FY2018.
- Technology Division reports revenue of $2.360 million, with no revenue in FY2018.



- EBITDA from operations was $4.904 million, up by 120.6% on FY2018.
- Services Division achieved EBITDA of $2.575 million, up 27.7% on FY2018.
- Products Division achieved EBITDA of $2.654 million, up 252.4% on FY2018.
- Technology Division achieved EBITDA of $0.342 million, after a FY2018 loss of <$0.039 million>.
- R&D Division represented a cost of $0.667 million, after a FY2018 cost of $0.501 million.

Explanation of Results

SERVICES DIVISION

The Services Division achieved revenue for FY2019 of $11.175 million representing 11.3% growth on FY2018 revenue of $10.040 million. The NSW facility provides 87.8% of this revenue based on its long standing surface engineering repair and reclamation business, and achieved 9.3% growth. Whilst most of South Australia's revenue is from the sale of products, this facility achieved a 28.1% increase in Services Division revenue based on sales strategies developed for growth in services. The second half of FY2019 reported a small decrease in Services Division revenue from the first half, directly related to some capacity constraints caused by the manufacture of equipment for the technology division sale. With the growing capabilities in NSW future impact from the technology division will be reduced.

This division provided EBITDA of $2.575 million, representing a 27.7% growth on FY2018 EBITDA of $2.016 million.

It is expected the Services Division will continue to deliver growth in revenue at similar rates, largely based on increasing demand from a growing customer base and the increasing capacity and capabilities from investment in resources (human and equipment). It is also expected that this division will achieve growing profit margins due to the productivity improvements gained from the investment in resources.

PRODUCTS DIVISION

The Products Division achieved revenue for FY2019 of $9.132 million representing a 62.8% growth on FY2018 revenue of $5.608 million. The focus of the South Australian facilities has been on products, and represents 61.8% of this revenue. The balance of 38.2% is generated from contract manufacturing of products for long standing original equipment manufacturers. Growth in products revenue is expected to continue to grow largely in South Australia due to the increasing investment in resources (both human and equipment) and the improved output due to the completed commissioning of the automated LaserBond® cladding system.

The Products Division achieved $2.654 million EBITDA representing a 252.4% growth on FY2018 EBITDA of $0.753 million.

The Products Division is expected to continue to provide the most revenue growth for the business particularly with the growing market for our existing product offerings to large OEM's and our own long-life composite carbide steel mill rolls in North America and other countries. LaserBond is now receiving repeat orders from mills in the USA, and is working towards developing customers in other countries.

The steel mill roll market in the United States alone is estimated to be well over fifteen times that of Australia, and Australian steel mills provided $285k revenue in FY2019 (and growing). A testimonial from an Australian steel company has been provided:

> *"The Maintenance Engineering Team at OneSteel had heard of some of the application successes of a local company called LaserBond Ltd. with their Carbide Composite technology. Within a time period of less than 6 months LaserBond has become an Integral Supply Chain Partner with our Procurement and Maintenance Teams. In every case the Carbide Composite components that are manufactured and supplied to us by LaserBond have far exceeded our expectations in terms of the service life we are now achieving."*

A great result for another superior product application from LaserBond, providing tremendous opportunities for growth domestically and around the world.

LaserBond continues to develop export and domestic markets for other products.

TECHNOLOGY DIVISION

Laser cladding in recent years has become more globally recognised as a superior solution for wear problems in many industries. This recognition has also created a desire globally for large businesses, particularly original equipment manufacturers, to develop their own surface engineered products for improved market differentiation. Over twenty-seven years LaserBond has developed a culture of innovation that continually develops innovative surface engineering technology and applications, and an accumulated knowledge of the mechanics of wear to vital machine components that experience some of the fastest wear rates in abrasive and chemically hostile environments. LaserBond has developed global recognition in our own laser cladding solutions, with components exported internationally including to the United States, Canada, South America, South Africa, Europe and Asia.

Further, some laser suppliers have recently introduced equipment for laser cladding, but most suppliers do not have a history of research and development of applications to enable the best wear performance results. LaserBond are able to provide immediate and superior solutions to businesses looking to invest in laser cladding. Our Technology division customers become partners with LaserBond who we assist with integrating the equipment, developing the software systems, in-depth operator training including the understanding of the metallurgy, and building the quality assurance process.

In the 4th quarter of FY2019, LaserBond delivered its second Technology Division sale to a multi-billion-dollar global manufacturer that will utilise LaserBond's technology in its product offerings. The training and support will continue over a seven-year period in return for equipment utilisation based licensing fees. The equipment is now fully installed, commissioned and operating for license fee returns commencing in FY2020.

This division achieved $2.360 million revenue with an EBITDA of $0.342 million after an overhead recovery allowance provided from the NSW facilities fixed costs.

This revenue is made up of $1.945m for the sale of the LaserBond® laser cladding equipment and a further $0.415 million for the provision of laser cladding consumables which will form an ongoing need by the customer which is contractually obligated to purchase these specialised consumables from LaserBond.

LaserBond's aim is to provide continued revenue from the Technology Division in the form of:

a) LaserBond® laser cladding equipment as an off-the-shelf design or custom built to suit a customer's needs. Value will be dependent on the design however an off-the-shelf design would typically provide revenue of approximately $1.2 - $1.7 million. The target is to provide one additional equipment sale during FY20 and two each year from FY21.

b) Ongoing licensing fees for the term of each agreement. The revenue from licensing fees depends on the utilisation of the equipment but can be in the hundreds of thousands annually for each system supplied. This license revenue leverages the detailed technical knowledge and other IP LaserBond has developed over many years with little in the way of additional costs.

c) Where practical, ongoing consumables supply for the term of each agreement with each piece of equipment supplied capable of using up to $1 million per annum in consumables, depending on utilisation and the type of work carried out. This revenue leverages LaserBond's buying power for consumables, but in order to maintain competitiveness, has low margins relative to other revenue streams.

Research & Development

This division reported an EBITDA cost of $667,004. Net R&D increased by over a third due to the necessary continued research into new products and / or applications crucial for LaserBond's continuing growth. For further information, refer to the commentary on Research & Development Activities on page 11 of this Directors' Report.

Outlook

During FY2020 LaserBond is targeting continued double digit revenue growth from the Services & Products divisions (including targets from the steel mill products internationally), plus a growing customer base for equipment and ongoing licensing and consumables from our Technology division. This is expected to reflect in similar net profitability rates to those achieved in FY2019 after improvements to gross profitability based on increasing productivity and after reduction of Other Income due to the completion of the Next Generation Manufacturing Investment Program (NGMIP) in FY2019. The NGMIP provided an allocation of $0.47 million government funding during FY2019 as part of the $3.22 million project to improve our capacity and capabilities in South Australia. There will be continued investment in resources (human and equipment) as well as research and development to deliver future growth.

Further, the Board remains focused on its strategic plan aiming to achieve $40 million revenue within three years. This plan remains focused largely on:

1. Organisational Structure

The ongoing development of a structure that provides an increasingly successful management team, scaled for growth and reducing reliance on the current Executive Directors for operational matters.

2. Capacity & Capabilities

Increasing capacity and capabilities of all facilities, including through an improved shop floor shift structure to increase capacity and reduce the burden on select skilled staff, process optimisation to increase machine uptime and effectiveness, and a focus on the ongoing increasing of skill and capabilities of operational staff.

3. Growth Options

A focus on international business development, including through both Technology Licensing and maximising the potential and return of opportunities with global customers within the Products and Services divisions.

4. Investment

A focus on continued investment in resources (human and equipment) and growth through acquisitions or development of further "greenfield" sites in strategic domestic and/or international locations.

Directors and Company Secretary

Details of the company's Directors during the financial year and up to the date of the report are as follows (Directors have been in office for the entire period unless otherwise stated):

Director:	Position Held	In Office Since	Ceased to Hold Office
Wayne Hooper	CEO/ Executive Director	21 April 1994	
Gregory Hooper	CTO/ Executive Director	30 September 1992	
Philip Suriano	Chairman / Non-Executive Director	6 May 2008	
Matthew Twist	Company Secretary	30 March 2009	

Information on Directors and Company Secretary (currently holding office)

Wayne Hooper GAICD – *Chief Executive Officer, Audit and Risk committee member*

Wayne is a professional engineer with significant technical and management experience within the surface engineering, general engineering and manufacturing industries. His engineering experience includes design, maintenance and project management. He started his career within the electricity generation industry, followed by 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, Engineering (Honours Class 1) and an MBA. As CEO, Wayne is responsible for sales, marketing, administration and compliance to ensure a smoothly functioning, efficient organisation.

Gregory Hooper – *Chief Technology Officer*

Gregory has a mechanical engineering background with over 35 years of hands on experience, as well as sales and management experience in the engineering, metallurgy, welding and thermal spray industries. Before founding LaserBond® Gregory held key positions with multinational surface engineering equipment and specialty welding consumable manufacturers. Gregory founded the Company with his parents in 1992, and has been responsible for the research, integration and development of the company's materials and Thermal Spray and LaserBond® cladding processes. Gregory's responsibility as CTO is the general management and overseeing of Workshop, Technology, and Research and Development management within the group, as well as working closely with his brother (CEO), the board, and the rest of the Laserbond team to deliver on the goals targeted.

Philip Suriano GAICD – *Chairman / Non-Executive Director, Audit and Remuneration committee member*

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. For the past 15 years he has been working in corporate finance.

Matthew Twist GIA (Cert) – *Company Secretary, and Risk committee member*

Matthew Twist has over 25 years financial management experience, encompassing financial and operational control and systems development in manufacturing companies. Matthew has been the company'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 an affiliated member of the Governance Institute of Australia.

Remuneration Report

The directors present the LaserBond Limited 2019 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 directors of the company and the Company Secretary are considered as 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 including a reference to the company'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

The company has 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. During current financial year, one non-executive director received non-cash (equity based) payments amounting to $18,750.

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

Remuneration Report (continued)

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 20 b).

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.

	2019	2018	2017	2016	2015
	$	$	$	$	$
Revenue	22,667,200	15,648,146	13,751,417	10,515,581	9,546,595
Net Profit after Tax	2,809,404	967,749	1,112,892	78,745	366,766
Share price at year end (Cents)	39.00	12.50	12.50	8.10	13.00
Dividends paid (Cents)	0.9	0.6	0.5	0.4	0.4

(d) KMP Remuneration

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

KMP's received a fixed remuneration in the year ended 30 June 2018 and 30 June 2019

		Salaries and fees	Superannuation	Share based payments	Long Service Leave
Wayne Hooper[1]	2019	313,272	54,477	-	-
	2018	308,650	46,650	-	-
Gregory Hooper[1]	2019	319,880	30,139	-	-
	2018	308,335	29,031	-	-
Philip Suriano[2]	2019	30,000	-	18,750	-
	2018	28,750	-	12,500	-
Matthew Twist	2019	155,310	14,549	1,000	-
	2018	151,653	14,273	1,000	-
Totals	2019	**818,462**	**99,165**	**19,750**	**-**
	2018	**797,388**	**89,954**	**13,500**	

[1] Wayne and Gregory Hooper's remuneration is inclusive of their spouse's remuneration for any period they were actively employed by the company. Note 15 a) reports all remuneration through payroll for all relatives of executive directors, including spouses.

[2] Philip Suriano's remuneration includes only fees related to their non-executive director remuneration. Any additional consulting fees related to support of executive functions in reported within Note 15 b).

Remuneration Report (continued)

(e) Contractual arrangements for executive KMP's

KMP's who are active employees of the company 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 company's commitment to develop a Board with a blend of skills, experience and attributes appropriate for the business' goals and strategic plans.

If a non-executive director holds their Board position for the full twelve months of each reporting period they may be eligible for non-cash benefits of a fixed quantity of LaserBond shares reviewed annually by the Board. The Board has not agreed on the volume of shares to be issued to Philip Suriano at the time of lodgement of this report. Any issue is subject to shareholder approval with the price based on the closing share price on the day of approval.

(g) Shares held by key management personnel

The number of ordinary shares in the company during the 2019 financial year held by each of the company's key management personnel, including their related parties, is set out below:

	Balance at 30 June 2018	Granted as remuneration	Other changes	Balance at 30 June 2019
Wayne Hooper	10,569,793	-	321,390	10,891,183
Gregory Hooper	9,576,859	-	-	9,576,859
Philip Suriano	545,131	150,000	13,174	708,305
Matthew Twist	65,708	2,597	2,604	70,909

(h) Loans to key management personnel

The company allows its employees to take short term loans and this facility is also available to its key management personnel. The table below provides aggregate information relating to company's loans to key management personnel during the year:

The loans to key management personnel are generally for a short term. These loans are unsecured and interest free.

	2019	2018
Loans to key management personnel	4,174	16,174

End of remuneration report.

Director's Meetings

During the financial year ended 30th June 2019, 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	6	6	3	3	-	-
Gregory Hooper	6	6	-	-	-	-
Philip Suriano	6	6	2	2	1	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 company 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 company'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

2018 final dividends of 0.4 cents per share and 2019 interim dividends of 0.5 cents per share were paid during the year. The directors have recommended the payment of a final dividend for FY2019 of 0.5 cents per fully-paid ordinary share (FY2018: 0.4c), fully franked based on tax paid at 27.5%. The dividend is expected to be paid on 11th October 2019.

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

Directors' and Auditors' Information

Insurance premiums of $9,224 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 20.

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

Director
Wayne Hooper

Director
Gregory Hooper

Dated this 20th day of August 2019

Directors' Declaration

Corporate Governance

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

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

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 25 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 2019 and of the performance for the financial year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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 20th day of August 2019.

LNP Audit + 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 2019, 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 during the financial year.

LNP Audit and Assurance Pty Ltd

Anthony Rose
Director

Sydney 20 August 2019

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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF LASERBOND LIMITED

Opinion

We have audited the financial report of Laserbond Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

In our opinion:

The accompanying 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 financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. Our description of how our audit addressed the matter is provided in that context.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the matter</th></tr>
<tr><td>Implementation of new revenue accounting policy (refer to note 1)

The company adopted a new revenue accounting policy during the year due to the mandatory introduction of AASB 15 Revenue from Contract with Customers. The new policy is disclosed in note 2.

The adoption of a new revenue accounting policy was a key audit matter due to the:
significance of revenue to understanding the financial results for users if the financial report.
complexity involved in applying the new AASB 15 requirements to contracts with customers.
judgement required by the company in applying the new AASB 15 requirements, such as whether contracts contain multiple performance obligations which should be accounted for separately and when to recognise revenue based on when control transfers to a customer.</td><td>We performed the following procedures, amongst others:
Developed an understanding of and evaluated the operating effectiveness of relevant key internal control.
Assessed the adequacy of methodology used the company for determining the extent of contract reviews required to identify AASB 15 impact.
Assessed whether the company's new accounting policies were in accordance with the requirements of AASB 15 through the consideration of company's analysis in relation to AASB 15.
Considered the company's identification of performance obligations and inspecting sales invoices issued in fulfilling these contracts.</td></tr>
</table>

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.
- We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 15 to 17 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Laserbond Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

The engagement partner on the audit resulting in this independent auditor's report is Anthony Rose.

LNP Audit and Assurance Pty Ltd

Anthony Rose
Director
Sydney, 20 August 2019

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30th June 2019

	Note	2019	2018
		$	$
Revenue from continuing operations	22	22,667,200	15,648,146
Cost of Sales		(11,924,478)	(8,686,048)
Gross Profit from continuing operations		**10,742,722**	**6,962,098**
Other Income	2	547,586	665,418
Advertising & Promotional Expenses		(182,183)	(162,208)
Depreciation & Amortisation		(886,070)	(717,499)
Employment Expenses		(2,550,761)	(2,071,643)
Property Expenses		(773,650)	(730,733)
Administration Expenses		(1,721,481)	(1,575,956)
Repairs & Maintenance		(244,945)	(163,085)
Finance Costs		(176,708)	(110,774)
Research & Development		(552,826)	(470,091)
Other Expenses		(366,817)	(223,334)
Profit before income tax expense from continuing operations	4, 22	**3,834,867**	**1,402,193**
Income tax expense	4, 22	(1,025,463)	(434,444)
Profit after income tax expense from continuing operations		**2,809,404**	**967,749**
Other comprehensive income		-	-
Total comprehensive income attributable to members of LaserBond Limited		**2,809,404**	**967,749**

Earnings per share for profit attributable to members:

	Note	2019	2018
Basic and diluted earnings per share (cents)	5	2.972	1.040

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

Statement of Financial Position
As at 30th June 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents		2,192,535	1,379,062
Trade and other receivables	6	5,395,681	5,362,441
Inventories	7	2,547,508	2,487,605
Total current assets		**10,135,724**	**9,229,108**
NON-CURRENT ASSETS			
Property, plant and equipment	8	5,862,445	3,086,473
Deferred tax assets	10	363,355	288,040
Intangible assets	9	39,680	23,387
Total non-current assets		**6,265,480**	**3,397,900**
TOTAL ASSETS		**16,401,204**	**12,627,008**
CURRENT LIABILITIES			
Trade and other payables	11	2,037,970	1,867,497
Employee Benefits		998,778	792,429
Financial liabilities		641,201	441,988
Current Tax Liabilities		386,327	225,832
Total current liabilities		**4,064,276**	**3,327,746**
NON-CURRENT LIABILITIES			
Financial liabilities		2,213,062	1,480,879
Employee Benefits		63,642	43,386
Total non-current liabilities		**2,276,704**	**1,524,265**
TOTAL LIABILITIES		**6,340,980**	**4,852,011**
NET ASSETS		**10,060,224**	**7,774,997**
EQUITY			
Issued capital	12	6,725,293	6,406,948
Retained earnings		3,334,931	1,368,049
TOTAL EQUITY		**10,060,224**	**7,774,997**

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

Statement of Cash Flows
for the Year Ended 30th June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		25,467,090	18,906,545
Payments to suppliers and employees		(20,315,706)	(18,043,530)
Interest paid		(176,708)	(110,774)
Interest received		6,783	7,190
Income taxes paid		(900,428)	(372,589)
Net cash inflow from operating activities	18	**4,081,031**	**386,842**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(3,432,839)	(273,216)
Repayments of loans to employees		(22,600)	(25,400)
Net cash outflow from investing activities		**(3,455,439)**	**(298,616)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for share issue costs		(9,408)	(12,784)
Payments for financial leases		742,347	(455,660)
Dividends paid		(545,058)	(252,356)
Net cash outflow from financing activities		**187,881**	**(720,800)**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		813,473	(632,574)
Cash and cash equivalents at beginning of period		1,379,062	2,011,636
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,192,535**	**1,379,062**

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

Statement of Changes in Equity
for the Year Ended 30th June 2019

	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2017	**6,186,816**	**858,401**	**7,045,217**
Profit for the year	-	967,749	967,749
Issue of Share Capital, net of cost	220,132	-	220,132
Dividends paid during the year	-	(458,101)	(458,101)
Closing Balance at 30th June 2018	**6,406,948**	**1,368,049**	**7,774,997**
Profit for the year	-	2,809,404	2,809,404
Issue of Share Capital. net of cost	318,345	-	318,345
Dividends Paid during the year	-	(842,522)	(842,522)
Closing Balance at 30th June 2019	**6,725,293**	**3,334,931**	**10,060,224**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Corporate Information
LaserBond Limited is a for-profit listed public company, incorporated and domiciled in Australia. The company specialises in developing technologies and implementing its metal cladding methodologies to increase operating performance and wear life of capital -intensive machinery component.

General Information and Statement of compliance
The financial report was authorised for issue in accordance with a resolution of the directors on 20th August 2019. 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).

The financial report has been prepared on an accruals basis.

CHANGE IN ACCOUNTING POLICY

AASB 9 Financial Instruments
AASB 9 sets out new requirements for the classification and measurement of financial assets and liabilities and include forward-looking expected loss impairment model. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement.
The adoption of AASB 9 did not have a significant effect on the company's accounting policy relating to financial liabilities. Trade receivables is the only financial asset that has been impacted by the adoption of the standard, specifically the measurement basis for the impairment of trade receivables which is now based on expected credit loss (ECL). When determining the credit risk for trade receivables, the company uses quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment including forward looking information.

The company applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers which is predominantly Australia. The expected loss rates are based on the payment profile for sales over the past 36 months before 30 June 2019 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking economic factors affecting the customer's ability to settle the amount outstanding. The company has identified the borrowing rate for small to large business and the unemployment rate to be the most relevant factors and accordingly adjusts historical loss rates for expected changes with reference to these factors. However, given the short period exposed to credit risk, the impact of these economic factors has not been considered significant within the reporting period. Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments and to communicate alternative payment arrangements may be considered indicators of no reasonable expectation of recovery. Given the prudent approach to estimating losses on receivables in accordance with the previous standards, the company did not need to adjust the estimated recoverability of trade receivables on transition to AASB 9.

AASB 15 Revenue from Contracts with Customers
AASB 15 introduces a changed process for revenue recognition based on identifying when performance obligations are met. Revenue from sale of goods are recognised by the company when the goods are transferred to the customer, namely from the time the customer gains controls of the goods. Revenue from services is recognised at the point the services are provided.

Where the company's contracts comprise a variety of performance obligations including, but not limited to, equipment delivery, training, and installation, under AASB 15, the company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:
- the customer benefits from the item either on its own or together with other readily available resources;
- it is 'separately identifiable' (i.e. the company does not provide a significant service integrating, modifying or customising it).

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the company during the year. Application of AASB 15 did not impact the way in which the company accounts for revenue from sale of goods or provision of services.

Other amended standard adopted by the Group which do not have a material impact on the financial statements:
AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue and other income

For current year

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from sale of goods and services
Revenue from sale of goods to customers is recognised when control of the goods has transferred to the customer, being the point in time when the goods are received by the customer. Revenue from services is recognised at the point the services are provided.

For comparative year

Revenue arises from sale of products and services. It is measures with reference to the fair value of the consideration received or receivable. 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. Revenue from sale of good with no significant service obligation is recognised on delivery.

Interest

Revenue from interest is recognised on accrual basis.

Other Income

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

b) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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.

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.

d) Foreign Currency Translation

The functional and presentation currency of the company is Australian dollars. Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the 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 or 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.

e) 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.

f) 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.

g) Financial Instruments

For current year
Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification
On initial recognition, the Company classifies its financial assets at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Assets measured at amortised cost are financial assets where the business model is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.
Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets
Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.
When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

Financial liabilities
The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Company comprise trade payables and finance lease liabilities.

For comparative year

Financial assets
The company 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 company 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 "interest paid". 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 company's financial liabilities include 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 company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition.

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).Financial instruments are initially measured at fair value plus transaction costs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 to 90 days from date of invoice.

Derecognition

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

Subsequent Measurement

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

Impairment

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment 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 company 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.

h) Inventory

Raw materials, finished goods and work in progress are stated at the lower of cost or net realisable value. Cost of work in progress comprises direct materials, direct labour and any external sub-contract costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

i) Property, Plant and Equipment

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%

j) Intangible assets

Patents

Patents are recognised and amortised from the date at which the patent was granted. Patent expenditures are amortised at 7.5% per annum.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Software

Software costs are recorded and amortised from the date at which the software is installed for use. Software expenditures are amortised at 40%-70% per annum.

k)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.

l) Leases

Leases of plant and equipment, where the company as lessee has substantially all the risks and rewards of ownership, are classified as finance liabilities. Financed 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 finance agreements are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

m) 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.

n)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.

o) Employee benefits

(i) Short-term obligations

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

(iii) 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 company of options over its equity instruments to the employees of subsidiary undertakings in the company 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.

p) 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.

q) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to members of the company, 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) 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.

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

(i) AASB 16 Leases (Effective Date: 1 January 2019)

AASB 16 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. The changes in AASB 16 will lead to recognition of an asset (the right to use an asset) and a financial liability (to pay rentals) on the balance sheet. The company currently has $2,583,057 worth of operating leases most of which we anticipate will be brought onto the statement of financial position. Interest and amortisation expense will increase and rental expense will decrease. The company is applying the modified retrospective approach and therefore will not restate comparatives.

	2019	2018
NOTE 2: OTHER INCOME	**$**	**$**
Grant Income	468,606	640,772
Other	78,980	24,656
	547,586	665,418
NOTE 3: EXPENSES		
Profit before Income Tax from continuing operations includes the following specific expenses		
Auditors Remuneration		
- Audit Services – audit and review of Financial Reports	67,000	60,000
NOTE 4: INCOME TAX		
Reconciliation of Income Tax Expense from continuing operations		
Profit before Income Tax expense	3,834,867	1,402,193
Prima Facie Tax at the Australian tax rate of 27.5% (2018: 30%)	1,054,588	420,658
Deferred Tax Asset adjustments	99,317	54,903
R&D Tax Concession	(88,682)	(63,723)
Non-deductible expense	7,208	4,926
Adjustment to Prior Year Income Tax Provisions	(46,968)	17,680
Total Income Tax Expenses	1,025,463	434,444
NOTE 5: EARNINGS PER SHARE		
Basic and diluted earnings per share (cents)	2.972	1.040

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 2018	93,073,489	93,073,489
Shares issued as at 12th October 2018	812,074	580,689
Shares issued as at 23rd October 2018	150,000	102,740
Shares issued as at 25th February 2019	59,731	20,456
Shares issued as at 5th April 2019	444,148	104,649
Closing Balance as at 30th June 2019	94,539,442	93,882,023

NOTE 6: TRADE AND OTHER RECEIVABLES	**2019**	**2018**
	$	**$**
Trade Receivables	4,822,307	3,478,783
Provision – Impairment of Receivables (a)	(7,740)	(13,135)
Loans – Key Management Personnel	4,174	16,174
Loans – Employees	6,642	2,789
Prepayments	570,298	1,877,830
	5,395,681	5,362,441

Prepayments include progress payments on patent applications, deposits on equipment to increase capabilities and the provision for an expense reimbursement claim from the Collaborative Research Centre Project.

			Within Trade Terms (not impaired)				
	Gross Amount $,000	**Past due (and impaired) $,000**	**<30 $,000**	**31-60 $,000**	**61-90 $,000**	**>90 $,000**	**Total $,000**
2019							
Trade receivables	4,822	8	2,902	1,379	153	380	4,822
Other receivables	574	-	574	-	-	-	574
	5,396	8	3,476	1,379	153	380	5,396
2018							
Trade receivables	3,479	13	1,696	1,153	608	9	3,479
Other receivables	1,883	-	1,883	-	-	-	1,883
	5,362	13	3,579	1,153	608	9	5,362

NOTE 7: INVENTORY

	2019 $	2018 $
Stock on Hand – Raw Materials	1,492,517	1,139,935
Stock on Hand – Finished Goods	392,188	382,659
Work in Progress	662,803	965,011
	2,547,508	2,487,605

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	2019	2018
Plant & Equipment		
At Cost	9,411,567	6,042,366
Less Accumulated Depreciation	(3,865,580)	(3,221,727)
	5,545,987	2,820,639
Office Equipment		
At Cost	234,734	214,240
Less Accumulated Depreciation	(138,487)	(156,697)
	96,247	57,543
Motor Vehicles		
At Cost	569,383	534,035
Less Accumulated Depreciation	(349,172)	(325,744)
	220,211	208,291
TOTAL PROPERTY, PLANT & EQUIPMENT	5,862,445	3,086,473

(a) Movements in Carrying Amounts

	Plant & Equipment	Office Equipment	Motor Vehicles	Total
2019 Financial Year	**$**		**$**	**$**
Balance at the beginning of the year	2,820,639	57,543	208,291	3,086,473
Additions	3,455,136	88,133	100,256	3,643,525
Sale / Disposal of Asset	(85,936)	(70,878)	(64,908)	(221,722)
Depreciation Expense	(643,852)	21,449	(23,428)	(645,831)
Carrying Amount at the end of the year	5,545,987	96,247	220,211	5,862,445
2018 Financial Year	**$**	**$**	**$**	**$**
Balance at the beginning of the year	2,273,951	32,498	231,061	2,537,510
Additions	1,140,237	51,630	68,800	1,260,675
Sale / Disposal of Asset	(88)	(249)	-	(337)
Depreciation Expense	(593,461)	(26,336)	(91,570)	(711,367)
Carrying Amount at the end of the year	2,820,639	57,543	208,291	3,086,473

(b) Asset Additions financed

	2019	2018
The values for asset additions purchased utilising finance leases or hire purchase agreements are:	1,495,157	1,011,041

NOTE 9: INTANGIBLES

	Patents and Trademarks	Other Intangibles	Total
2019 Financial Year	$	$	$
Balance at the beginning of the year	5,508	17,879	23,387
Additions	12,491	27,271	39,762
Disposals	-	(3,383)	(3,383)
Amortisation Expense	(1,906)	(18,180)	(20,086)
Carrying Amount at the end of the year	16,093	23,587	39,680
2018 Financial Year			
Balance at the beginning of the year	5,955	33	5,988
Additions	-	24,231	24,231
Disposals	-	(700)	(700)
Amortisation Expense	(447)	(5,685)	(6,132)
Carrying Amount at the end of the year	5,508	17,879	23,387

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

NOTE 10: DEFERRED TAX ASSETS

	2019	2018
Deferred tax assets comprise temporary differences attributable to:	$	$
Employee Benefits	292,166	250,744
Accruals	71,189	37,296
	363,355	288,040
Deferred tax assets expected to be recovered within 12 months	223,280	160,562
Deferred tax assets expected to be recovered after more than 12 months	140,075	127,478
	363,355	288,040

	Employee Benefits	Expense Accruals	Total
At June 2017	203,211	29,926	233,137
(Charged) / credited			
- to profit or loss	47,533	7,370	54,903
- directly to equity	-	-	-
At June 2018	250,744	37,296	288,040
(Charged) / credited			
- to profit or loss	41,422	33,893	75,315
- directly to equity	-	-	-
At June 2019	292,166	71,189	363,355

NOTE 11: TRADE AND OTHER PAYABLES

	2019	2018
	$	$
Trade Payables	1,280,494	1,036,909
Superannuation	44,094	38,070
Dividends	33,955	28,631
Other payables and accrued Expenses	679,427	763,887
	2,037,970	1,867,497

NOTE 12: CONTRIBUTED EQUITY

Issued and Paid Up Capital	2019 Shares	2019 $	2018 Shares	2018 $
Opening Balance	93,073,489	6,406,948	91,132,465	6,186,816
Issued Shares	1,465,953	318,345	1,941,024	220,132
	94,539,442	6,725,293	93,073,489	6,406,948

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2017	Opening Balance	91,132,465		
9th October 2017	Non.Exec. Director Remuneration	100,000	12.50	10,662
13th October 2017	Dividend Reinvestment Plan	979,480	12.54	118,212
21st December 2017	Employee Share Plan	152,008	15.00	14,866
6th April 2018	Dividend Reinvestment Plan	709,536	11.40	76,392
30th June 2018	Closing Balance	93,073,489		220,132
12th October 2018	Dividend Reinvestment Plan	812,074	15.91	127,464
23rd October 2018	Non.Exec. Director Remuneration	150,000	12.50	16,866
25th February 2019	Employee Share Plan	59,731	38.50	14,677
5th April 2019	Dividend Reinvestment Plan	444,148	36.68	159,338
30th June 2019	Closing Balance	94,539,442		318,345

(b) Capital Risk Management

Management effectively manages the company'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 company has no borrowings and no externally imposed capital requirements. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 13 : CAPITAL AND LEASING COMMITMENTS

	2019 $	2018 $
(a) Hire Purchase / Finance Lease Commitments		
Payable:		
Within one (1) year	786,441	546,473
Later than one (1) year but not later than five (5) years	2,453,481	1,648,390
Minimum Hire Purchase / Finance Lease payments:	3,239,922	2,194,863
Less future finance charges	(385,659)	(271,996)
Total Hire Purchase / Finance Lease Liability	2,854,263	1,922,867

The company's hire purchase and finance lease commitments are in relation to plant & equipment and motor vehicles. These are under agreements expiring currently within 1 to 5 years. Under the Terms of Agreements, the company has the option to acquire the financed assets by payment of the final instalment. This option lapses in the event of a default of the finance lease agreement.

(b) Operating Lease Commitments	**2019**	**2018**
	$	**$**
Payable		
Within one (1) year	766,256	744,378
Later than one (1) year but not later than five (5) years	1,816,801	2,583,057
Later than five (5) years)	-	-
	2,583,057	3,327,435

NOTE 14: CONTINGENT ASSETS & LIABILITIES

The directors are not aware of any contingent assets or contingent liabilities that would have an effect on these financial statements. (2018: Nil)

NOTE 15: 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

Labour Costs		
Payroll persons related to executive directors	163,363	171,984

Note: this is exclusive of executive director remuneration which is included in the remuneration report within the Directors' Report of this Annual Report.

(b) Key Management Personnel Transactions

Consultants		
Hawkesdale Group	51,875	2,500
Sam Holdings (Aust.)	-	57,450
	51,875	59,950

These consultant fees are all paid to non-executive director related entities and relate to services to support executive functions. Fees relative to a non-executive director's board fees are included in the remuneration report within the Directors' Report of this Annual Report. Hawkesdale Group provided consultancy services related to sales support and strategy development. This is a director related entity.

Loans		
Director Loan – Gregory Hooper	4,174	16,174

All Loans are classified as current, unsecured and interest free. This is payable on demand.

Superannuation		
Contribution to superannuation funds on behalf of key management personnel	94,652	89,954

NOTE 16: KEY MANAGEMENT PERSONNEL

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

(a) Remuneration

Details in relation to the remuneration of the key management personnel of the company for management of its affairs are included in the remuneration Report within the Directors' Report of this Annual Report. .

(b) Options Held

There were no options held at 30 June 2019 or 30 June 2018. There were no options issued during the financial year.

(c) Shares Held

Interest		Shares Held as at 30th June 2018	Issued	Purchased / (Sold)	Shares Held as at 30th June 2019
Wayne Hooper	Direct	9,351,932	273,753	-	9,625,685
Wayne Hooper	Indirect	1,217,861	47,637	-	1,265,498
Greg Hooper	Direct	5,639,659	-	-	5,639,659
Greg Hooper	Indirect	3,936,900	-	-	3,936,900
Philip Suriano	Indirect	545,131	163,174	-	708,305
Matthew Twist	Direct	65,708	5,201	-	70,909
		20,757,191	489,765	-	21,246,956

Interest		Shares Held as at 30th June 2017	Issued	Purchased / (Sold)	Shares Held as at 30th June 2018
Wayne Hooper	Direct	9,067,779	284,153	-	9,351,932
Wayne Hooper	Indirect	1,132,427	47,434	38,000	1,217,861
Greg Hooper	Direct	5,412,926	226,733	-	5,639,659
Greg Hooper	Indirect	3,778,625	158,275	-	3,936,900
Philip Suriano	Indirect	439,296	105,835	-	545,131
Allan Morton[1]	Indirect	1,454,964	-	-	1,454,964[2]
Matthew Twist	Direct	56,554	9,154	-	65,708
		19,887,607	831,584	38,000	20,757,191

1 Allan Morton resigned on 4 October 2017.
2 These were the amount of shares held at the date of Allan Morton's resignation.

NOTE 17: DIVIDENDS

	2019 $	2018 $
Declared 2019 fully franked interim ordinary dividend of 0.50 (2018: 0.40) cents per share franked at the tax rate of 27.5% (2018: 27.5%)	470,339	184,728
Declared 2018 fully franked final ordinary dividend of 0.40 (2018: 0.30) cents per share franked at the tax rate of 27.5% (2017: 30%)	372,183	273,373
Total dividends per share for the period	0.90 cents	0.50 cents

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

	2019	2018
Paid in cash	550,380	254,389
Satisfied by the issue of shares	292,142	203,712
	842,522	458,101

Dividends not recognised during the reporting period

Since year end the directors have recommended the payment of a final dividend of 0.5 cents per fully-paid ordinary share (2018: 0.4) fully franked based on tax paid at 27.5%. The aggregate amount of the proposed dividend expected to be paid on 11th October 2019 out of retained earnings at 30 June 2019, but not recognised as a liability at year end is $472,697 The debit expected to franking account arising from this dividend is $129,992.

Franking credits

Franking credits available for subsequent periods based on a tax rate of 27.5% (2018: 27.5%)	2,253,059	1,672,208

NOTE 18: CASH FLOW INFORMATION	**2019**	**2018**
Reconciliation of profit after income tax to net cash flows from operating activities	**$**	**$**
Profit after Income Tax for the year	2,809,404	967,749
Non-cash flows in operating surplus		
Depreciation, Amortisation & Impairment	886,070	783,048
(Profit) / loss on disposal of property, plant & equipment	(3,558)	(337)
Changes in assets and liabilities		
(Increase) / Decrease in trade and other receivables	(33,240)	(1,308,428)
(Increase) / Decrease in inventories	(59,903)	(702,288)
(Increase) / Decrease in deferred tax assets	(75,315)	(54,903)
Increase / (Decrease) in trade and other payables	170,473	422,775
Increase / (Decrease) in current provisions	206,349	161,838
Increase / (Decrease) in current tax liabilities	160,495	120,781
Increase / (Decrease) in non-current provisions	20,256	(3,393)
Net cash provided by operating activities	4,081,031	386,842

NOTE 19: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

Activities undertaken may expose the company 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 company.

The Board of Directors monitors and manages financial risk exposures of the company and reviews the effectiveness of internal controls relating these risks. The overall risk management strategy seeks to assist the company 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 2019	**Within 1 Year**	**1 to 5 Years**	**Total**
	$	**$**	**$**
Trade and other payables	2,037,970	-	2,037,970
Hire Purchase / Finance Lease	641,201	2,213,062	2,854,263
Total financial liabilities	2,679,171	2,213,062	4,892,233

Maturity of financial liabilities at 30th June 2018	**Within 1 Year**	**1 to 5 Years**	**Total**
	$	**$**	**$**
Trade and other payables	1,878,381	-	1,878,381
Hire Purchase / Finance Lease	441,988	1,480,879	1,922,867
Total financial liabilities	2,320,369	1,480,879	3,801,248

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 company has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis:

The company as 30th June 2019 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 company purchases certain raw material from overseas due to non-availability in Australia or savings due to bulk buying power overseas. The company continues to expand its operation and has some overseas customers. 100% of those overseas customers invoiced in foreign currency and 95% 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 Directors do not consider that any reasonably possible movement in foreign currency rates would cause a material effect on profit or equity.

NOTE 20: SHARE BASED PAYMENTS

a) Employee Share Plan

A scheme under which shares may be issued by the company to employees for no cash consideration was approved by shareholders through the prospectus. Eligibility to participate is based on an employee being a full-time employee of the company (or any of its 100% owned subsidiaries), the employee is an Australian resident for income tax purposes and the employees has been directly employed by the 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 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.

	2019 $	2018 $
Number of new shares issued under the plan to participating employees: (refer to Note 12 a) for detail of issue)	59,731	152,008

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 2018 Annual General Meeting shareholder approval was sought and gained for the issue of 150,000 shares to one non-executive director who held office for the full twelve months of fiscal year 2018. No approval has as yet been sought or gained for the 2019 fiscal year.

c) **Expense arising from share based payment transactions**	**2019** **$**	**2018** **$**
Shares Issued under employee share plan	16,861	16,704
Shares Issued under Non-Executive Director Remuneration	18,750	12,500
	35,611	29,204

NOTE 21: CONTROLLED ENTITIES

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

NOTE 22: SEGMENT REPORTING

The company has identified its operating segment based on internal reports that are reviewed and used by the executive directors (chief decision makers) in assessing performance and determining allocation of resources. The company operates entirely within Australia. Segment information for the reporting period is as provided below. Other category consists of the Technology and Research and Development segments.

	30 June 2019				
	Services	**Products**	**Technology**	**R&D**	**Total**
Revenue	11,175,053	9,132,229	2,359,918	-	22,667,200
EBITDA	2,575,341	2,653,777	342,313	(667,004)	4,904,427
Interest	93,509	76,416	-	-	169,925
Depreciation & Amortisation	404,191	494,011	-	1.433	899,635
Profit Before Income Tax	2,077,641	2,083,350	342,313	(668,437)	3,834,867
Income tax expense	(555,222)	(557,448)	(91,536)	178,743	(1,025,463)
Profit after Income Tax	1,522,419	1,525,902	250,777	(489,694)	2,809,404
Assets					16,401,204
Liabilities					(6,340,980)

	30 June 2018				
	Services	**Products**	**Technology**	**R&D**	**Total**
Revenue	10,040,123	5,608,023	-	-	15,648,146
EBITDA	2,016,499	753,018	(38,538)	(500,513)	2,230,466
Interest	64,161	46,613	-	-	110,774
Depreciation & Amortisation	393,556	322,001	-	1,942	717,499
Profit Before Income Tax	1,558,782	384,404	(38,538)	(502,455)	1,402,193
Income tax expense	(478,587)	(118,155)	11,561	150,737	(434,444)
Profit after Income Tax	1,080,195	266,249	(26,977)	(351,718)	967,749
Assets					12,627,008
Liabilities					(4,852,011)

NOTE 23: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

a) Dividends

The directors have recommended the payment of a final dividend of 0.5 cents per fully-paid ordinary share (2018: 0.4), fully franked based on tax paid at 27.5%. The aggregate amount of the proposed dividend is expected to be paid on 11th October 2019.

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

NOTE 24: ECONOMIC DEPENDENCY

Revenues of $10,504,279 (2018 - $7,216,681) are derived from two independent customers.

1. Substantial Shareholders at 29th July 2019

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	9,625,685	10.182
Mr Wayne Edward Hooper	9,625,685	10.182
Mr Wayne Edward Hooper (W&D Hooper Investments Pty Ltd)	1,265,498	1.339
Mr Rex John Hooper	7,283,916	7.705
Ms Lillian Hooper	7,137,590	7.550
Mr Gregory John Hooper	5,639,659	5.965
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,936,900	4.164
Lornat Pty Ltd <WK & LM Peachey S/Fund A/C>	4,943,344	5.229

2. Distribution of Shareholders as at 29th July 2019

Holdings Ranges	Holders	Total Units	%
1-1,000	51	13,338	0.014
1,001-5,000	125	377,323	0.399
5,001-10,000	110	891,763	0.943
10,001-100,000	301	10,546,607	11.156
100,001-9,999,999,999	90	82,710,411	87.488
Totals	**677**	**94,539,442**	**100.000**

Holdings less than a marketable parcel	46	8,338	0.00882

3. Twenty Largest Shareholders as at 29th July 2019

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	9,625,685	10.182
Mr Wayne Edward Hooper	9,625,685	10.182
Ms Rex John Hooper	7,283,916	7.705
Mr Lillian Hooper	7,137,590	7.550
Mr Gregory John Hooper	5,356,842	5.666
Lornat Pty Ltd (WK & LM Peachey S/Fund A/C)	4,943,344	5.229
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,936,900	4.164
Mr Ian Davies	2,736,555	2.895
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	2,580,000	2.729
Mr Keith Knowles	2,561,224	2.709
Parks Australia Pty Ltd	2,000,060	2.116
Fortitude Enterprises Pty Ltd	1,453,543	1.537
Mr Brendan Thomas Birthistle	1,414,937	1.497
W&D Hooper Investments Pty Ltd <W&D Hooper Unit A/C>	1,265,498	1.339
Mr Makram Hanna & Mrs Rita Hanna (Hanna & Co P/L Super A/C)	1,200,397	1.270
Honne Investments Pty Limited	1,000,000	1.058
Mr William Ross Fenner	884,333	0.935
Dixson Trust Pty Limited	869,560	0.920
Fortitude Enterprises Pty Ltd <Fortitude Super Fund A/C>	809,629	0.856
Mr David Webster & Mrs Janine Florence Webster <D&J Webster Super Fund A/C>	573,988	0.607
Totals for Top 20	67,259,686	71.145
Security Totals	**94,539,442**	

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
39,990	21 Nov 2019 – 39,990 shares		
193,358	16 Dec 2019 – 46,662 shares	16 Dec 2020 – 46,684 shares	
57,134	21 Feb 2020 – 19,052 shares	21 Feb 2021 – 19,052 shares	21 Feb 2022 – 19,030 shares

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