Appendix 4D & Half-Yearly Financial Report

LaserBond Limited

ABN 24 057 636 692

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

For half-year ended 31st December 2016

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HY 2017 REPORT TO SHAREHOLDERS

LaserBond remains on target for our FY 2017 strategic goals and forecast profitability. Both the Services and Product divisions have delivered increased revenue and profit for the HYE Dec 2016, whilst the Technology division has secured a five year license agreement and is on schedule to ship the associated turnkey LaserBond® cladding system within six weeks.

Highlights

Revenue Growth	$6.713M up 30% p.c.p. and inline with guidance of 30% for Full Year
Net Profit after Tax (NPAT)	$0.372M , continuance of profit turnaround in Jun-16 HY
Export Revenue Growth	New direct export revenue $0.932M
Earnings per Share (EPS)	0.41 cps.
Technology Export	First Technology License signed with export of turnkey tailored LaserBond® cladding cell shipping March-17
New Products	Two new long life wear products for mineral processing in production
$2.616 M CRC-p Grant	Government grant to support wear life research collaboration
Next Generation Laser Cell	First components, including 16kW laser being installed at Cavan SA

A number of milestones were achieved in LaserBond's market and growth strategy, through its divisional structure.

- **Services Division**, which repairs, refurbishes and improves the productivity of worn capital equipment, has grown its HY revenues to $3.748M, (up 16% p.c.p.) with the restoration of activity levels in the resources sector. Refurbishing worn equipment with better than new surfaces has been a compelling option for METS sector seeking productivity improvements and lower environmental impact.
- We are experiencing expanded interest from other recognised industry growth sectors in our economy, (agriculture, defence, oil & gas and civil infrastructure) which are becoming aware of LaserBond's technology. Significant organisations in these sectors are working with us investigate and test new applications of our technology.
- **Products Division**, designs and manufactures high performance wear components for global OEM partners are also benefiting from the upturn in the resources sector, with Sales Revenue up 60% to $2.224M. Applying our advanced surface engineering technology into new designs underpins these mutually beneficial strategic partnerships.
- Our SA facility is running at near capacity, which is expanding with the installation of the new 16kW laser 'Next Generation Advanced Laser Cladding Cell'; this will significantly increase our product manufacturing capacity.
- **Technology Division** is a new group headed by Wayne Hooper, which licenses LaserBond's technology including the design, manufacture and provision of ongoing support of turnkey LaserBond® cladding systems. The first integrated robotic laser cell has completed its pre-delivery testing and due for commissioning in an international facility in April; this $1.4M revenue and associated profit will be booked in the June HY results.

The performance and future of these divisions confirms the Board's belief in achieving growth by investing in R&D and focusing on our three core areas of technical leadership; tribology of high wear components in heavy industry; advanced science of surfacing materials; and adopting new application methodologies.

Export revenue has also increased in line with plan, now representing 14% of sales, plus the substantial but unknown number of products being exported via our local OEM partners. We expect this to continue to increase as more products are commercialised and the new higher powered laser comes into operations.

Since our AGM the Board has refreshed its Strategic Business Plan cementing and detailing how we will scale up our internal capabilities to support these market opportunities in strategic partnerships with global OEMs. With increasing exposure to global customers we will be investing more into training staff, recruiting new skills and building an organisation aligned to grow these relationships.

Earlier in February, we were successful in receiving a $2.616 M Commonwealth CRC-p Funding Grant for our 'Wear life Extension via Surface Engineered Laser Cladding for Mining' research project. This is a three-year $8.266 M research, development and commercialisation collaboration with University of SA – Future Industries Institute and Boart Longyear associated with the material science and use of LaserBond technologies to improve a spectrum of wear points, many associated with drilling for mining.

This enables our R&D group, led by founder, Greg Hooper to accelerate and multiply his group's development of technology, systems, processes and applications associated with wear resistant surface engineered cladding for resource, agricultural, defence and other heavy industries.

Outlook

The company is still on track towards its 30% growth for FY 2017.

The CRC-p grant effectively multiples our R&D efforts three fold, which translates to either faster development, or more development, probably both. We expect to see a stream of new long wear life products for drilling and mining being commercialised from FY 2018, these being manufactured in SA Products facility and distributed through global OEM partners.

The market in the Australian resources and energy sector is stabilising and we will be pursuing more opportunities for our Services group, in this and other industry growth sectors. Our strongest growth prospects are in Products and Technology markets, which are reliant on successful commercialisation of new developments.

We are also pleased to advise the Board has declared an interim fully franked dividend of 0.2 cents per share. This represents 50% of our profit after tax and is supported by our Dividend Reinvestment Plan the balance being available to support investment in the aforementioned business development opportunities.

Importantly, we thank our management team and employees for their contribution to these pleasing results. Our thanks also go to the many strategic collaboration partners and other interested stakeholders who share the enthusiasm for LaserBond's future.

Allan Morton
Chairman

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half Year To 31st December 2016		Half Year To 31st December 2015
Revenues from ordinary activities	$6,173,176	**Up 30.25% from**	$4,739,312
Net Profit / <Loss> from Ordinary Operating Activities after Tax Attributable to Members	$372,463	**Up 346.8% from**	<$150,934>
Net Profit / <Loss> Attributable to Members	$372,463	**Up 346.8% from**	<$150,934>
Earnings per share (cents) from profit attributable to members	0.41	**Up 341.2% from**	<0.17>
Net Tangible Assets per Ordinary Share (NTA Backing - cents)	6.88	**Up 7.5% from**	6.40

Dividend Information

Dividends	Amount Per Share (cents)	Total	Franked Amount	Record Date	Payment Date
2016 Final	0.2	$177,227	100%	9 September 16	7 October 16
2017 Interim	0.2	$180,992	100%	17 March 17	7 April 17

The Board has resolved to pay a 0.2 cent per share fully franked interim dividend. With the forecasted continued growth, the Board expects to be able to continue to pay dividends. As the Board resolution regarding dividends was made after 31st December 2016, the dividend will be paid from retained earnings but is not recognised as a liability in the half-year financial statements.

Dividend Reinvestment Plans

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

The Board has resolved to offer the DRP for the FY2017 Interim Dividend. The discount applied to determine the Market Price in accordance with the DRP Terms and Conditions will be 5%.

Brief Explanation of Results:

For commentary on our half yearly results please refer to the Directors' Report on pages 5 to 9.

Details of Subsidiaries

During the period from 1st July 2016 to 31st December 2016, LaserBond Limited has not gained or lost control over any entities.

Details of Associates and Joint Venture Entities

During the period from 1st July 2016 to 31st December 2016, LaserBond Limited has no interest in any Associates or Joint Venture Activities.

Accounting Standards

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

Audit Modified Opinion, Emphasis of Matter or other matter

None.

Directors' Report

Your directors present their report on the consolidated entity for the half-year ended 31st December 2016.

Directors

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

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

Results for the Half Year Ending December 2016

LaserBond is a 25-year family founded surface engineering company that specialises in developing technologies and implementing its metal cladding methodologies to increase operating performance and wear life of capital-intensive machinery components.

Within these industries, the wear of components can have a profound effect on the productivity and total cost of ownership of the capital equipment. As almost all components fail at the surface, due to combinations of abrasion, erosion, corrosion and impact, a tailored surface metallurgy will extend its life and enhance its performance. Metal cladding is an advanced additive manufacturing process using a number of application technologies that enhances the surface, through the application of metallurgically bonded high performance materials.

LaserBond recognises that its technology has application across many industries as more sectors accept that surface engineering technologies can deliver significant cost effective improvements in productivity and/or lower total cost of ownership; mostly in resources and energy, agriculture, advanced manufacturing, defence and infrastructure construction.

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

- The tribology of wear and performance in heavy industrial components.
- Metallurgy and science of cladding materials.
- Optimising a wide range of material 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 market strategy is to increasingly focus our attention and resources towards the recognised growth centre industries; see www.industry.gov.au/industry/Industry-Growth-Centres. Our customers are typically internationally recognised Original Equipment Manufacturers (OEMs) and 'Tier 1' capital-intensive heavy industries that endure high costs whenever their equipment is out of production for maintenance. These customers recognise LaserBond's focus on WH&S, quality assurance, on-time-delivery and the environment which is delivered through our certified PAS99 integrated management system.

LaserBond's IP is deployed through three divisions:

- Services: the repair and remanufacture of customer's equipment; to OEM spec or better.
- Products: the design and manufacture of specialised long wear-life components for inclusion and distribution in global OEM partner's equipment.
- Technology: the licensing of IP included in design, installation and ongoing support of tailored surface engineering systems for manufacturers and repairers of high wearing machinery.

LaserBond R&D group works in collaboration with recognised research institutions and industry partners. It has established a suite of IP.

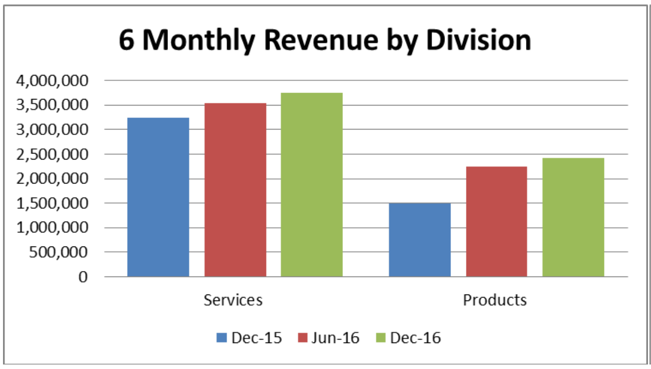
Division Reporting Structure

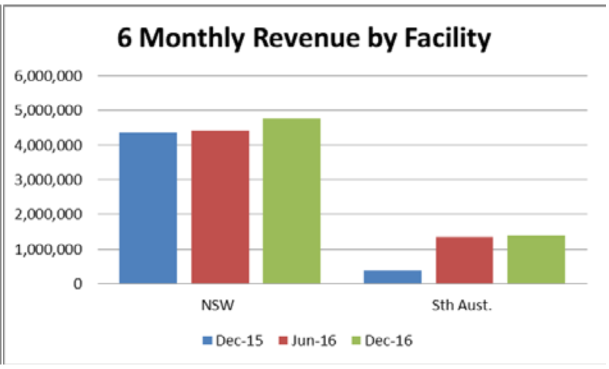
The Group previously identified, and reported during the 2016 Fiscal year, operating segments based on a divisional structure to better manage and capitalise on the ongoing success of our R&D and surface engineering activities. These divisions were Services, Products, Research & Development and Technology.

After reviewing the operating segments throughout FY2016 the Board agreed on a minor re-definition of revenue recognised within the Products division to include any end products manufactured for original equipment manufacturers and end users that incorporate our (patent pending) LaserBond® surface engineering applications and techniques.

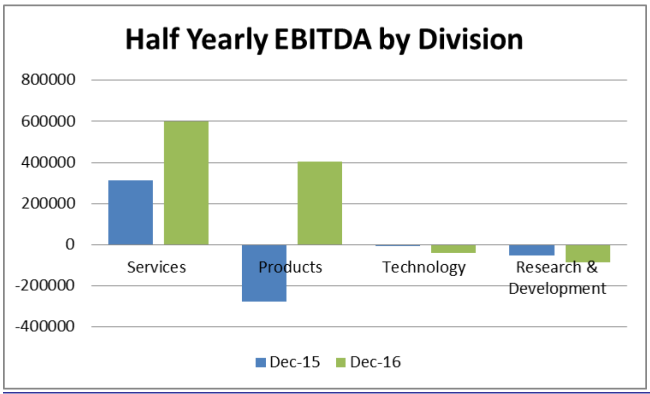
This requires the recognition of some revenue previously reported as Services now, and moving forward, as Products.

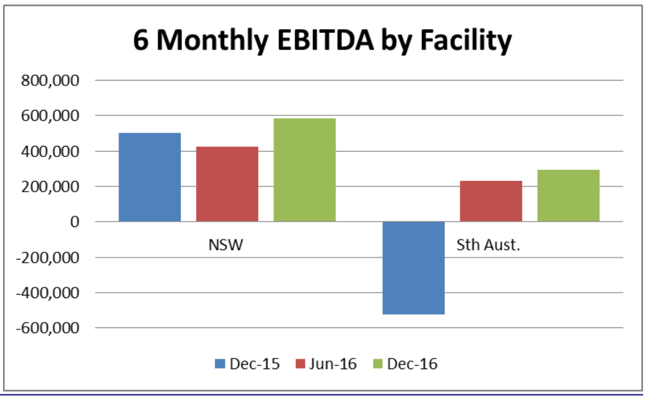
Results by reportable segments are as follows:





- Revenue from operations was $6.173 million, up by 30% in comparison to the previous corresponding period.
- Services achieved revenue of $3.748 million, up by 16% in comparison to the previous corresponding period.
- Products achieved revenue of $2.425 million, up by 62.2% in comparison to the previous corresponding period. .
- The Technology division will report its first revenue in the second half of FY2017.





- EBITDA from continuing operations was $877,898, in comparison to the loss reported of <$20,929> in the previous corresponding period.
- Services achieved EBITDA of $601,359 in comparison to $312,861 in the previous corresponding period.
- Products achieved EBITDA of $404,033 in comparison to <$277,467> for the first reporting period of our product division.

Explanation of Results

Services Division

The Services division achieved revenue for the December 16 half year of $3.748 million, representing 30% growth over the previous corresponding period, and 6% growth in comparison to the January to June 2016 period. The NSW facility represents 93% of this revenue based on its long standing surface engineering repair and remanufacturing business. Most of South Australia's revenue is from the sale of products however, sales strategies include some focus on growth in services from this facility.

This division reports a 92% increase in half year EBITDA over the previous corresponding period to December 2015. This is a direct result of both improving margins on services revenue and largely due to the South Australian facility becoming profitable therefore covering its fixed overheads.

The Services division continues to expect growth in revenue, along with improving profitability.

Products Division

The Products division achieved revenue for the December 16 half year of $2.425 million, representing 62% growth over the previous corresponding period, and 8% growth in comparison to the January to June 2016 period. The SA division's main focus is on product development and sales opportunities and represents 47% of this revenue. The balance of 53% for NSW product sales is generated from contract manufacturing of products embedded with LaserBond® cladding applications for long standing original equipment manufacturers.

This division reports $404,033 in half year EBITDA compared with the reported loss of <$277,467> in the p.c.p. This is a direct result of the SA facilities product sales growth of 495%.

The Products division is expected to provide the most revenue growth for the business moving forward.

Technology Division

As announced in September 2016, LaserBond signed its first technology-licensing contract with a large mineral processing equipment manufacturing company located in China. The contract involves the design, construction and commissioning of a new complete LaserBond® cladding cell tailored to their specific applications to a value of approximately $1.45 million. Technology training and support will follow over a 5 year period in return for revenue based fees.

No revenue will be reported for this contract until the second half of FY2017. Upon the successful completion of this first cladding cell, LaserBond expects to source further opportunities with other global businesses for technology sales and ongoing revenue.

This division reports a small <$40,922> EBITDA loss after some legal and consulting fees applicable to the finalising of the sale agreement.

Research & Development

This division reports a <$86,572> EBITDA loss after discounting $45,000 other income for an R&D related government grant. Costs against R&D for this half increased by 154% with this expense necessary to continue research of new products and / or applications, and continuing development of LaserBond products.

Over the last six months LaserBond has been working with University of South Australia | Future Industries Institute and Boart Longyear on projects associated with further testing of drilling components with emphasis on metallurgical characterisation of cladding methodologies.

Dividends

Dividends details are discussed in the Results for Announcement to Market on page 4 of this report

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 10 for the half-year ended 31 December 2016.

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

Wayne Hooper
Director
Dated this 24th Day of February 2017

Gregory Hooper
Director

LNP Audit and Assurance

ABN 65 155 188 837

L14 309 Kent St Sydney NSW 2000
T +61 2 9290 8515

L24 570 Bourke Street Melbourne VIC 3000
T +61 3 8658 5928

www.lnpaudit.com

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LASERBOND LIMITED

As lead auditor for the review of Laserbond Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

LNP Audit and Assurance

Anthony Rose
Director

Dated 24 February 2017

DIRECTORS' DECLARATION

The directors of the group declare that:

1. The financial statements and notes, as set out on pages 18 to 23:

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

    b. give a true and fair view of the consolidated entity's financial position as at 31st December 2016 and of its performance for the half year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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

Wayne Hooper
Director

Gregory Hooper
Director

Dated this 24th Day of February 2017

LNP Audit and Assurance

ABN 65 155 188 837

L14 309 Kent St Sydney NSW 2000
T +61 2 9290 8515

L24 570 Bourke Street Melbourne VIC 3000
T +61 3 8658 5928

www.lnpaudit.com

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Laserbond Limited and controlled entities ('the consolidated company'), which comprises the consolidated condensed statement of financial position as at 31 December 2016, consolidated condensed profit and loss statement and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

Director's Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Laserbond Limited and controlled entities financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Laserbond Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the Laserbond Limited and controlled entities for the half-year ended 31 December 2016 included on the website of Laserbond Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

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

Conclusion

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

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

LNP Audit and Assurance

Anthony Rose
Director

Sydney, 24 February 2017

Condensed Consolidated Statement Profits or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2016

	Note	31 Dec 16 $	31 Dec 15 $
Revenue from continuing operations		6,173,176	4,739,312
Cost of Sales		(2,927,190)	(2,562,784)
Gross Profit from continuing operations		**3,245,986**	**2,176,528**
Other Income		97,706	72,072
Marketing Expenses		(93,776)	(185,310)
Administration Expenses		(1,529,512)	(1,300,244)
Employee Benefit Expenses		(938,729)	(986,471)
Finance Costs		(37,441)	(32,293)
Research & development Costs		(132,584)	(51,790)
Other Expenses		(128,618)	8,042
Profit / (loss) before tax	2	483,032	(299,466)
Income tax expense		(110,569)	148,532
Profit / (loss) for the period		**372,463**	**(150,934)**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of LaserBond Limited		**372,463**	**(150,934)**

Earnings per share for profit attributable to members:

Basic and Diluted Earnings per share (cents)		0.41	(0.17)

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

Condensed Consolidated Statement of Financial Position

for the Half-Year Ended 31 December 2016

	Note	31 Dec 16 $	31 Dec 15 $
CURRENT ASSETS			
Cash and cash equivalents		1,246,304	1,277,154
Trade and Other Receivables	3	3,441,516	2,277,751
Inventories		1,982,780	1,806,166
Current Tax Assets		135,090	269,206
Total Current Assets		**6,805,690**	**5,630,277**
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,329,200	1,921,057
Deferred tax assets		244,127	206,000
Intangible Assets		170,873	313,206
Total Non-Current Assets		**2,744,200**	**2,440,263**
TOTAL ASSETS		**9,549,890**	**8,070,540**
CURRENT LIABILITIES			
Trade and Other Payables	5	1,470,888	643,953
Provisions		620,206	531,011
Interest-bearing liabilities		525,467	367,756
Total Current Liabilities		**2,616,561**	**1,542,720**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		450,234	398,884
Provisions		34,550	66,127
Deferred Tax Liabilities		49,388	91,918
Total Non-Current Liabilities		**534,172**	**556,929**
TOTAL LIABILITIES		**3,150,733**	**2,099,649**
NET ASSETS		**6,399,157**	**5,970,891**
EQUITY			
Issued Capital	6	6,100,193	5,918,022
Retained earnings		298,964	52,869
TOTAL EQUITY		**6,399,157**	**5,970,891**

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

Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2016

	31 Dec 2016	31 Dec 2015
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	7,618,922	5,158,516
Payments to suppliers and employees	(6,661,555)	(5,390,370)
Interest paid	(33,823)	(32,293)
Interest received	3,029	13,109
Income taxes paid	(115,870)	-
Net cash provided by / (used in) operating activities	**810,703**	**(251,038)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds – disposal of assets	11,846	21,909
Payments for plant and equipment	(35,612)	(287,977)
Loans to employees	(8,155)	(5,710)
Net cash (used in) investing activities	**(31,921)**	**(271,778)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for issue of shares	(6,500)	(4,962)
Repayments to lessors	(195,629)	(157,335)
Dividends paid	(98,390)	(175,817)
Net cash (used in) financing activities	**(300,519)**	**(338,114)**
NET INCREASE / (DECREASE) IN CASH HELD	478,263	(860,930)
Cash at beginning of period	768,041	2,138,084
CASH AT END OF PERIOD	**1,246,304**	**1,277,154**

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

Condensed Consolidated Statement of Changes in Equity
for the Half-Year Ended 31 December 2016

	Issued ordinary capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2015	**5,868,200**	**379,620**	**6,247,820**
(Loss) attributable to members of parent entity	-	(150,934)	(150,934)
Dividends provided for or paid	-	(175,817)	(175,817)
Issue of Share Capital (net of transaction costs)	49,822	-	49,822
Closing Balance at 31st December 2015	**5,918,022**	**52,869**	**5,970,891**
Opening Balance at 1st July 2016	**5,985,756**	**105,322**	**6,091,078**
Profit attributable to members of parent entity	-	372,463	372,463
Dividends provided for or paid	-	(178,821)	(178,821)
Issue of Share Capital (net of transaction costs)	114,437	-	114,437
Closing Balance at 31st December 2016	**6,100,193**	**298,964**	**6,399,157**

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Note 1: Significant Accounting Policies

a) Statement of Compliance

The condensed consolidated financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001,* applicable Accounting Standards (including AASB 134 *Interim Financial Reporting)* and other mandatory professional reporting requirements. The condensed consolidated financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

It is also recommended that the condensed consolidated financial report be considered together with any public announcements made during the half year to 31 December 2016 in accordance with the continuous disclosure obligations within the *Corporations Act 2001*.

b) Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

c) New and Amended Standards Adopted

A number of new or amended standards became applicable for the current reporting period however there are no changes to accounting policies or retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2017 annual report as a consequence of these amendments.

d) Impact of standards issued but not yet effective

Certain new accounting standards and interpretation have been published that are not mandatory for the 31 December 2016 period. The Group has adopted all new standards and interpretations which became mandatorily effective during the period. There has been no significant impact on the reported financial position or performance of the Group on adoption.

AASB 9 Financial Instruments and amending standards, effective from 30 June 2018
Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics test. All investment in equity instruments using AASB 9 are to be measured at fair value.
It is not expected that these changes will have material impact on the Group.

AASB 15 Revenue from contracts with customers amending standards, effective from 30 June 2018
AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.
Changes in revenue recognition may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact is yet to be quantified.

Note 1: Significant Accounting Policies (cont'd)

AASB 2016-5 Amendments to Australian Accounting Standards – Clarification and Measurement of Share Based Payments, effective from 30 June 2018

AASB 2016-5 addresses the accounting for the vesting and non-vesting conditions on the measurement of cash-settled share-based payments; the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
It is not expected that these changes will have material impact on the Group.

A full listing of mandatorily effective standards is not required to be presented. Only include Accounting Standards and amendments to Accounting Standards that are mandatorily effective for the current period, that are applicable and the information is material.
The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

Note 2: Expenses

	31 Dec 2016 $	31 Dec 2015 $
Marketing Expenses	93,776	185,310

Advertising during the December 2015 was much higher due to the intensive marketing activities associated specifically with the company's re-branding and initial commercialization activities for the Down-The-hole Hammer range of products. The decision was made during the December 2016 half year period to reduce spending in some areas deemed unnecessary in the short term.

Depreciation & Amortisation	360,473	259,353

The increase in depreciation and amortisation can be directly related to any new assets purchased since December 2015, particularly the heat treatment facility equipment commissioned throughout December 2015 to February 2016.

Administration Expenses		
Consultants	167,573	82,875
Legal Fees	43,137	-
	210,710	82,875

Consultants fees relates to sales and marketing support and strategy development, and includes Sam Holdings Pty Ltd, a Director related entity.

Legal fees relate to the finalising of the sale agreement for the design, manufacture, training and support of a custom designed LaserBond® cladding system for specific industrial applications in an international market.

Research & Development Costs	132,584	51,790

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

Other Expenses		
Extraordinary Consultants	33,554	12,259
Leave Accrual Variance	52,417	(19,294)
Share Based Payment Expense	42,021	(1,007)
	127,992	(8,042)

Extraordinary consultants fees relates to international assistance in finalising the sale of the custom designed LaserBond® cladding system for the international market.

The variance in the leave accrual variance relates to the concerted effort during the previous corresponding period in ensuring that employees with what was deemed excessive accrued annual leave were taking sufficient leave to reduce the liability. With the 30% sales growth reported for this reporting period, annual leave taken was at a reduced rate, therefore the liability has increased.

The share based payment expense largely relates to the non-executive director's non-cash remuneration in the form of LaserBond shares, issued in accordance with the approved resolution at the 2016 Annual General Meeting.

Note 3: Trade & Other Receivables

	31 Dec 2016 $	31 Dec 2015 $
	3,441,516	2,277,751

This increase is directly related to the increased trade receivables generated from the 30% sales growth reported for the December 2016 half year period.

Note 4: Property, Plant & Equipment

	2,329,200	1,921,057

This increase is directly related to the purchase of fixed assets, in particular the heat treatment facilities commissioned throughout December 2015 to February 2016, a number of motor vehicles and some small valued assets

Note 5: Trade & Other Payables

	1,470,888	643,953

This increase is directly related to the income in advance reported based on deposits made by the international company being supplied the custom designed LaserBond® cladding system.

Note 6: Contributed Equity

Issued and Paid Up Capital	6,100,193	5,985,756

	31 Dec 2016 Shares	31 Dec 2016 $	30 Jun 2016 Shares	30 Jun 16 $
Existing Shares	89,410,345	5,985,756	87,608,466	5,868,200
Issued Shares	1,085,672	114,437	1,801,879	117,556
	90,496,017	6,100,193	89,410,345	5,985,756

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2016	Opening Balance	89,410,345		5,985,756
7th October 2016	Dividend Reinvestment Plan	721,972	10.93	75,915
25th October 2016	Non.Exec. Director Remuneration	300,000	13.50	38,750
23rd November 2016	Employee Share Plan	63,700	12.50	(228)
31st December 2016	Closing Balance	90,496,017		6,100,193

Note 7: Dividends

	31 Dec 2016	31 Dec 2015
	$	$
Declared fully franked 2016 final dividend of 0.2 cents per share (2015: 0.2)	178,821	175,817
Declared fully franked 2017 interim dividend of 0.2 cents per share (2016: 0.2)	-	-

(a) Dividends not recognised during reporting period

Since 31 December 2016, the Directors have recommended the payment of an interim dividend of 0.2 cents per fully paid ordinary share (2015: 0.2), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 7 April 2016 out of retained earnings at 31 December 2016, but not recognized as a liability, is $180,992.

Note 8: Contingent Liabilities

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

Note 9: 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

	31 Dec 2016	31 Dec 2015
Labour Costs	$	$
Labour – Payroll Staff (persons related to executive directors)	116,343	168,792
Superannuation		
Contributions to superannuation funds on behalf of employees	152,314	167,358
Loans- Other Related Parties		
Employee Loans – receivable from one employee	220	660
Employee Personal Expenses – receivable from employee's who used, at the approval of director's, a group supplier expense account for purchases of a personal use. These loans are repaid as an after tax deduction from the employee's salary or wage.	401	472
	621	1,132

(a) Key Management Personnel Transactions

Consultants		
Sam Holdings (Aust.)	116,875	89,818
Deveth Drilling Qld	-	12,500
	116,875	102,318

Sam Holdings, a director related entity, provided consultancy services related to marketing, sales support and strategy development.

Loans		
Director Loan	34,174	45,174

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

Note 10: Subsequent Events

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

Note 11: Segment Reporting

The group operates entirely within Australia.

Identification of reportable segments

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

'Services' provide long standing surface engineering repair, and remanufacturing business from both the NSW and SA facilities.

'Products' provides the manufacturing of end product for both original equipment manufacturers and end users that incorporates our (patent pending) LaserBond® surface engineering applications and techniques.

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

'Technology' has been set-up in response to international interest in licensing our IP, including the initial sale of the custom designed LaserBond® cladding system being currently being commissioned.

Results by reportable segments are as follows:

	Dec-16				
	Services	Products	R&D	Technology	Total
	$	$	$	$	$
Revenue	3,748,317	2,424,859	-	-	6,173,176
EBITDA	601,359	404,033	(86,572)	(40,922)	877,898
Interest	(24,090)	(10,303)	-	-	(34,393)
Depreciation & Amortisation	(201,767)	(158,158)	(548)	-	(360,473)
Profit Before Income Tax	375,502	235,572	(87,120)	(40,922)	483,032
Income tax expense	(101,416)	(63,623)	43,418	11,052	(110,569)
Profit after Income Tax	274,086	171,949	(43,702)	(29,870)	372,463
Assets					9,414,800
Liabilities					3,015,643

	Dec-15				
	Services	Products	R&D	Technology	Total
	$	$	$	$	$
Revenue	3,244,622	1,494,690	-	-	4,739,312
EBITDA	312,861	(277,467)	(51,064)	(5,259)	(20,929)
Interest	(13,540)	(5,644)	-	-	(19,184)
Depreciation & Amortisation	(164,980)	(93,595)	(778)	-	(259,353)
Profit Before Income Tax	134,341	(376,706)	(51,842)	(5,259)	(299,466)
Income tax expense	(63,153)	177,089	32,124	2,472	148,532
Profit after Income Tax	71,188	(199,617)	(19,718)	(2,787)	(150,934)
Assets					7,801,334
Liabilities					1,830,443

Note 12: Group's Details

Registered Office and Principal Place of Business:

LaserBond Ltd

Principal Place of Business / NSW Services Division

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

Divisions of Head Office:

South Australia Products & Services Division

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

Share Registry:

Boardroom Pty Ltd

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

Auditor:

LNP Audit and Assurance

Level 14, 309 Kent Street
SYDNEY NSW 2000
Phone: 02 9290 8515
www.lnpaudit.com.au