LASERBOND®

PRODUCTIVITY | INNOVATION | CONSERVATION

SHAREHOLDERS

Annual Report

2021

Contents

Corporate Directory

Directors:

Mr. Philip Suriano
Chairman / Non-Executive Director

Mr. Wayne Hooper
Executive Director

Mr. Matthew Twist
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:

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Phone: +61 8 8262 2289

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ALTONA
VIC 3018
Phone: +61 3 9398 5925

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
Major Client Group
Level 9, Darling Park Tower 1
201 Sussex Street
SYDNEY NSW 2000

Stock Exchange Listing:

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

LaserBond Operations

SERVICES DIVISION

Repair and refurbishing worn or damaged machine parts

Exposure to recurring service problems leads to research for better solutions & product opportunities

RESEARCH & DEVELOPMENT

New cladding materials and application technologies

A wide range of customers and industries seeking better than new repair of (mostly) wear related machinery maintenance problems

LASERBOND

PRODUCTIVITY | INNOVATION | CONSERVATION

Technology developed in collaboration with researchers and industry partners

TECHNOLOGY DIVISION

Design, manufacture, licensing & support of tailored cladding systems

Global METS OEM partners who are seeking strategic advantage from high performance wear components

PRODUCTS DIVISION

Specialised surface engineered components for OEM partners and end users.

What we do

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;

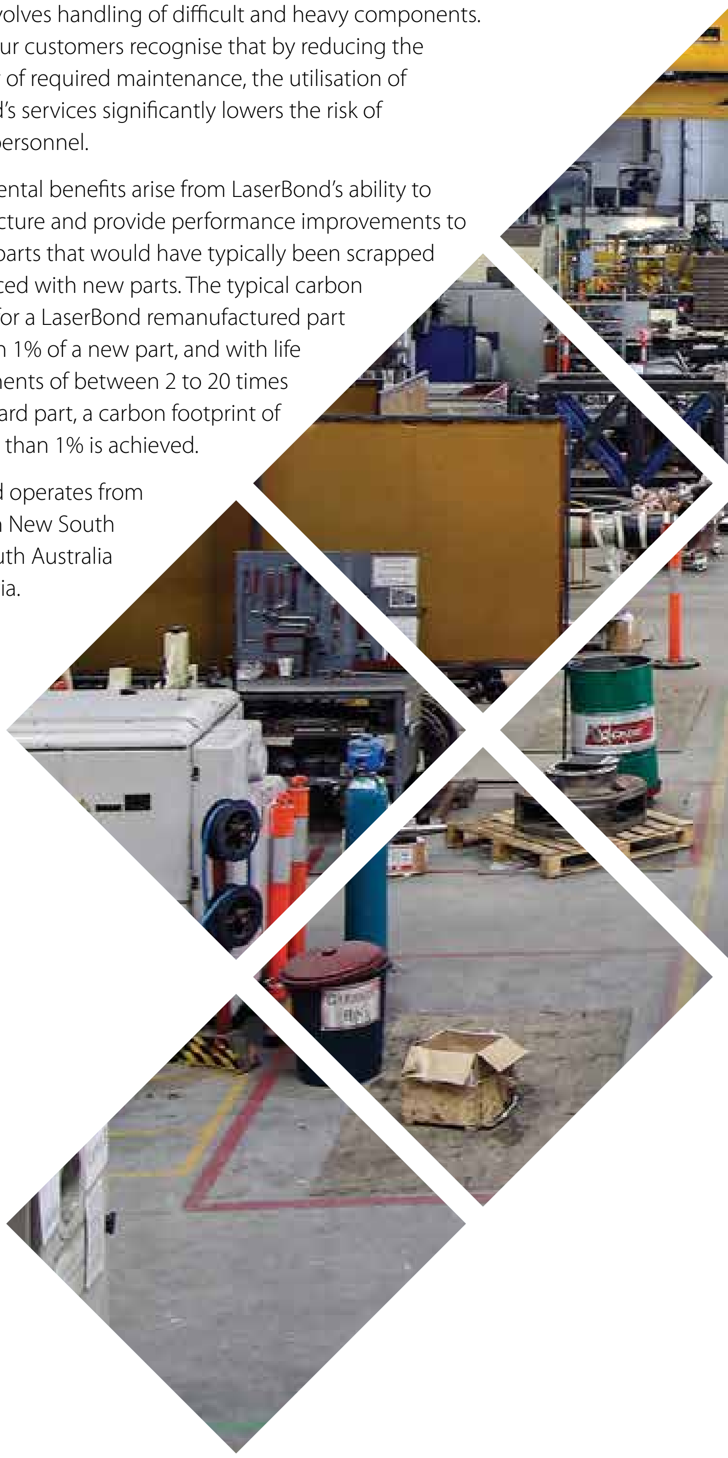
- Identifying components, equipment or applications that benefit from our technologies.
- Customer partners with established needs and markets.

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, South Australia and Victoria.

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Eilbeck
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At a glance

A CULTURE OF INNOVATION

The company is driven by innovation, deriving approximately 75% of its revenue from proprietary technologies, and is currently implementing a national and international growth strategy.

LaserBond's proprietary technology gives it a competitive edge for quality, efficiency and innovation. Its products, services and technologies are used in a range of industry sectors that are essential to our well-being and to our economy.

LaserBond Facilities

Some of our blue-chip customers

Mining and Minerals Processing	BHP	RioTinto	WEIR	FLSmidth
Heavy Industry	CATERPILLAR	LIEBHERR	WesTrac CAT	SANDVIK
Construction	Cross Yarra Partnership	Transurban	JOHN HOLLAND	
Manufacturing	VISY FOR A BETTER WORLD	ALCOA	BLUESCOPE	NUCOR
Energy	Hydro	agl	nrg	EnergyAustralia

Snapshot

$6.4 MILLION
EBITDA

$24.6 MILLION
REVENUE

2.96 CENTS
EARNINGS PER SHARE

$4.9 MILLION
CASH

109
EMPLOYEES

$2.8 MILLION
NET PROFIT AFTER TAX

Chairman's Letter

Dear Shareholder

The term 'resilience' has become much used in corporate Australia, but I truly believe that there is no better term to characterise the performance of LaserBond since the onset of the pandemic some 18 months ago. Businesses large and small across the nation have been faced with little alternative but to change the way they transact business on a day-to-day basis. Our customers, our suppliers and our employees have teamed up to create innovative and efficient ways to continue to deliver our products and services; a result that I believe, is one of the positives to emerge for us from such a global catastrophe.

Under these uncertain circumstances, I am pleased to report that net profit was stable at $2.84 million compared with $2.81 in the previous year. EBITDA was slightly above that achieved last year with $6.4 million compared with $6.2 million in FY20 while revenue was up by 11.2% to $24.7 million. Our cash position continues to strengthen with a 22.8% increase in cash to $4.9 million. On this basis, and having reviewed future capital requirements to achieve its intended growth, the board has maintained the higher dividend of 0.6 cents per share, bringing the full year dividend to 1.2 cents per share.

With a growth strategy that relies on domestic expansion as well as a range of initiatives in the US market, the most significant impact on our business from the Covid pandemic is the inability to travel and engage in the face-to-face sales and marketing activity necessary to build our business. However, we have continued to analyse acquisition targets to establish a network of sites across Australia that will service customer requirements more efficiently. We take a disciplined approach to these bolt-on opportunities, with a firm set of criteria against which to assess the merits of each one and the potential for gaining the synergies and advantages that we consider essential to grow our business.

Several months ago, we announced a seven-year licensing agreement to supply a North American business with LaserBond cladding equipment for the manufacture of products and equipment to primary industries, delivering $1.5 million upfront fee as well as an additional revenue of up to $0.8 million per annum in ongoing licensing fees and consumables sales for the term of the seven year licence agreement. We are intent on securing more licensing agreements both domestically and globally so that we can promote our technology around the world through local avenues as well as achieve recurring revenue streams. We have budgeted for two technology sales for the current fiscal year.

Each year we build on our investment in research and development and have advanced several new products to the point where they can be commercialised. Each of our Microclad, Nanoclad and E-Clad technologies have undergone successful trials and are ready for launch in the current financial year. We expect them to make a small contribution in the current financial year while we build sales momentum both here and in the US.

We have also been considering our board composition as we continue our roll-out for LaserBond products to offshore markets, most notably, steel mill rollers and rotary feeders in the US and Asia. As such, we are looking to expand the skill mix on our board with the addition of up to two new directors.

Our staff have continued as they began in the 'new normal' working environment, remaining steadfast to achieving the individual goals that are critical in achieving our business's success. They are a creative group of people who have been unwavering in their commitment to our operations and in the creativity that they have displayed in solving problems across the spectrum of operations. The board is proud of the LaserBond team and we thank all of our people for their effort and dedication.

On behalf of the board, I also want to thank our shareholders for believing in the LaserBond story and our ability to deliver it during times of uncertainty. Competition for capital is always fierce and never more so than during such uncertain times. The rise in our share price recently reflects the commitment of a solid group of investors who share our vision for the business.

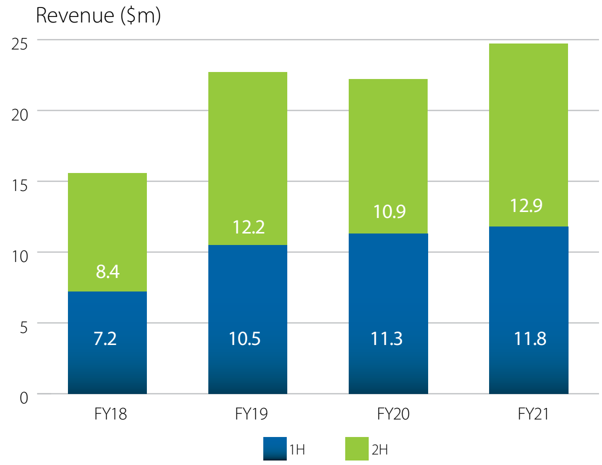
Despite strong signs of economic recovery, including stronger commodities markets, much uncertainty continues to linger over the global economy with questions posed about the impact of the removal of stimulus packages and the speed of the vaccination rollout in various countries around the world. However, we remain committed to our forecast revenue target of $40 million by 2022 under an extended business strategy that takes us out to 2025 and incorporates the risks and challenges associated with the Covid pandemic under a business-as-usual environment.

The additional revenue will be derived through acquisition and from a significant increase in products and services to large, long-term customers, with the remainder coming from technology licensing and newly developed products and services. I look forward to keeping you updated on our progress.

Philip Suriano
Chairman

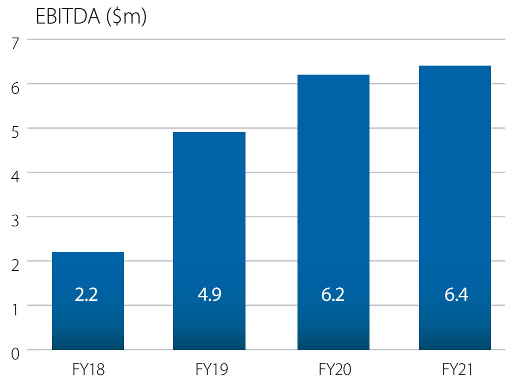
CEO's Review of Operations

Over the course of a full year of pandemic-adjusted operations, I am pleased to report that we continued to contribute to the domestic economy, delivering our products and services with support along the entire supply chain. Despite lockdowns and border restrictions continuing to throw up challenges, often with short notice, we met customer expectations and adhered to their deadlines. As a business supporting essential services, including mining and minerals processing, energy, infrastructure, agriculture and manufacturing, LaserBond has a client base that expects and needs it to continue to supply its products and services. To date, COVID-19 impacts have largely been manifested in travel restrictions, constraining our face-to-face sales effort and some marketing efforts with planned product launches. However, we are adapting to these conditions and the recent North American licensing agreement is proof of our purposeful execution of our offshore expansion strategy.

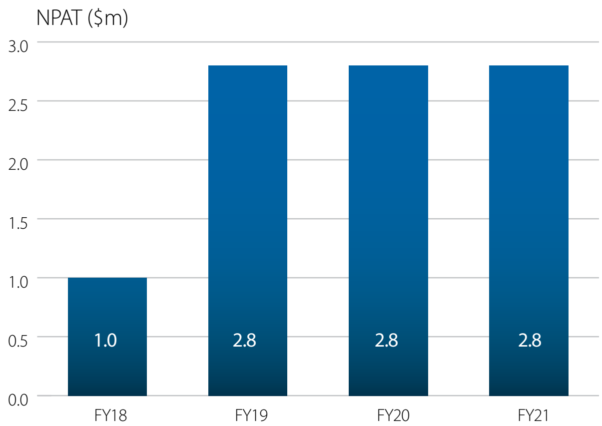


Financial Performance

While LaserBond's net profit after tax was largely flat at $2.84 million, compared with the previous year, it still reflects the fundamental strength and future opportunity of a business that was significantly curtailed by Covid restrictions. Proof of this robustness is a revenue increase of 11.2% from $22.2 million in FY20 to $24.7 million in FY21. Furthermore, our flat profit masks a higher cost structure due to a full year contribution from the recently acquired Victorian operations, which was unable to realise forecast revenue growth because of state border restrictions, including the delayed installation and commissioning of our proprietary LaserBond® system and E-Clad technology.



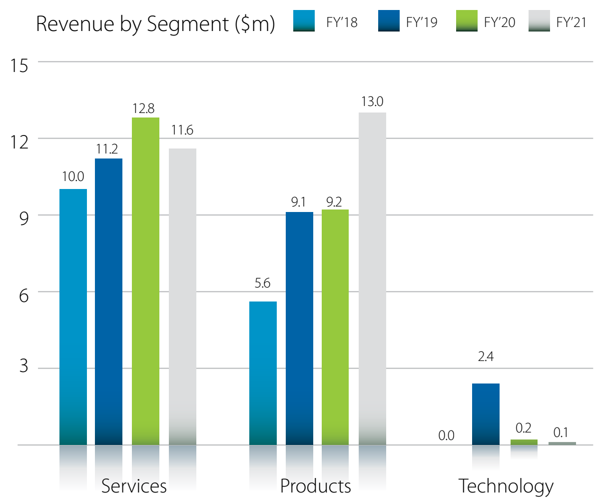
EBITDA for the year was $6.38 million, up by 3.2% on FY20. Cash balances continue to grow from $4.0 million at 30 June 2020 to $4.91 million at year end 2021, driven by continuing strong cash flow from operations of $4.76 million. Working capital increased by 28.8% from $7.26 million in FY20 to $8.79 million in FY21. Net cash flow for the year was $0.91 million, down $0.90 million from $1.81 million in FY20. However, the $0.90 million decrease reflects increases in FY21 payments for equipment finance and dividends of $0.53 million and $0.20 million respectively.

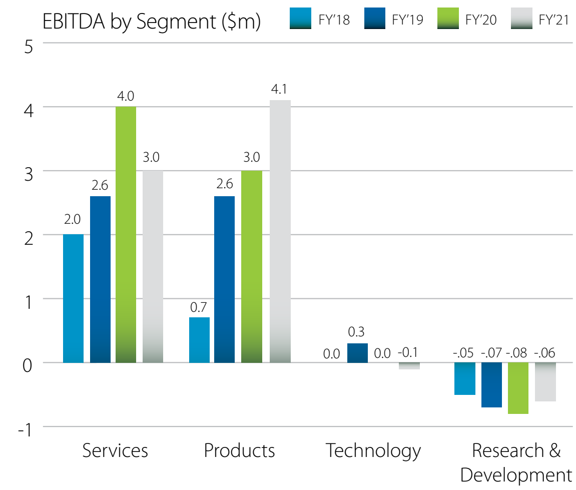


Consistent with its culture of innovation, LaserBond invested $0.67 million in its research and development program compared with $0.76 million in FY20, to progress a number of new products and services into commercialisation.

Operational Performance

Our revenue growth was due to a significant increase in sales generated by the Products division, delivering a 41.3% increase between FY20 and FY21, which offset a 9.3% decline in revenue from the Services division. Our Technology division was the most affected by the pandemic given its reliance on face-to-face contact with customers, often in offshore locations, for the negotiation of longer-term licensing agreements. However, we are pleased that Technology Division will make significant sales in FY22.





SERVICES

Services revenue was $11.64 million representing a 9.3% decline on FY20 revenue of $12.83 million, with a 25.8% decline in EBITDA from $4.02 million in FY20 to $2.99 million. This was a direct result of COVID and the restrictions put. Despite this impact the team worked through trading solutions and the second half of FY21 reported 35.6% growth on the first half providing revenue of $7.38 million. This increase in the second half is due to a ramping up of demand from customers who had delayed maintenance in the first half year. It also reflects a higher contribution from the Victorian operations as greater revenue flowed through upon the easing of the longer lockdowns in Melbourne last calendar year. A small amount of Victorian revenue can be attributed to the commencement of a new business development employee for that state, who made sales that began to flow through late in the year.

At the time of purchase in late FY20, LaserBond's rationale for the Victorian acquisition was partly based on forecast revenue derived from the installation of a laser cladding unit to build the service in the Victorian and Tasmanian markets. This equipment has been built and commissioned in our NSW operations but with the border closures, the travel of NSW personnel to complete the installation has not been possible to date. However, with a project underway to install and commission the unit remotely, the business believes that it can begin generating revenue for the Victorian operations within the second quarter of FY22.

PRODUCTS

Revenue from the Products division was $12.95 million representing a 41.3% increase from $9.17 million in FY20. EBITDA grew by 37.8% from $2.96 million in FY20 to $4.08 million in FY21. The increase in revenue was partly due to a change in the product specifications for a large customer that caused a delay in orders towards the end of FY20 while new pricing and manufacturing logistics were agreed.

This revenue performance excluded much anticipated activity with the sale of steel mill rolls in the US and Asia, with business development activities limited due to international travel restrictions. While virtual meetings were pursued with potential customers where possible, when large investments are at stake, face-to-face meetings have emerged as a critical component of the sales and negotiation processes. The future of the products division is largely reliant on some domestic growth and a large portion of offshore growth, and to this end, we are currently recruiting an agent in the US market to initiate relationships on the ground and preside over a sales and marketing effort to educate US customers on the merits of LaserBond's market-leading technologies. The company is also working with Austrade to enter the Asian market for steel mill rolls.

The first LaserBond-branded Rotary Feeder is currently on its way to the US to be installed on trial with a customer who will test it to local standards. Once the technology is proven in the US, we can then more aggressively pursue similar rotary feeder sales in that market. We are aiming for these products to generate revenue for our business in the current financial year.

TECHNOLOGY

Our Technology division did not report the planned commissioning of an equipment sale under licence for FY21, largely due to delays in achieving the licence agreement in time to manufacture and deliver. These delays were due to the licensee carrying out extensive performance testing of our surface layers against alternatives in their applications. In May 2021, after tremendous results from these performance tests, LaserBond signed a seven-year licence agreement with a North American manufacturer of high-performance products and equipment largely used in primary industries. The licence involves the supply of LaserBond® cladding equipment during FY22, providing upfront revenue of $1.5 million, with ongoing licence fees and expected consumable sales of circa $0.8 million.

Given the rigour of our technologies and client services capability, LaserBond is confident that it will sign at least two more licence agreements in the current financial year with revenue contributions also in the current year. Beyond that point, the intent is to aim for the signing and delivery of two such agreements every fiscal year. We are currently working with Austrade to penetrate markets in North America, Asia and Europe for a range of products and services.

Innovation

LaserBond was founded on the belief that advances in surface engineering technology could significantly extend the life of components of high-investment, large-scale equipment to deliver significant performance improvements and cost reductions to capital intensive industries. As a consequence, it would become more and more integral to heavy industries. This ethos of constant technology evolution for higher performance has remained central to LaserBond's operations, driving it towards continual improvement and greater operational efficiency for its clients. Over the years, LaserBond has experienced constant demand to engineer solutions for problems that are specific to a piece of equipment or part of a unit to extend its life and render it more efficient. Having developed and applied these solutions for customers, the business then considers the opportunities for a broader application and whether the advancement in the technology should be incorporated into the range of its core products and services. To this end, we continue to drive our internal R&D programs and work with various universities including Monash University and The University of South Australia to advance the development of technologies and achieve the necessary independent laboratory analysis and verification that comes with independent university testing.

Most recently, LaserBond has developed its ground-breaking E-Clad technology which replaces the traditional hard chrome plating with a method that avoids harmful chemicals, requires only 25% of the energy, extends the wear life of equipment and uses a shorter process. The value to customers is substantial with shorter delivery and shutdown timeframes, higher performance with improved wear life and adherence to client sustainability stances. The verification process was completed with the assistance of the University of South Australia. The hard-chrome plating industry estimated to be US$1.2 billion globally.

People

Over the past year, in particular, we have invested significantly in the training and development of our people. Such training, development and recruitment is important to deliver the strong growth we are planning.

In a strategic move, we have decided to place a national focus on our strong apprenticeship program. We have commenced planning for a tailored LaserBond apprenticeship program, to cater for the very specific skills and expertise necessary for our business to continue to deliver its technologies. The design of this curriculum, that accommodates LaserBond specialisations and standards, is intended as a more effective means of training and investing in people. Such a program would give young people a career path in a field that is only going to expand given the opportunities for our proprietary and other technologies.

We have also engaged external professional advisors to undertake an extensive project designed to elevate employee engagement and underpin advanced business performance. The project recognises the strong correlation between increased employee engagement and understanding of a business's strategic imperatives with operational success and high customer satisfaction. While our customer relationships are strong and we understand the ultimate drivers for their need for our products and services at any point in time, we want to ensure that all of our employees, no matter what their role or position in the organisation, understand and can articulate the reasons we exist and what part they play in the overall achievement of our strategy. Our aim is to increase loyalty, accountability and productivity across the business. We have invested over $0.2 million in this valuable project and intend to measure its progress against benchmarks developed by our consultants. We also see this as a process without an end; one that we will build into our systems and processes, so that it becomes an inherent part of a business that has the total commitment of its people.

We are also investing in people to underpin our sales and marketing effort. Having developed a number of products to the point of commercialisation we must now realise their potential value with a concerted effort to get them into markets as the product or service of choice. While we have an established sales team, we need to bolster our strategic marketing resources to ensure we target the most advantageous prospects and grow as efficiently as possible.

Not least, we promote tolerance and equality within our diverse workforce and are proud of the way in which our employees interact and work as a harmonious whole.

Health and Safety

Keeping our people safe requires a commitment that is driven from the top of the company and conveyed through every strand of the organisation. It only works if it is part of the culture and if people understand it's value. At LaserBond, the health and safety of its people is paramount and much work is done each year to build on the solid cultural safety foundation that has been established over the past decades. In the three decades of our operation, LaserBond has had an excellent safety record, and I am pleased to report that our rolling 12-month Lost Time Injury Frequency Rate has fallen over the last year, despite an almost 50% increase in the workforce size resulting from growth in capabilities as well as the Victorian acquisition over the same period. Throughout the new Covid operating environment, we have maintained a relentless focus on the safety of our people and will continue to do so.

Sustainability

Sustainability is not just the responsibility of the large industrial operators. With governments around the world legislating and regulating for lower emissions and stricter environmental controls across the board, it makes good business sense to work towards a cleaner operating framework. LaserBond is ISO 14001 certified and has sound environmental practices and employee training in place to manage waste disposal, hazardous substances and energy usage.

As well as productivity and cost considerations, our R&D program also aims to minimise the environmental impact of our customers' operations. The very nature of our products is to increase wear life and thus reduce the requirement for additional steel milling to manufacture new parts and equipment. By extending the life of heavy industry equipment, we eliminate the need for intensive energy usage required to manufacture and scrap the steel components.

Furthermore, we have designed new processes to manufacture more environmentally friendly products, such as our E-Clad technology, as noted above, which has a metallurgical bond that is substantially more impact resistant than the chemical bond that is produced by the traditional hard chroming process. Our process is faster, more durable, and requires less than a quarter of energy used in hard chroming. Not least, it does not utilise or produce harmful carcinogenic chemicals in the process. This process is the result of much investment in R&D, strong relationships with universities, and a relentless focus on the future of technology in our space.

Strategy

Given the changed trading conditions since the onset of the pandemic, the Board and management have revisited the strategy and extended it to 2025 with the continuing aim of international growth as the next step in the evolution of the business. We believe that we have the foundations in place to pursue significant opportunities for various products, services, and licences in North American, Asian and European markets and our strategy maps out how we should optimise those opportunities. With this approach, we must now arm our business with the resources necessary to achieve such growth. To this end, during FY21, LaserBond invested in a range of initiatives, including:

- significant progress on identifying and pursuing additional bolt-on acquisitions in states where LaserBond has customers but no facilities
- commencement on the Austrade collaboration to build targeted offshore markets for specific products and services
- the launch of our hard chrome replacement technology offering an alternative technology that is more efficient, cleaner and safer, and more durable
- a strengthening of sales and marketing personnel with a separately defined focus on the launch of new products in new markets and the pursuit of technology licensing agreements
- additional manufacturing equipment to increase production, enable new products and services to be delivered and increase overall operational efficiency, for example a large CNC horizontal borer installed and commissioned in our South Australian operations provides a new service offering of local customers
- a recruitment drive for skilled tradesmen, including planning for an accredited apprenticeship program to be conducted according to the specific requirements for LaserBond's operations
- increased shift sizes and scheduled additional shifts to boost productivity and generate revenue
- continued investment in a targeted R&D program
- a program to enhance company culture as a driver of efficiency and productivity throughout the business

For the coming year, our focus remains on our growth targets and the newly revised strategy provides a roadmap for progressing initiatives in a covid-constrained global economy.

STRATEGIC OBJECTIVE

GEOGRAPHIC EXPANSION - push existing and new products into new markets

PROGRESS MILESTONES

- Continued analysis of potential acquisition targets, initially to underpin the planned LaserBond presence in Queensland and/or Western Australia in FY22
- Heightened marketing drive for defined LaserBond products and capabilities through a broader range of industry sectors in new markets
- Working collaboratively with Austrade to achieve global market proliferation of specific products, services and technologies where market size and appetite is attractive – specific areas in North America, Asia and Europe

STRATEGIC OBJECTIVE

CAPACITY AND CAPABILITY - invest in people and equipment to improve margins and build productivity

PROGRESS MILESTONES

- Virtual installation of new cladding cell in Victorian operations to service the Victorian and Tasmanian markets in 1H22
- Development of more updated sales and marketing tools, such as case studies and pricing scenarios for new and existing markets
- Development of a national internal apprentice training program, supporting both trade needs and LaserBond's specialised processes

STRATEGIC OBJECTIVE

PRODUCT DEVELOPMENT - innovate, build R&D capability and stay ahead of the market

PROGRESS MILESTONES

- Planned formal launches for Micro-Clad, Nano-Clad, E-Clad, Steel Mills Rolls, Rotary Feeders and Release Coatings throughout FY22
- Planning to progress research opportunities through to production trials

STRATEGIC OBJECTIVE

TECHNOLOGY LICENSING - build a suite of technologies for sale under long-tailed licensing arrangements

PROGRESS MILESTONES

- Licensing agreement achieved in North America and rotary feeder en route to the US for trialling – objective is to ramp up similar transactions. Targeting another two such agreements for delivery in FY22
- Under the remit of the Austrade project licensing agreements will be sought in Asia and Europe

The Future

While we have achieved another stable performance in volatile trading conditions, we are now intent on our growth in the context of these confined conditions. Our expectation is that pending a solid level of vaccination in the Australian population, there will be further outbreaks, lockdowns and border closures that will continue to challenge our traditional methods of operating. Thus, all of our scenario planning now incorporates these parameters as a given and we will continue to devise new ways to gain access to offshore markets and source growth opportunities for our products and services.

The work we are undertaking with Austrade is one such example of working differently. This opportunity will advance our expansion with different products, services and technologies in markets with a strong appetite for our products and applications. Equally, we intend to replicate the licence agreement that we secured in May this year in North America in other regions. Add to that the enormous opportunities in the US market for our steel mill rolls which can achieve life extensions of up to ten times with our proprietary cladding technology and the fact that we have dispatched a LaserBond branded rotary feeder to the US for trialling and a test case. While appetite for our products and services is strong in Australia, it is equally strong in far larger markets in North America, Europe and Asia and we believe our innovative technology will be very well received.

In closing, LaserBond does not resile from its stated $40 million revenue target for FY22 and has revised its strategy out to 2025 in order to achieve its financial and operational objectives. Our forecasts presently indicate a total revenue number very close to our target. However, a portion of that revenue target assumes the timely acquisition of a bolt-on business that can begin to contribute revenue by early 2H22 at the latest.

Wayne Hooper

Chief Executive Officer and Executive Director

Directors' Report

The Directors present their report together with the financial statements of LaserBond Limited for the financial year ended 30th June 2021.

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, South Australia and Victoria.

Review of Operations & Financial Results, Explanation of Results and Outlook

Please refer to the CEO's Report on page 10.

Directors and Company Secretary

Details of the company's Directors who have been in office during the entire current financial year and up to the date of this report unless otherwise stated are:

Director:	Position Held	In Office Since	Ceased to Hold Office
Wayne Hooper	CEO/ Executive Director	21 April 1994	
Philip Suriano	Chairman / Non-Executive Director	6 May 2008	
Matthew Twist	CFO / Executive Director	30 June 2020	
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.

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) – Executive Director, 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 2021 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 provides remuneration to non-executive directors through both cash fees and non-cash benefits in the form of equity issues. At the 2020 Annual General Meeting shareholder approval was sought and gained for the issue of 50,000 shares amounting to $19,500 for one non-executive director who held office for the full twelve months of fiscal year 2020. No approval has as yet been sought or gained for the 2021 fiscal year.

Non-cash (equity based) payments for non-executive directors are determined annually based on the time, commitment and responsibilities of their role, financial forecasts and cash-flow position of the company; their holding of office for the full twelve months of a fiscal year; and subject to shareholder approval prior to issue at the Annual (or Extraordinary) General Meeting. Further details can be found under Note 20 (b).

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

	2021	2020	2019	2018	2017
	$	$	$	$	$
Revenue	24,664,453	22,177,264	22,667,200	15,648,146	13,751,417
Net Profit after Tax	2,838,114	2,805,061	2,809,404	967,749	1,112,892
Share price at year end (Cents)	94.50	39.50	39.00	12.50	12.50
Dividends paid (Cents)	1.2	1.0	0.9	0.6	0.5

(d) KMP Remuneration

The following table shows details of the remuneration expense recognised for the company's Key Management Personnel for the current and previous financial year. KMP's received a fixed remuneration during the year ended 30 June 2021 and 30 June 2020.

		Salaries and fees	Super annuation	Share based payments	Long Service Leave
Wayne Hooper	2021	326,867	25,209	-	-
	2020	323,040	25,048	-	-
Philip Suriano[1]	2021	30,000	-	19,750	-
	2020	30,000	-	19,500	-
Gregory Hooper[2]	2021	-	-	-	-
	2020	379,937	31,952	-	21,044
Matthew Twist	2021	171,833	16,163	1,000	-
	2020	158,309	14,912	1,000	-
Totals	2021	528,700	41,372	20,750	-
	2020	891,286	71,912	20,500	21,044

1 Philip Suriano's remuneration includes only fees related to his non-executive director remuneration. Any additional consulting fees related to support of executive functions is reported in Note 15 (b).

2 Gregory Hooper resigned on 30 June 2020.

(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

Arrangements with non-executive directors are 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 based on FY21 company performance 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 30 June 2021 financial year held by each of the company's key management personnel, including their related parties, is set out below:

Name	Balance at 30 June 2020	Granted as remuneration	Bought / (Sold)	Dividend Re investment	Balance at 30 June 2021
Wayne Hooper	11,064,295	-	-	-	11,064,295
Philip Suriano	776,576	50,000	-	16,989	843,565
Matthew Twist	72,307	1,666	-	-	73,973

(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 company's loans to key management personnel during the year was $Nil (2020: $Nil). The loans to key management personnel are generally for a short term, unsecured and interest free.

End of remuneration report.

Director's Meetings

During the financial year ended 30th June 2021, 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	8	8	3	3	-	-
Philip Suriano	8	8	2	2	-	-
Matthew Twist	8	8	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

In August 2020, the company acquired certain assets of United Surface Technologies Pty Ltd in Melbourne. Refer to Note 9 for details. There was no other 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 required to be disclosed will be done according to recent listing rules requirements.

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.

No other matters or circumstances has arisen that has affected, or may significantly affect the company's operations, the results of those operations or the company's state of affairs in future financial years which has not already been reflected in the financial report.

Dividends

2020 final dividends of 0.6 cents per share and 2021 interim dividends of 0.6 cents per share were paid during the year. The directors have recommended the payment of a final dividend for FY2021 of 0.6 cents per fully-paid ordinary share (FY2020: 0.6c), fully franked based on tax paid at 26.0%. The dividend is expected to be paid on 8th October 2021.

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

In accordance with the provisions of the Corporations Act 2001, the company has insured the directors and officers against liabilities incurred in their role as directors and officers of the company. The terms of the insurance policy, including the premium, are subject to confidentiality clauses and therefore the company is prohibited from disclosing the nature of the liabilities covered and the premium paid.

No insurance premiums have been paid in respect of Auditors.

Non-Audit services

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 22.

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

Director
Wayne Hooper

Dated this 23rd day of August 2021

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. In compliance with the "if no why not" reporting regime, where the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

A description of the company's current corporate governance practices is set in the company's Corporate Governance Statement which can be viewed at: http://www.laserbond.com.au/investor-relations/governance-statement.html

Declaration by Directors

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 27 to 50 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 2021 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

Dated this 23rd day of August 2021

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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 2021, 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.

LNP Audit and Assurance Pty Ltd

Archana Kumar
Director

Sydney 23 August2021

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LASERBOND LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of LaserBond Limited (the Company), which comprises the statement of financial position as at 30 June 2021, 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 the Company, is in accordance with the Corporations Act 2001, including:

a) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
b) 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* (*including Independence Standards*) (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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Key Audit Matter	How our audit addressed the matter
Note 9 *Measurement of expected credit losses on trade receivables* Gross trade receivables amounted to $5,213,349 (2020: $3,867,677). The valuation of trade receivables requires management judgement due to the credit risk associated with each individual trade receivable. Management assesses the recoverability of trade receivables by reviewing customers' ageing profile, credit history status of subsequent receipts and forward-looking information and assumptions in this uncertain environment. The determination of expected credit loss is highly subjective and assumptions are subject to estimation uncertainty. Accordingly, we considered this to be a key audit risk.	Our procedures included: • Obtaining an understanding of the Company's credit control procedures and assessing the design, implementation and operating effectiveness of key controls over granting of credit to customers; • Evaluating the Company's assumptions and judgements used in its expected credit loss model; • Validating data used in the model; and • Assessing the adequacy of disclosures in the financial statements.

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 2021 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.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control 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.

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- 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 Company'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.

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 also 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, actions taken to eliminate threats or safeguards applied.

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.

Report on the Remuneration report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 19 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of LaserBond Limited for the year ended 30 June 2021, 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.

LNP Audit and Assurance Pty Ltd

Archana Kumar
Director
Sydney

23 August 2021

Financial Report

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30th June 2021

	Note	2021 $	2020 $
Revenue	21	24,664,453	22,177,264
Cost of sales		(12,076,478)	(10,654,478)
Gross Profit		**12,587,975**	**11,522,786**
Other income	2	1,020,964	663,300
Advertising & promotional expenses		(66,002)	(76,294)
Depreciation & amortisation		(2,554,806)	(1,981,629)
Employment expenses		(3,844,201)	(3,006,153)
Administration expenses	3	(2,132,609)	(1,743,024)
Repairs & maintenance		(301,147)	(233,047)
Finance Costs		(463,973)	(440,860)
Research & development		(678,882)	(675,774)
Other expenses		(202,439)	(264,258)
Profit before income tax expense	4	**3,364,880**	**3,765,047**
Income tax expense	4	(526,766)	(959,986)
Profit after income tax expense		**2,838,114**	**2,805,061**
Other comprehensive income		-	-
Total comprehensive income attributable to members of LaserBond Limited		**2,838,114**	**2,805,061**

Earnings per share for profit attributable to members:

	Note	2021	2020
Basic and diluted earnings per share (cents)	5	2.955	2.940

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 2021

	Note	2021 $	2020 $
CURRENT ASSETS			
Cash and cash equivalents		4,907,855	3,997,653
Trade and other receivables	6	5,806,508	4,391,054
Inventories	7	3,437,194	3,454,973
Current tax assets		777,495	-
Total current assets		**14,929,052**	**11,843,680**
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,991,383	11,352,221
Deferred tax assets	10a	533,142	386,383
Intangible assets		77,312	21,097
Total non-current assets		**14,601,837**	**11,759,701**
TOTAL ASSETS		**29,530,889**	**23,603,381**
CURRENT LIABILITIES			
Trade and other payables	11	2,370,809	1,326,181
Employee benefits		1,530,701	1,096,393
Financial liabilities	13	2,239,705	1,761,841
Current tax liabilities		-	402,367
Total current liabilities		**6,141,215**	**4,586,782**
NON-CURRENT LIABILITIES			
Financial liabilities	13	8,461,672	6,719,781
Deferred Tax Liabilities	10b	602,524	-
Employee benefits		63,803	60,613
Total non-current liabilities		**9,127,999**	**6,780,394**
TOTAL LIABILITIES		**15,269,214**	**11,367,176**
NET ASSETS		**14,261,675**	**12,236,205**
EQUITY			
Issued capital	12	7,378,717	7,042,358
Retained earnings		6,882,958	5,193,847
TOTAL EQUITY		**14,261,675**	**12,236,205**

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

Statement of Cash Flows
for the Year Ended 30th June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		26,619,131	26,884,309
Payments to suppliers and employees		(20,369,724)	(21,206,921)
Interest paid		(463,973)	(440,860)
Interest received		1,068	2,519
Income taxes paid		(1,029,571)	(979,084)
Net cash inflow from operating activities	18	**4,756,931**	**4,259,963**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(450,038)	(604,583)
Payment for Victorian acquisition	9	(805,851)	-
Repayments of loans to employees		(9,650)	10,574
Net cash outflow from investing activities		**(1,265,539)**	**(594,009)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for share issue costs		(12,404)	(13,117)
Payments for financial leases		(1,726,028)	(1,199,422)
Dividends paid		(842,758)	(648,297)
Net cash outflow from financing activities		**(2,581,190)**	**(1,860,836)**
INCREASE IN CASH AND CASH EQUIVALENTS		910,202	1,805,118
Cash and cash equivalents at beginning of year		3,997,653	2,192,535
CASH AND CASH EQUIVALENTS AT END OF YEAR		**4,907,855**	**3,997,653**

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 2021

	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2019	**6,725,293**	**3,334,931**	**10,060,224**
Profit for the year	-	2,805,061	2,805,061
Issue of Share Capital, net of cost	317,065	-	317,065
Dividends paid/payable during the year	-	(946,145)	(946,145)
Closing Balance at 30th June 2020	**7,042,358**	**5,193,847**	**12,236,205**
Profit for the year	-	2,838,114	2,838,114
Issue of Share Capital, net of cost	336,359	-	336,359
Dividends paid/payable during the year	-	(1,149,003)	(1,149,003)
Closing Balance at 30th June 2021	**7,378,717**	**6,882,958**	**14,261,675**

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 2021

Corporate Information

LaserBond Limited is a for-profit listed public company, incorporated and domiciled in Australia. The nature of the operations and principle activities of the company are described in the Directors' Report.

General Information and Statement of compliance

The financial report was authorised for issue in accordance with a resolution of the directors on 23rd August 2021. 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 accruals basis.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue and other income

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: (i) Identifying the contract with a customer; (ii) Identifying the performance obligations; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) 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.

Interest

Revenue from interest is recognised on accrual basis and is mainly derived from cash at bank.

Other Income

Revenue from other income streams is recognised when the company receives it or as an accrual if the company is 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.

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 rates enacted or substantively enacted at the end of the reporting period, 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 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.

NOTE 1 (i): STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and 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 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. 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

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.

Classification and subsequent measurement
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.

NOTE 1 (i): STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and initial measurement
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.

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 significantly 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.

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%

NOTE 1 (i): STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Non-Financial 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.

Right of use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the relevant commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the relevant lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the relevant lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the relevant lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the relevant commencement date), and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating a lease, if the lease term reflects the company exercising the option to terminate. The company applies the practical expedient to not separate non-lease components from lease components, and instead accounts for each lease component and any associated lease components as a single lease component.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the relevant lease commencement date if the interest rate implicit in the lease is not readily determinable. After the relevant commencement

NOTE 1 (i): STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgements

The company has made the following significant judgements with respect to its leases as lessee:

Determining the lease term of contracts with renewal options
The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Under one of its facility premise leases, the company is able to continually exercise the option to extend the term of the lease. The company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the company reassesses the lease term specifically if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy). The company has included reasonably certain renewal options as part of the lease term for one of its facility premise leases for a further 5 years.

Determining the incremental borrowing rate
The company has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities or right-of-use assets recognised. The company reassesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date based on the term of the lease (or the remaining term of the lease at the initial date of application). The company's equipment financing rate was used as a base rate in the company's judgment.

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 (i): 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 company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experiences, the company 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 (i): 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

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods commencing 1 July 2020 and have not been early adopted by the company. These standards are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable transactions.

t) Critical accounting estimates and judgement

In applying the company's accounting policies, a number of estimates and assumptions have been made concerning the future. The directors base their judgements and estimated on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates.
The main areas where a higher degree of judgement arises or where assumptions and estimates are significant to the financial statements are: *receivables and expected credit losses – note 6*

NOTE 2: OTHER INCOME	2021 $	2020 $
Grant Income	297,976	-
Government Rebates / Subsidies	699,500	626,000
Other	23,488	37,300
	1,020,964	663,300

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	79,500	72,000
Non-Audit Services	-	33,000
	79,500	105,000

NOTE 4: INCOME TAX

Reconciliation of Income Tax Expense from continuing operations		
Profit before Income Tax expense	3,364,880	3,765,047
Prima Facie Tax at the Australian tax rate of 26.0% (2020: 27.5%)	874,869	1,035,388
Tax effect of timing differences	(366,979)	16,360
R&D Tax Concession	(84,861)	(77,268)
Net Non-Deductible Expenses	(3,225)	2,606
Adjustment relating to prior year income tax provisions	106,962	(17,100)
Total income tax expenses	526,766	959,986

NOTE 5: EARNINGS PER SHARE

	2021	2020
	$	$
Profit after tax	2,838,114	2,805,061
Basic and diluted earnings per share (cents)	2.955	2.940

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 2020	95,414,650	95,414,650
Shares issued as at 9th October 2020	258,420	316,476
Shares issued as at 19th November 2020	50,000	55,616
Shares issued as at 11th February 2021	51,646	45,562
Shares issued as at 1st April 2021	280,697	209,946
Closing Balance as at 30th June 2021	96,055,413	96,042,250

NOTE 6: TRADE AND OTHER RECEIVABLES

	2021	2020
	$	$
Trade Receivables	5,213,349	3,867,677
Provision for expected credit losses	(83,417)	(33,370)
Loans – Employees	9,257	-
Prepayments and other receivables (a)	667,319	556,747
	5,806,508	4,391,054

(a) Balances includes progress payments on patent applications and recruitment, and provisions for government subsidies receivable at balance date.

	Gross Amount $,000	Past due (and impaired) $,000	Within Trade Terms (not impaired) <30 $,000	31-60 $,000	61-90 $,000	>90 $,000	Total $,000
2021							
Trade receivables	5213	83	2,187	1,534	834	575	5,213
Other receivables	593	-	593	-	-	-	593
	5,806	83	2,780	1,534	834	575	5,806
2020							
Trade receivables	3,867	33	1,822	1,123	457	432	3,867
Other receivables	524	-	524	-	-	-	524
	4,391	33	2,346	1,123	457	432	4,391

Significant estimates and judgement - The uncertainty relating to the global economy and how businesses, government and customers react remains due to the pandemic. This uncertainty is reflected in the company's assessment of expected credit losses from its customers which are subject to a number of management judgement and estimates reflecting historical experience and other factors that are considered to be relevant including future events such as impact of actions of the government in the local and international market, and responses of business and customers in different industries relevant to the company. Accordingly, the company's expected credit losses estimated are inherently uncertain and actual results may differ from these estimates.

NOTE 7: INVENTORY

	2021	2020
	$	$
Stock on Hand – Raw Materials	2,194,360	2,075,143
Stock on Hand – Finished Goods	412,210	476,292
Work in Progress	830,624	903,538
	3,437,194	3,454,973

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	2021 $	2020 $
Prepayments of Assets	1,219,473	264,848
Plant & Equipment		
At Cost	14,623,436	11,029,987
Less Accumulated Depreciation	(6,459,416)	(4,929,175)
	8,164,020	6,100,812
Office Equipment		
At Cost	287,930	266,519
Less Accumulated Depreciation	(213,059)	(181,633)
	74,871	84,886
Motor Vehicles		
At Cost	565,762	616,656
Less Accumulated Depreciation	(447,290)	(427,794)
	118,472	188,862
Right of Use Assets		
At Cost	6,082,032	5,444,610
Less Accumulated Depreciation	(1,667,485)	(731,797)
	4,414,547	4,712,813
TOTAL PROPERTY, PLANT & EQUIPMENT	13,991,383	11,352,221

(a) Movements in Carrying Amounts

	Plant & Equipment	Office Equipment	Motor Vehicles	Right of Use Assets	Total
2021 Financial Year	$	$	$		$
Balance at the beginning of the year	6,365,660	84,886	188,862	4,712,813	11,352,221
Additions	4,476,842	39,165	-	637,423	5,153,430
Disposal of Asset	(23)	(152)	(5,910)	-	(6,085)
Depreciation Expense	(1,458,985)	(49,028)	(64,480)	(935,689)	(2,508,182)
Carrying Amount at the end of the year	9,383,494	74,871	118,472	4,414,547	13,991,383
2020 Financial Year	$	$	$		$
Balance at the beginning of the year	5,545,987	96,247	220,211	-	5,862,445
Additions	1,921,925	39,407	47,273	5,444,610	7,453,215
Sale / Disposal of Asset	(91)	(300)	-	-	(391)
Depreciation Expense	(1,102,161)	(50,468)	(78,622)	(731,797)	(1,963,048)
Carrying Amount at the end of the year	6,365,660	84,886	188,862	4,712,813	11,352,221

(b) Asset Additions financed

	2021 $	2020 $
The values for asset additions purchased utilising finance leases or hire purchase agreements are:	2,992,152	1,411,201

NOTE 9: ACQUISITION OF ASSETS

In August 2020 the company acquired certain assets and assumed certain liabilities of United Surface Technologies Pty Ltd for a total consideration of $732,592 exclusive of GST.

The fair value of assets as at the date of acquisition were:

	$
Plant & Equipment	845,909
Inventories	185,190
Acquisition Costs	13,860
	1,044,959

The liabilities assumed as at date of acquisition were:

Employee Entitlements	312,367

Net tangible assets acquired as at date of acquisition amounted to $732,592. The company also acquired the right of use asset in the sum of $637,422 and lease liabilities of the same amount.

A substantial part of the fair value of total gross assets acquired is attributable to plant and equipment, meeting the asset concentration test. This transaction has been accounted for as an asset acquisition in the financial statements and the company assessed that the value of any intangibles that were acquired consequential to the tangible assets were $nil.

NOTE 10: DEFERRED TAX

a) Deferred Tax Asset

	2021	2020
Deferred tax assets comprise temporary differences attributable to:	$	$
Employee Benefits	414,571	318,176
Accruals	118,571	68,207
	533,142	386,383
Deferred tax assets expected to be recovered within 12 months	366,476	238,695
Deferred tax assets expected to be recovered after 12 months	166,666	147,688
	533,142	386,383

	Employee Benefits	Expense Accruals	Total
	$	$	$
At June 2019	292,166	71,189	363,355
(Charged) / credited			
- to profit or loss	26,010	(2,982)	23,028
- directly to equity	-	-	-
At June 2020	318,176	68,207	386,383
(Charged) / credited			
- to profit or loss	96,395	50,364	146,759
- directly to equity	-	-	-
At June 2021	414,571	118,571	533,142

b) Deferred Tax Liability

	2021	2020
Deferred tax liabilities comprise temporary differences attributable to:	$	$
Depreciation of fixed assets	602,524	-

NOTE 11: TRADE AND OTHER PAYABLES

Trade Payables	1,427,063	1,169,047
Superannuation	60,173	46,504
Dividends	38,958	40,282
Other payables and accrued Expenses	844,615	70,348
	2,370,809	1,326,181

NOTE 12: CONTRIBUTED EQUITY

Issued and Paid Up Capital	2021 Shares	2021 $	2020 Shares	2020 $
Opening Balance	95,414,650	7,042,358	94,539,442	6,725,293
Issued Shares	640,763	336,359	875,208	317,065
	96,055,413	7,378,717	95,414,650	7,042,358

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2019	Opening Balance	94,539,442		6,725,293
11th October 2019	Dividend Reinvestment Plan	146,556	74.77	107,648
22nd October 2019	Non-executive Director Remuneration	50,000	39.00	17,578
14th February 2020	Employee Share Plan	33,325	75.00	15,317
3rd April 2020	Dividend Reinvestment Plan	645,327	28.19	176,522
30th June 2020	Closing Balance	95,414,650		7,042,358
9th October 2020	Dividend Reinvestment Plan	258,420	54.55	134,779
19th November 2020	Non-executive Director Remuneration	50,000	39.50	17,828
11th February 2021	Employee Share Plan	51,646	60.00	164,230
1st April 2021	Dividend Reinvestment Plan	280,697	59.31	19,522
30th June 2021	Closing Balance	96,055,413		7,378,717

(b) Capital Risk Management

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its financial structure in response to those risks. These responses include the management of debt levels and distributions to shareholders. The company has no borrowings and no externally imposed capital requirements. 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: FINANCIAL LIABILITIES

	2021 $	2020 $
Current Liabilities		
Hire purchase and finance lease	1,366,547	789,751
Lease Liabilities (AASB 16)	873,158	972,090
	2,239,705	1,761,841
Non-Current Liabilities		
Hire purchase and finance lease	4,546,103	2,779,600
Lease Liabilities (AASB 16)	3,915,569	3,940,181
	8,461,672	6,719,781
	10,701,377	8,481,622

Included in the lease liabilities balances are finance costs of $573,544 (2020: $772,918).

NOTE 14: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Apart from a security deposit guarantee of $63,217 with CBA for one of the leased premises, the directors are not aware of any contingent liabilities that would have an effect on these financial statements. (2020: Nil).

The company did not have any capital commitments at 30 June 2021.

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	253,734	233,242

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	45,000	41,250

These consultant fees are 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.

Superannuation		
Contribution to superannuation funds on behalf of key management personnel	66,305	96,832

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 2021 or 30 June 2020. There were no options issued during the financial year.

(c) Shares Held

Interest		Shares Held as at 30th June 2020	Issued	Purchased (DRP)	Purchased / (Sold) on market	Shares Held as at 30th June 2021
Wayne Hooper Direct		9,768,797	-	-	-	9,768,797
Wayne Hooper Indirect		1,295,498	-	-	-	1,295,498
Philip Suriano Indirect		776,576	50,000	16,989	-	843,565
Matthew Twist	Direct	72,307	1,666	-	-	73,973
		11,913,178	51,666	16,989	-	11,981,833

Interest		Shares Held as at 30th June 2019	Issued	Purchased (DRP)	Purchased / (Sold) on market	Shares Held as at 30th June 2020
Wayne Hooper Direct		9,625,685	-	143,112	-	9,768,797
Wayne Hooper Indirect		1,265,498	-	-	30,000	1,295,498
Gregory Hooper Direct		5,639,659	-	-	(214,451)	5.398.208
Gregory Hooper Indirect		3,936,900	-	-	-	3,936,900
Philip Suriano Indirect		708,305	50,000	18,271	-	776,576
Matthew Twist	Direct	70,909	1,333	65	-	72,307
		21,246,956	51,333	161,448	(211,451)	21,248,286

NOTE 17: DIVIDENDS

	2021 $	2020 $
Declared 2021 fully franked interim ordinary dividend of 0.60 (2020: 0.50) cents per share franked at the tax rate of 26.0% (2020: 27.5%)	574,360	473,634
Declared 2020 fully franked final ordinary dividend of 0.60 (2019: 0.50) cents per share franked at the tax rate of 26.0% (2019: 27.5%)	574,642	472,511
Total dividends per share for the period	1.20 cents	1.00 cents

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

	2021 $	2020 $
Paid in cash	841,433	654,623
Satisfied by the issue of shares	307,569	291,522
	1,149,002	946,145

Dividends not recognised during the reporting period
Since year end the directors have recommended the payment of a final dividend of 0.6 cents per fully-paid ordinary share (2020: 0.6) fully franked based on tax paid at 26.0%. The aggregate amount of the proposed dividend expected to be paid on 8th October 2021 out of retained earnings at 30 June 2021 but not recognised as a liability at year end is $576,332. The debit expected to franking account arising from this dividend is $149,846.

Franking credits

Franking credits available for subsequent periods based on a tax rate of 26.0% (2020: 27.5%)	3,655,600	2,873,260

NOTE 18: CASH FLOW INFORMATION	**2021**	**2020**
Reconciliation of profit after income tax to net cash flows from operating activities	**$**	**$**
Profit after Income Tax for the year	2,838,114	2,805,061
Non-cash flows in operating surplus		
Depreciation, Amortisation & Impairment	2,554,806	1,981,629
(Profit) / loss on disposal of property, plant & equipment	3,357	302
Changes in assets and liabilities		
(Increase) / Decrease in trade and other receivables	(1,415,454)	1,004,627
(Increase) / Decrease in inventories	17,779	(907,465)
(Increase) / Decrease in deferred tax assets	(146,759)	(23,028)
Increase / (Decrease) in trade and other payables	1,044,628	(711,789)
Increase / (Decrease) in current provisions	434,308	97,615
Increase / (Decrease) in current tax liabilities	(577,038)	16,040
Increase / (Decrease) in non-current provisions	3,190	(3,029)
Net cash provided by operating activities	4,756,931	4,259,963

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 company'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 2021	**Within 1 Year**	**Greater than 1 Year**	**Total**
	$	**$**	**$**
Trade and other payables	2,370,809	-	2,370,809
Hire Purchase / Finance Lease	1,366,547	4,546,103	5,912,650
Lease Liabilities (AASB16)	873,158	3,915,569	4,788,727
Total financial liabilities	4,610,514	8,461,672	13,072,186

Maturity of financial liabilities at 30th June 2020	Within 1 Year	Greater than 1 Year	Total
	$	$	$
Trade and other payables	1,326,181	-	1,326,181
Hire Purchase / Finance Lease	789,751	2,779,600	3,569,351
Lease Liabilities (AASB16	972,090	3,940,181	4,912,271
Total financial liabilities	3,088,022	6,719,781	9,807,803

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 company may encounter difficulties raising funds to meet commitments. The company 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 2021 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 company 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 company (or any of its 100% owned subsidiaries) for at least as period of 36 continuous months in a permanent position.

Each eligible employee will be entitled to a maximum of $1,000 of fully-paid ordinary shares annually, with the number of shares calculated based on the closing price of the company 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.

	2021	2020
Number of new shares issued under the plan to participating employees: (refer to Note 12 (a) for detail of issue)	51,646	33,325

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 2020 Annual General Meeting shareholder approval was sought and gained for the issue of 50,000 shares to one non-executive director who held office for the full twelve months of fiscal year 2020. No approval has as yet been sought or gained for the 2021 fiscal year.

c) **Expense arising from share-based payment transactions**	**2021 $**	**2020 $**
Shares Issued under employee share plan	21,444	19,161
Shares Issued under Non-Executive Director Remuneration	19,750	19,500
	41,194	38,661

NOTE 21: 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.

Segment Definitions:

a) Services – the reclamation or repair of worn components for end users, or the manufacture of products that do not incorporate LaserBond® cladding applications.
b) Products – the manufacture of products incorporating LaserBond® cladding applications.
c) Technology – the sale of LaserBond® cladding technology and associated licensing fees and consumables supply.
d) Research & Development – costs related to the ongoing development of new or improved technology, applications and products.

	30 June 2021				
	Services	Products	Technology	R&D	Total
Revenue	11,638,940	12,954,613	70,900	-	24,664,453
Gross Profit	47.8%	53.7%	87.5%	-	51.0%
EBITDA	2,985,450	4,081,721	(59,974)	(624,648)	6,382,549
Interest	(219,051)	(243,8120	-	-	(462,863)
Depreciation & Amortisation	(1,189,055)	(1,323,467)	-	42,284	(2,554,806)
Profit Before Income Tax	1,577,344	2,514,442	(59,974)	(666,932)	3,364,880
Income tax expense	(246,931)	(393,632)	9,390	104,407	(526,766)
Profit after Income Tax	1,330,413	2,120,810	(50,584)	(562,525)	2,838,114
Assets					29,530,889
Liabilities					(15,269,214)

	30 June 2020				
	Services	Products	Technology	R&D	Total
Revenue	12,830,584	9,166,460	180,220	-	22,177,264
Gross Profit	51.7%	52.7%	30.8%	-	52.0%
EBITDA	4,023,105	2,962,847	(39,166)	(761,769)	6,185,017
Interest	(255,678)	(182,663)	-	-	(438,341)
Depreciation & Amortisation	(1,140,308)	(814,661)	-	(26,660)	(1,981,629)
Profit Before Income Tax	2,627,119	1,965,523	(39,166)	(788,429)	3,765,047
Income tax expense	(669,844)	(501,156)	9,986	201,028	(959,986)
Profit after Income Tax	1,957,275	1,464,367	(29,180)	(587,401)	2,805,061
Assets					23,603,381
Liabilities					(11,367,176)

NOTE 22: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

a) Dividends

The directors have recommended the payment of a final dividend of 0.6 cents per fully-paid ordinary share (2020: 0.6) fully franked based on tax paid at 26.0%. The aggregate amount of the proposed dividend is expected to be paid on 8th October 2021.

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

NOTE 23: ECONOMIC DEPENDENCY

Revenues of $12,586,099 (2020 - $10,152,242) that are contributed largely to the products segment are derived from two independent customers.

1. Substantial Shareholders at 27th July 2021

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	9,768,797	10.170
Mr Wayne Edward Hooper	9,768,797	10.170
Mr Wayne Edward Hooper (W&D Hooper Investments Pty Ltd)	1,295,498	1.349
Mr Rex John Hooper	6,883,916	7.167
Ms Lillian Hooper	5,557,428	5.786
Lornat Pty Ltd <WK & LM Peachey S/Fund A/C>	4,943,344	5.146

2. Distribution of Shareholders as at 27th July 2021

Holdings Ranges	Holders	Total Units	%
1-1,000	229	125,814	0.130
1,001-5,000	571	1,520,211	1.580
5,001-10,000	262	1,995,609	2.080
10,001-100,000	446	13,648,487	14.210
100,001-9,999,999,999	100	78,765,292	82.000
Totals	**1,608**	**96,055,413**	**100.000**

Holdings less than a marketable parcel	80	8,089	0.00842

3. Twenty Largest Shareholders as at 27th July 2021

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	9,768,797	10.170
Mr Wayne Edward Hooper	9,768,797	10.170
Mr Rex John Hooper	6,883,916	7.167
Mrs Lillian Hooper	5,557,428	5.786
Lornat Pty Ltd <WK & LM Peachey S/Fund A/C>	4,943,344	5.146
National Nominees Limited	3,481,460	3.624
Mr Keith Knowles	3,400,000	3.540
Mr Ian Davies	2,810,651	2.926
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	1,836,777	1.912
J P Morgan Nominees Australia Pty Limited	1,740,757	1.812
HSBC Custody Nominees (Australia) Limited – A/C 2	1,485,900	1.547
Mr Brendan Thomas Birthistle	1,450,828	1.510
Parks Australia Pty Ltd	1,400,000	1.457
W&D Hooper Investments Pty Ltd <W&D Hooper Unit A/C>	1,295,498	1.349
Mr Makram Hanna & Mrs Rita Hanna <Hanna & Co P/L Super A/C>	1,244,000	1.295
Fortitude Enterprises Pty Ltd < Fortitude Super Fund A/C>	1,026,772	1.069
Dixson Trust Pty Limited	1,000,010	1.041
Mr William Ross Fenner	755,112	0.786
Honne Investments Pty Limited	750,000	0.781
Mr Michael Cottrell & Mrs Jennifer Mae Cottrell	631,918	0.658
Totals for Top 20	61,232,055	63.747
Security Totals	**96,055,413**	

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 company 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
17,300	21 Feb 2022 – 17,300 shares		
20,422	7 Feb 2022 – 10,212 shares	7 Feb 2023 – 10,210 shares	
51,646	2 Feb 2022 – 17,205 shares	2 Feb 2023 – 17,205 shares	2 Feb 2024 – 17,236 shares

LASERBOND®

PRODUCTIVITY | INNOVATION | CONSERVATION

LaserBond Limited • ABN 24 057 636 692

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QAS INTERNATIONAL
REGISTERED FIRM

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Environment 14001,
Health & Safety 4801