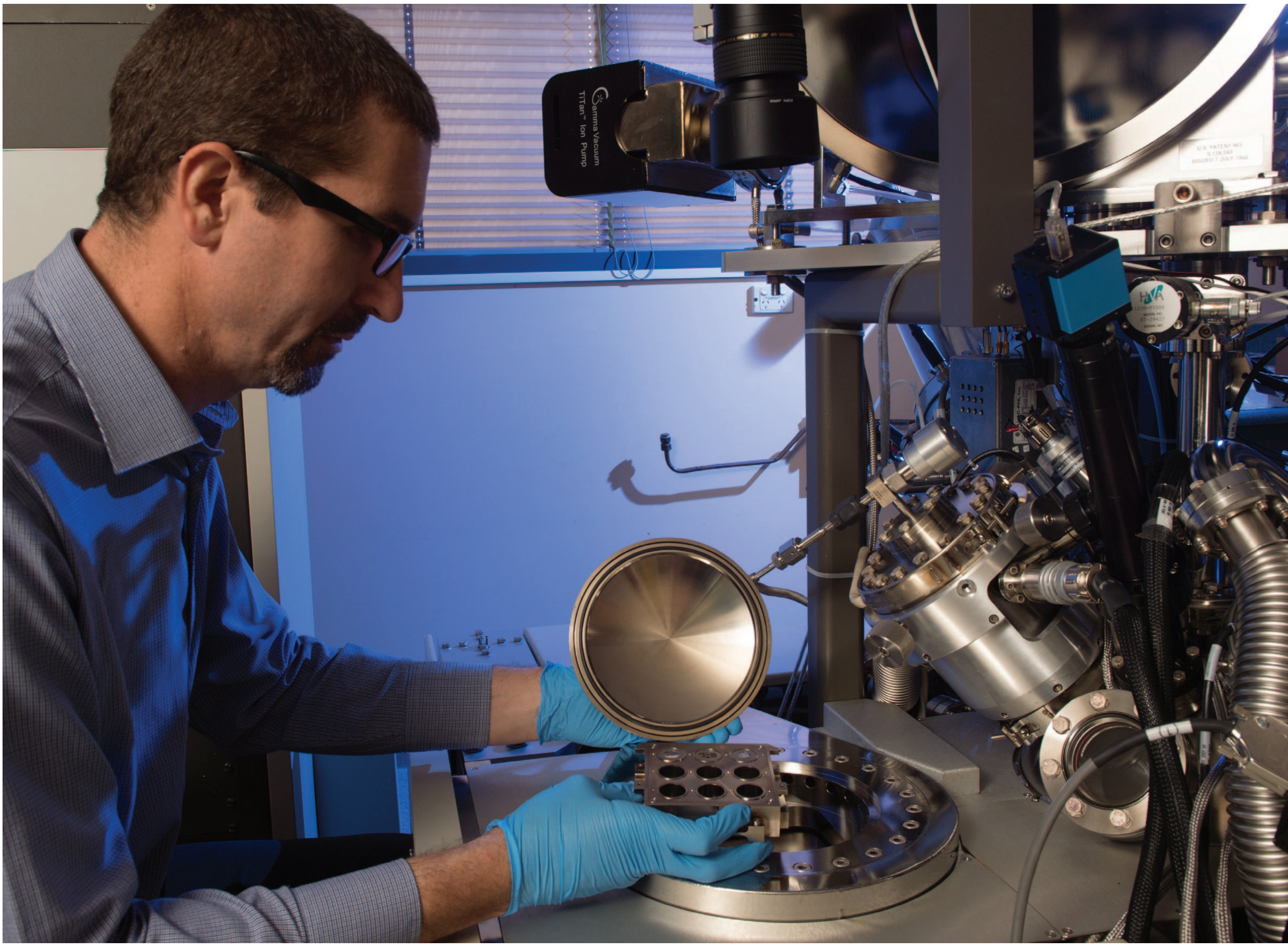
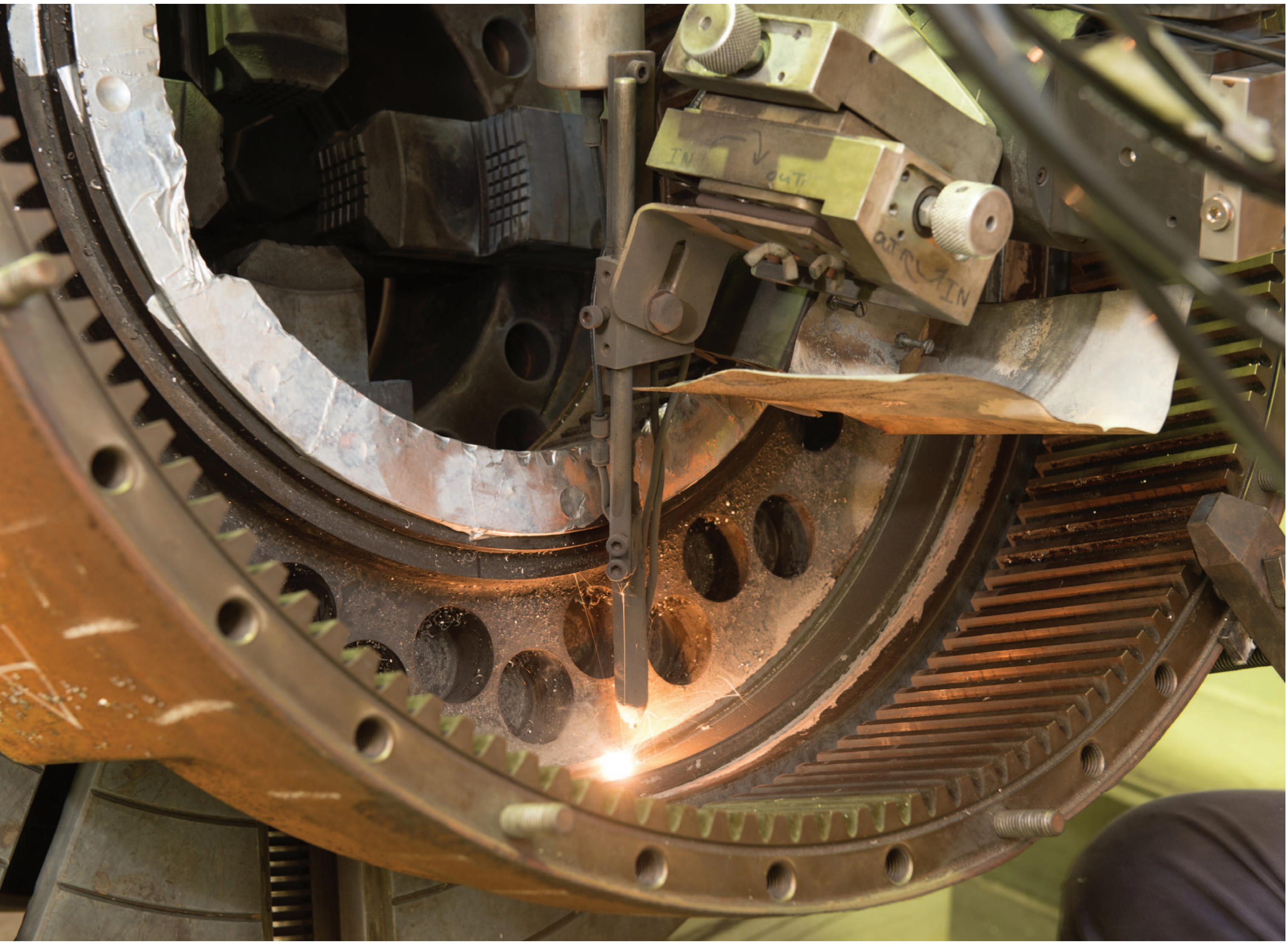
LASERBOND®
PRODUCTIVITY | INNOVATION | CONSERVATION

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

For year ended 30th June 2017
All comparisons to year ended 30th June 2016

Contents


Gamma Vacuum
TiTan™ Ion Pump



LaserBond has been at the forefront of surface engineering technology for more than 25 years. We partner with organisations to significantly extend the wear and operational performance of their mission critical equipment, improve productivity and reduce costs by applying advanced materials to operating surfaces. These organisations engage with our dedicated team to access our depth of industry knowledge, advanced surface technologies, deep understanding of wear mechanics and constant R&D innovation. Because we take time to really understand the applications, our clients can achieve typically 2 - 10 times wear life extensions, enabling dramatic increases in operational hours and productivity. The science of material wear is our DNA.

Leadership in surface engineering technology

The operating efficiency and productivity of mining, drilling, mineral processing and other heavy-duty applications in manufacture, construction and defence all suffer from wear of key components. Our services, products and technology are founded on three core areas of innovative thinking; the characteristics of multi modal wear of surfaces; the development of advanced customised alloy cladding; the design of new components utilising next generation additive manufacturing processes. In 2017 several new design patents were applied for. Our successes in extending wear life and improving operating performance of machine components deliver sustainable value for our clients. Getting more life and value from resources also benefits our environment and footprint on the planet.

Innovation thinking

LaserBond's new research collaboration with the University of South Australia | Future Industries Institute and industry partners is multiplying our R&D efforts threefold. Our researchers gain access to highly qualified people with equipment to fix difficult problems, potentially resulting in an invention or technology with significant commercial value. Working with the academic community exposes us to technical thinking, a structured research rigour and novel experimental techniques. Dialogues with academic scientists also provide a way to test the validity of our own thinking and directions. They are partners who challenge our beliefs and conclusions. Through our research collaboration LaserBond now provides opportunities for students to work on real industry problems.

WEARLIFE PERFORMANCE CRCp
Laser Surface Engineering

Wearlife Performance CRCp is a LaserBond led collaboration with UniSA and industry partner Boart Longyear.

To ensure LaserBond remains competitive in the global economy, we established two new strategic relationships with partners who recognise the value of our technology and innovation. The quality of these relationships as suppliers, collaborators and customers enables us to develop a sustainable and competitive advantage. With these partners we can better respond to the globalisation of markets; meet the need for faster innovation and understand the increasing complexity of customer satisfaction. Fundamental to our vision of being a globally significant surface engineering company is our ability to determine and manage relationships with partners who seek continuous improvement in competitive technology and customer satisfaction.

Engineering capability

LaserBond's Services, Products and Technologies are reaching more international customers. Thanks to our successful technology, direct exports in 2017 represented 25% of sales, a growth of 190% in the year. Each division recognises this global market opportunity. Services Division partners with global companies offering repair and remanufacturing to the global resources sector. Our specialised wear life Products are manufactured for OEMs to embed into their equipment sold internationally. Technology is again being exported and licensed to partners providing services in non-competitive markets, most recently a new advanced additive laser cladding cell designed and produced by LaserBond. To support continued growth, our commercial systems and processes must meet the benchmarks of global best practice.

International markets

Capable people

The journey to becoming a successful internationally recognised business is accompanied by challenges which we are proactively addressing. Ensuring we have well-trained, motivated people who are growing with us is the reward for sound, future-focused management. By leveraging our research and strategic partnerships LaserBond is now attracting internationally experienced staff who have potential to drive the business to the level necessary to work in new global partnerships and markets. We are proud to be investing in the team that has been with us and responsible for developing the opportunity through additional management, sales and technical training. Ensuring LaserBond offers an ongoing exciting, safe and rewarding work environment remains paramount to success.

2017 Financial Report

Contents | **Page**

2017 Chairman's Letter

Dear Shareholder,

As forecast our sales revenue and underlying EBITDA have grown in line with expectations for the 2017 financial year with all divisions reporting positive outcomes. It's been a pleasure to see many new initiatives with long-term transformational value now underway.

On behalf of the Board I am pleased to present the Annual Financial Report to 30th June 2017. We are understandably proud to report this suite of positive results.

	30 June 2017		30 June 2016
Revenues	$13.751 M	*Up 31 % from*	$10.516 M
Services Division	$7.237 M	*Up 5.8 % from*	$6.843 M
Products Division	$5.076 M	*Up 38 % from*	$3.673 M
Technology Division	$1.438M	*New Division*	
Export Sales*	$3.474 M	*Up 1927%*	$1.191 M
EBITDA	$2.449 M	*Up 283 % from*	$0.640 M
NPAT	$1.113 M	*Up 1313 % from*	$0.079 M
Earnings per share (cents)	1.22 c	*Up 1257 % from*	0.09 c

** This includes direct Export revenue only. LaserBond products sold to local branches of Original Equipment Manufacturers are also exported globally.*

LaserBond partners with clients to significantly extend the wear and operational performance of their mission critical equipment, improve productivity and reduce costs by applying advanced materials to operating surfaces. They engage with us through our advanced surface engineering technologies, built on three core strategic strengths developed over 25 years;

- We invest time to understand multi-modal wear in heavy industry applications; like mining, drilling, minerals processing, infrastructure construction, agriculture and defence.
- We develop the material science of advanced surface engineered claddings; metal and non-metal powders.
- New additive manufacturing methodologies to apply powders using kinetics, thermal transfer and lasers.

Combining this IP with knowledge of high value industry applications via our collaboration partners we have the foundations for continued growth, particularly into new export markets.

Our commitment to pursue the innovation and industry led collaboration strategy outlined in our 2016 report has delivered many new commercial opportunities for sustainable growth. Each division can now build resources and focus around its identified market opportunities, whilst leveraging the accelerated R&D investment in technologies and applications.

In August 2016, LaserBond received a $1.07M grant under the Commonwealth's Next Generation Manufacturing Investment Program to develop and install an advanced additive manufacturing facility into our Cavan SA facilities. This was followed in February 2017 with the awarding of a $2.6M Cooperative Research Centre Project grant to facilitate the development and commercialisation of high wear life components in drilling for mining; the WearLife Performance CRCp.

This is a highly visible endorsement of the company's strategy to invest in both technology research and in developing strategic partnerships with University of SA's Future Industries Institute and global OEM partners, like Boart Longyear. For our stakeholders these relationships provide direction and opportunities for LaserBond to become a globally significant surface engineering company.

Transformation from our engineering workshop orientated foundations also brings challenges that our divisions must address to capture these global opportunities.

- 'Services' remains an essential and core business. It maintains a valuable R&D window into the needs of our clients. Same location growth opportunities align with the coming back of resources industry activity levels, which are in turn linked to profitable resource commodity prices. Beyond that real growth opportunities exist for LaserBond where we can leverage our technology through geographic expansion.
- 'Products' division sales and profits have grown significantly in 2017; revenue up 38%, importantly most of this is export. Often we are limited by capacity in South Australia and therefore the installation of the new 16kW laser system will deliver the capacity to continue growth with new commercial products coming out of our R&D.

- 'Technology' has delivered its first complete laser cladding cell system and license. Converting our home grown innovation into a marketable product has required almost two years of technical and market development, which will be capitalized upon with further sales.
- 'R&D' is recognized as a division within LaserBond because it embodies the foundation for growth. In March 2017 the Wearlife Performance CRCp began operations, with a team of 5 – 10 full-time, part-time and student researchers working with the three partners. This group expands our effective R&D capabilities three-fold, which in turn accelerates new product and service development well beyond our historical capacity.

The Board also recognises that high growth in new areas brings tough and exciting challenges to many people within the business. For LaserBond to realise our market and technical opportunities requires investment in up-skilling, retaining and expanding our management talent pool with skilled, international experienced professionals. This is an ongoing and accelerating effort.

Given the substantial opportunity to pursue growth opportunities in the coming years the Board has decided to increase its full year dividend to 0.5 cps based on the performance achieved.

Success is a team effort, one with diverse skills committed to the future of LaserBond. I am pleased we have a comprehensive plan to develop the business to more years of success like 2017 has delivered. We thank all those who support the vision and our Board.

Yours sincerely

Allan Morton
Chairman
LaserBond Limited

Corporate Directory

Directors:	Mr. Allan Morton *Chairman / Non-Executive Director* Mr. Wayne Hooper *Executive Director* Mr. Gregory Hooper *Executive Director* Mr. Philip Suriano *Non-Executive Director*
Company Secretary:	Mr. Matthew Twist
Registered Office, Principal place of business:	2 / 57 Anderson Road SMEATON GRANGE NSW 2567 Phone: +61 2 4631 4500 Fax: +61 2 4631 4555
South Australia Division	112 Levels Road CAVAN SA 5094 Phone: +61 8 8262 2289 Fax: +61 8 8260 2238
Website:	www.laserbond.com.au
Share Registry:	Boardroom Pty Ltd Grosvenor Place Level 12, 225 George Street SYDNEY NSW 2000 Phone: 1300 737 760
Auditor:	LNP Audit and Assurance Level 14, 309 Kent Street SYDNEY NSW 2000
Solicitor:	Equius Legal Pty Ltd Level 57, MLC Centre 19-29 Martin Place SYDNEY NSW 2000
Bankers:	Commonwealth Bank of Australia Corporate Financial Services Sydney South-West Centric Park Central CAMPBELLTOWN NSW 2560
Stock Exchange Listing:	LaserBond Ltd shares are listed on the Australian Securities Exchange (ASX) under LBL.

The Directors present their report on the consolidated entity for the financial year ended 30th June 2017.

Principal Activity

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.

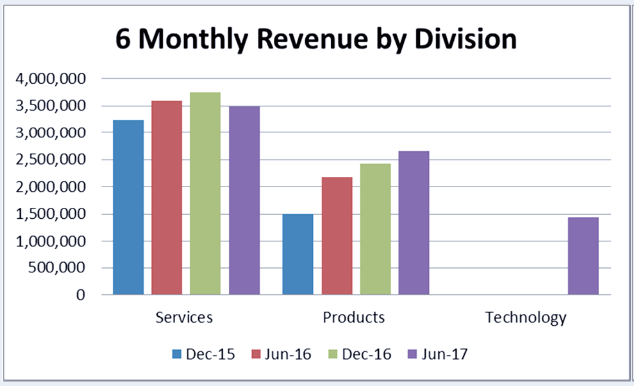
LaserBond operates from facilities in New South Wales and South Australia.

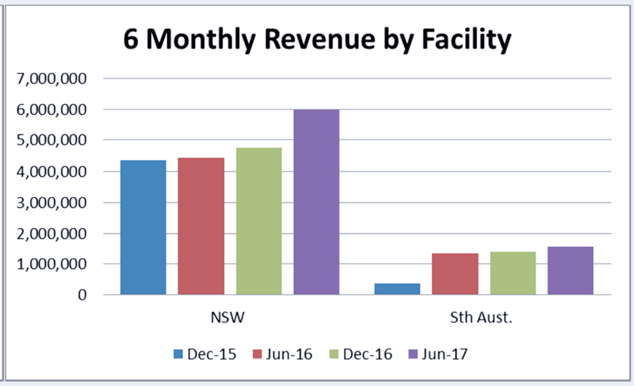
Review of Operations & Results

In summary, compared to FY2016:

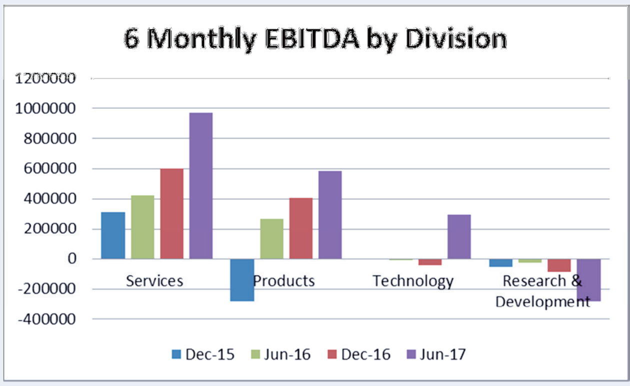
- Revenue growth of 30.8% after both the successful first sale from our Technology Division, and the continued growth from our Products division, particularly through our South Australian facility.
- Gross profit increased to 51.8% consolidated, from 49.1% in FY2016. Expectations are for continued investment in shop floor training to maximise skills and capabilities to support continuing revenue growth.
- Operating expenses have increased $471,243, due to the continuing investment in growth-oriented activities to maximise opportunities. The main areas of increase include research & development investment and depreciation related to increasing manufacturing capabilities.
- EBITDA increased by 286%.
- NPAT increased to $1.1 million from $78,745 in FY2016.
- The current ratio of the group is 3.1:1 indicating continued financial strength after each division has reported positive results in the second half of FY2017.

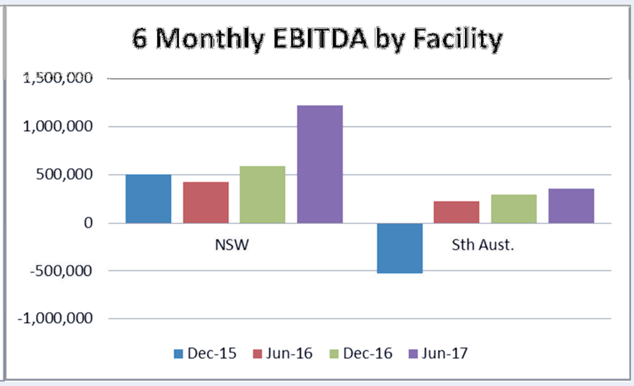
Results by Reportable Segments





- Revenue from operations was $13.751 million, up by 30.8% on FY2016.
- Services Division achieved revenue of $7.237 million, up 5.8% on FY2016.
- Products Division achieved revenue of $5.076 million, up 38.2% on FY2016.
- Technology Division achieved its first sale of $1.438 million.





- EBITDA from operations was $2.449 million, up by 285.7% on FY2016.
- Services Division achieved EBITDA of $1.573 million, up 113.5% on FY2016.
- Products Division achieved EBITDA of $0.989 million, after reporting a small loss in FY2016.
- Technology Division after its first sale, is reporting EBITDA of $0.255 million.

Explanation of Results

Services Division

The Services division achieved revenue for FY2017 of $7.237 million representing 5.8% growth on FY2016 revenue of $6.843 million. The second half of FY2017 reported a slight decline in revenue from the first half, directly related to delays in some larger projects from customers until the last quarter of 2017. The NSW facility represents 93% of this revenue based on its long standing surface engineering repair and reclamation business. Most of South Australia's revenue is from the sale of products, however this facility achieved a 77.5% increase in services revenue based on sales strategies developed for growth in services.

This division reports a $1.573 million EBITDA, representing a 113.5% growth on FY2016 EBITDA of $0.736 million. This is partially a direct result of the first Technology division sales and the share of some overhead expenditure against the Technology division.

The Services division continues to expect growth in revenue at similar rates.

Products Division

The Products division achieved revenue for FY2017 of $5.076 million representing a 38.2% growth on FY2016 revenue of $3.673 million. The focus of the South Australian facilities has been on products, and represents 49% of this revenue. The balance of 51% is generated from contract manufacturing of products for long standing original equipment manufacturers. This division has achieved growth each six month reporting period over the past two fiscal years.

Products Division achieved $0.989 million EBITDA after reporting a loss of <$7,661> in FY2016. This is a direct result of Product division revenue from South Australia reporting growth of 71.9%.

The Products Division is expected to continue to provide the most revenue growth for the business.

Technology Division

In the 4th quarter of FY2017, LaserBond delivered it first Technology division sale to a large mineral processing equipment manufacturer in China. Training and support will continue over a five year period in return for revenue based licensing fees.

Further, LaserBond has signed an agreement with a third party to support the identification and qualification process for further Technology sales.

LaserBond's aim is to provide continued revenue from the Technology division in the form of the continuing licensing fees and new Technology sales.

Research & Development

This division reports an EBITDA loss of <$367,533> after discounting $298,000 other income for R&D related government grants. Net costs against R&D increased by over 500% due to the necessary continued research into new products and / or applications crucial for LaserBond's continuing growth.

Outlook

The company plans to exploit many opportunities to continue the growth it has achieved. Whilst growth through all divisions is expected to be achieved, the areas of largest opportunities lie in the Products and Technology Divisions.

For the Services Division, LaserBond has noted a general growth within the industries it serves, particularly in the resources and mineral processing sectors. The sales and marketing resources of this Division are focused on exploiting this pick up as well as developing other customers in these and other industries where the benefits of our services are yet to be fully realised. In FY2018, the Services Division is expected to achieve similar growth to FY2017.

For the Products Division, LaserBond has two areas of focus that are expected to provide the largest areas of revenue growth over the coming years:

a) The interest from global original equipment manufacturers (OEMs) provided significant export revenue growth since March 2016. The performance of LaserBond's applications and products have been proven with these OEM's recognising opportunities to work with LaserBond in developing new products which will form continuing revenue growth from our Products Division.

b) The Cooperative Research Centres Project (CRC-P) is led by LaserBond in conjunction with its partners (University of South Australia and Boart Longyear ASX:BLY). It is a three year collaboration associated with the material science and use of LaserBond technologies to improve a spectrum of wear points associated with drilling for mining. An extensive site proving program is required by our partners and is undertaken for each product development. As expected, our products are performing exceedingly well under these extensive proving tests. Further, LaserBond is continuing to develop these products, further improving wear life performance, reducing environmental impacts such as corrosion and removing operational handling issues. This is allowing LaserBond to generate better products for commercialisation at the later stages of the CRC-P.

The first Technology Division sale was achieved and completed late in FY2017. This sale will now deliver license revenue in return for ongoing technical support from LaserBond over an agreed term of 5 years, growing as LaserBond assists the customer to develop its applications and customer base. The Technology Division is leveraging this first sale and model to obtain growth. LaserBond has appointed an international consultant to aid in the identification, qualification and sale of Technology licensing packages and is actively pursuing several other opportunities which, if successful, will deliver excellent growth for the company.

Directors and Company Secretary

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

Director:	*Position Held*	*In Office Since*	*Ceased to Hold Office*
Wayne Hooper	Executive Director	21 April 1994	
Gregory Hooper	Executive Director	30 September 1992	
Allan Morton	Non-Executive Chairman	18 March 2014	
Philip Suriano	Non-Executive Director	6 May 2008	
Matthew Twist	Company Secretary	30 March 2009	

Information on Directors and Company Secretary (currently holding office)

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

Wayne Hooper – Executive Director
Wayne is a professional engineer with significant 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. Wayne is responsible for general management of all company activities, managing the day-to-day operations and ensuring a smoothly functioning, efficient organisation. He is involved in technology development, engineering and administration of the group.

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

Philip Suriano – Non-Executive Director
Philip has been a Director since 2008. He began his career in corporate banking with the State Bank of Victoria (Commonwealth Bank). He holds a degree in banking & finance (B.Bus. (Bkg & Fin)). He spent 16 years in senior positions within the Australian Media Industry. Philip has gained wide knowledge & experience to give him a strong background in operations, sales and marketing in such roles as National Sales Director, MCN (Austar and Foxtel TV sales JV) and Group Sales Manager at Network Ten. Prior to joining MCN, Philip was employed within the Victor Smorgon Group. He was also a former Director of BBX Minerals Limited, Adavale Resources Limited and Resources & Energy Group Limited. For the past 13 years he has been working in corporate finance.

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

Remuneration Report

The directors present the LaserBond Limited 2017 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 group, and the Company Secretary are considered the key management personnel (KMP's) for the management of its affairs, and are covered by this report.

(b) Remuneration policy and link to performance

Remuneration levels for KMP's are competitively set to attract, motivate and retain appropriately qualified and experienced personnel. Remuneration levels are reviewed annually by the Board through the Remuneration Committee reference to the Group's performance.

The remuneration policy attempts to align reward with the achievement of strategic objectives and the creation of value for shareholders. Please refer to the Corporate Governance Statement on our website, http://www.laserbond.com.au/investor-relations/governance-statement.html , for details.

(c) Link between remuneration and performance

From FY2015 the board implemented performance based bonuses for executive directors and additional non-cash (equity based) payments for non-executive directors who hold office for the full twelve months of a fiscal year. At 30 June 2017 two non-executive directors received non-cash (equity based) payments based on their full tenure for FY2016.

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

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

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

	2017	**2016**	**2015**	**2014**	**2013**
	$	**$**	**$**	**$**	**$**
Revenue	13,751,417	10,515,581	9,546,595	9,669,960	13,526,724
Net Profit after Tax	1,112,892	78,745	366,766	660,944	(423,472)
Share price at year end (Cents)	12.50	8.10	13.00	8.70	9.80
Dividends paid (Cents)	0.4	0.4	0.4	0.4	0.4

(d) KMP Remuneration

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

KMP's received a fixed remuneration in the year ended 30 June 2016 and 30 June 2017

		Salaries and fees	**Superannuation**	**Share based payments**	**Long Service Leave**
Wayne Hooper[1]	2017	305,671	39,651	-	-
	2016	310,623	29,042	-	-
Gregory Hooper[1]	2017	302,927	28,840	-	3,868
	2016	320,337	30,444	-	4,731
Allan Morton[2]	2017	30,000	-	20,250	-
	2016	30,000	-	19,500	-
Philip Suriano[2]	2017	25,000	-	20,250	-
	2016	25,000	-	19,500	-
Matthew Twist	2017	143,098	13,462	1,000	-
	2016	135,037	12,667	1,000	-
Totals	2017	806,696	81,953	41,500	3,868
	2016	820,997	72,153	40,000	4,731

[1] *Wayne and Gregory Hooper's remuneration is inclusive of their spouse's remuneration for any period they were actively employed by the company. Note 16 a) on Page 40 reports all remuneration through payroll for all relatives of executive directors, including spouses.*
[2] *Allan Morton and Philip Suriano's remuneration includes only fees related to their non-executive director remuneration. Any additional consulting fees related to support of executive functions in reported within Note 16 b) on Pages 40 to 41.*

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

(f) Non-executive director arrangements
Non-executive directors are employed based on the group's commitment to develop a Board with a blend of skills, experience and attributes appropriate for the business' goals and strategic plans.

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 is offering Allan Morton and Philip Suriano a non-cash (equity based) payment of 100,000 shares based on their full twelve months tenure during FY2017. The issue is subject to shareholder approval with the price based on the closing share price on the day of approval.

End of remuneration report.

Director's Shareholdings

As at 30 June 2017, the number of shares held by directors was:

	Holdings Type	Holdings
Wayne Hooper	Direct	9,067,779
	Indirect	1,132,427
Gregory Hooper	Direct	5,412,926
	Indirect	3,778,625
Allan Morton	Indirect	1,454,964
Philip Suriano	Indirect	439,296

Director's Meetings

During the financial year ended 30th June 2017, 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	11	11	1	1	-	-
Gregory Hooper	11	9	-	-	-	-
Allan Morton	11	11	3	3	1	1
Philip Suriano	11	10	2	2	1	1

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

Significant Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Future Developments

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

Environmental Regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Matters Subsequent to the End of the Financial Year

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

Dividends

2016 final dividends of 0.2 cents per share and 2017 interim dividends of 0.2 cents per share were paid during the year. The directors have recommended the payment of a final dividend for FY2017 of 0.3 cents per fully-paid ordinary share (FY2016: 0.2c), fully franked based on tax paid at 30%. The dividend is expected to be paid on 13th October 2017.

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

Directors' and Auditors' Information

Insurance premiums of $18,280 have been paid to insure a Director's legal liability to third parties for alleged breach of duty arising out of a claim for which the Director is not indemnified by the corporation. No insurance premiums have been paid in respect of Auditors.

Non-Audit Fees paid to Auditor

During the financial year, there have been no fees paid to LNP Audit and Assurance for non-audit services.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

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

Director
Wayne Hooper

Director
Gregory Hooper

Dated this 30th day of August 2017

Corporate Governance

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

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

Director's Declaration

The directors of the group declare that:

1. The financial statements and notes, as set out on pages 26 to 46 are in accordance with the Corporations Act 2001 and:

    a. Comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. Give a true and fair view of the financial position as at 30th June 2017 and of the performance for the financial year ended on that date of the company and consolidated group.

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

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the Corporations Act 2001.

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

Director
Wayne Hooper

Director
Gregory Hooper

Dated this 30th day of August 2017

Auditor's Independence Declaration

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 of Laserbond Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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

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

Lachlan Nielson Partners Pty Limited

Tony Rose
Director

Sydney, 30th August 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 AUDIT REPORT
TO THE MEMBERS OF LASERBOND LIMITED

Opinion

We have audited the financial report of Laserbond Limited, including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit & loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

In our opinion:

the accompanying financial report of Laserbond Limited is in accordance with the Corporations Act 2001, including:

a) Giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and of its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Liability limited by a scheme approved under Professional Standards Legislation

the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
Recoverability of debtors from major customers *Refer Note 7 Trade and other receivable and Note 26 Economic dependency* 53% of the trade receivables of the Group are balances from two major customers. The assessment of the recoverability from these major customers involves significant judgment in respect of assumptions such as current work, future sales and demands, and the recoverability of certain legacy contract receivables.	Our procedures included, among others: • Evaluating customers payment facilities in place; • Evaluating the financial position of the customers; and • Evaluating management assessment on impairment provisions.
Impairment Assessment of Inventory *Refer Note 8 – inventory* The Group holds significant inventories. The impairment assessment of inventory is by its nature judgemental and based on many assumptions, influenced by expected future market demand, raw materials expected to be required, and other uncertain matters.	Our procedures included, among others: • Evaluating management's strategy and plan for developing, producing and realising inventory • Assessing the adequacy of the Group's impairment policy • Assessing the inventory and evaluating the recoverable value of these products.

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 2017, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Directors' Responsibilities

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

LNP Audit and Assurance

In preparing the financial report, the Directors are responsible for assessing the Group'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 Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

- We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Laserbond Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

LNP Audit and Assurance

Anthony Rose
Director
Sydney, 30th August 2017

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 30th June 2017

	Note	2017 $	2016 $
Revenue from continuing operations		13,751,417	10,515,581
Cost of Sales		(6,565,425)	(5,354,139)
Gross Profit from continuing operations		**7,185,992**	**5,161,442**
Other Income	3	292,251	108,746
Advertising & Promotional Expenses		(216,969)	(269,741)
Depreciation & Amortisation		(867,406)	(612,904)
Employment Expenses		(1,836,564)	(1,977,924)
Property Expenses		(693,987)	(642,030)
Administration Expenses		(1,493,428)	(1,280,906)
Repairs & Maintenance		(129,537)	(191,108)
Operating Lease Expenses		(42,913)	(116,750)
Borrowing Costs		(77,804)	(80,145)
Research & Development		(447,849)	(81,662)
Other Expenses		(161,069)	(53,858)
Profit / (loss) before income tax expense from continuing operations	4	**1,510,717**	**(36,840)**
Income tax (expense) / benefit	5	(397,825)	115,585
Other comprehensive income		-	-
Total comprehensive income attributable to members of LaserBond Limited		**1,112,892**	**78,745**

Earnings per share for profit attributable to members:

	Note	2017	2016
Basic and diluted earnings per share (cents)	6	1.221	0.090

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

Consolidated Statement of Financial Position
As at 30th June 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents		2,011,636	768,041
Trade and other receivables	7	4,054,013	2,976,108
Inventories	8	1,785,317	1,857,953
Current Tax Assets		-	170,763
Total current assets		**7,850,966**	**5,772,865**
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,537,510	2,376,727
Deferred tax assets	11	233,137	224,562
Intangible assets	10	5,988	242,503
Total non-current assets		**2,776,635**	**2,843,792**
TOTAL ASSETS		**10,627,601**	**8,616,657**
CURRENT LIABILITIES			
Trade and other payables	12	1,445,396	881,752
Employee Benefits		630,591	533,091
Interest bearing liabilities		363,173	578,284
Current Tax Liabilities		105,051	-
Total current liabilities		**2,544,211**	**1,993,127**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		991,394	392,406
Employee Benefits		46,779	140,046
Total non-current liabilities		**1,038,173**	**532,452**
TOTAL LIABILITIES		**3,582,384**	**2,525,579**
NET ASSETS		**7,045,217**	**6,091,078**
EQUITY			
Issued capital	13	6,186,816	5,985,756
Retained earnings		858,401	105,322
TOTAL EQUITY		**7,045,217**	**6,091,078**

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

Consolidated Statement of Cash Flows
for the Year Ended 30th June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		15,414,775	10,715,480
Payments to suppliers and employees		(13,165,820)	(11,032,253)
Interest paid		(77,804)	(80,145)
Interest received		7,308	21,232
Income taxes paid		(203,108)	25,813
Net cash inflow / (outflow) from operating activities	19	**1,975,351**	**(349,873)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(102,250)	(325,252)
Proceeds from sale of plant and equipment		11,846	30,909
Repayments of loans to employees		(37,580)	9,586
Net cash (outflow) from investing activities		**(127,984)**	**(284,757)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for issue of Shares		(8,750)	(10,528)
Payments to lessors		(396,841)	(489,608)
Dividends paid		(198,181)	(235,277)
Net cash (outflow) from financing activities		**(603,772)**	**(735,413)**
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,243,595	(1,370,043)
Cash and cash equivalents at beginning of period		768,041	2,138,084
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**2,011,636**	**768,041**

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

Consolidated Statement of Changes in Equity for the Year Ended 30th June 2017

	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2015	**5,868,200**	**379,620**	**6,247,820**
Profit for the Period	-	78,745	78,745
Issue of Share Capital	117,556	-	117,556
Dividends paid during period	-	(353,043)	(353,043)
Closing Balance at 30th June 2016	**5,985,756**	**105,322**	**6,091,078**
Profit for the Period	-	1,112,892	1,112,892
Issue of Share Capital	201,060	-	201,060
Dividends Paid during period	-	(359,813)	(359,813)
Closing Balance at 30th June 2017	**6,186,816**	**858,401**	**7,045,217**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

LaserBond Limited is a for-profit company limited by shares, incorporated and domiciled in Australia. The financial report was authorised for issue in accordance with a resolution of the directors on 29th August 2017. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations and the Corporations Act 2001, and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). This financial report includes the consolidated financial information relating to LaserBond Limited and controlled entities. LaserBond Limited and its controlled entities are together referred to in this financial report as the group or consolidated entity.

The financial report has been prepared on an accruals basis.

b) Principles of Consolidation

The consolidated financial report is prepared by combining the financial statements of all the entities that comprise the consolidated entity, being LaserBond Limited (the parent entity) and its controlled entities. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition.

The consolidated financial report includes the information and results of each subsidiary from the date on which the group obtains control and until such time as the group ceases to control such entity. In preparing the consolidated financial report, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

c) Revenue Recognition

Revenue is recognised in the following manner:

Sale of Goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest

Revenue from interest is recognised in an accrual basis.

Other Income

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

d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board.

e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

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

f) Foreign Currency Translation

The functional and presentation currency of the group is Australian dollars. Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the Statement of Profit and Loss and Other Comprehensive Income, except for differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

g) Comparative Information

Where necessary, comparative amounts have been reclassified and repositioned for consistency with current year accounting policy and disclosures. If there are any such changes, details on the nature and reason for the amounts that may have been reclassified and repositioned for consistency with current year accounting policy and disclosures, where considered material, are referred to separately in the financial statements or notes thereto.

h) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Financial Instruments

Financial assets

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial liabilities

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

The group's financial liabilities include borrowings, trade and other payables including finance lease liabilities, which are measured at amortised cost using the effective interest rate method. Trade and other payables represent liabilities for goods and services provided to the group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition.

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days from end of month.

Derecognition

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Impairment
The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised as profit or loss.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable maybe impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of any impairment loss is recognised in profit or loss within administration expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other income in profit or loss.

j) Inventory

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

k) Property, Plant and Equipment

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

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

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

l) Intangible assets

Patents

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

Software

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

m) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Leases

Leases of plant and equipment, where the group as lessee has substantially all the risks and rewards of ownership, are classified as hire purchase liabilities. Hire purchase assets are capitalised at their inception at the fair value of the leased equipment or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest

on the remaining balance of the liability for each period. The equipment acquired under hire purchase agreements is depreciated over the shorter of the asset's useful life and the lease term.

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

o) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p) Goods and Services Tax

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

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

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

q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave long service leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for employee entitlements which are not expected to be settled within 12 months after the end of the period in which employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Discount rates are based on the market yield on Commonwealth Government Securities with maturity dates close to the expected date the employee will reach 10 years of service.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. Where employees have completed the required period of service, this entire amount is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experiences, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via an employee share scheme. The fair value of options granted under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares granted, including the impact of any vesting conditions.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the numbers of shares that are expected to vest based on the vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The grant by the group of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of the employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

r) Dividends

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

s) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing:
- The profit attributable to members of the group, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings per share

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

t) Government Grants

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

u) Parent entity financial information

The financial information for the parent entity, LaserBond Ltd, disclosed in the accompanying notes has been prepared on the same basis as the consolidated financial statements except as set out below.

v) Investments in controlled entities

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

w) Tax consolidation legislation

LaserBond Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, LaserBond Ltd, and the controlled entities in the tax consolidated group account for their current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone tax payer in its own right.

In addition to its own current and deferred tax amounts, LaserBond Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controller entities in the consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate LaserBond Ltd for any current tax payable assumed and are compensated by LaserBond Ltd for any current tax receivable or deferred tax assets relating to unused tax losses or unused tax credits that are transferred to LaserBond Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable / payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

x) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

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

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

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

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

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

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

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

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

NOTE 2: Critical Accounting Estimates and Judgements

(i) Provision for impairment of receivables

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

(ii) Provision for inventories

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

NOTE 3: OTHER INCOME	2017 $	2016 $
Interest Revenue	7,308	21,260
Grant Income	246,382	23,175
Other	38,561	64,311
	292,251	108,746

NOTE 4: EXPENSES

Profit before Income Tax from continuing operations includes the following specific expenses

	2017 $	2016 $
Auditors Remuneration		
a) Lachlan Nielson Partners Pty Ltd		
- Audit Services – audit and review of Financial Reports	58,596	57,984

NOTE 5: INCOME TAX

	2017 $	2016 $
Reconciliation of Income Tax Expense from continuing operations		
Profit / (Loss) before Income Tax expense	1,510,717	(36,840)
Prima Facie Tax at the Australian tax rate of 30% (2016: 30%)	453,215	(11,052)
Less Deferred Tax Asset adjustments for employee entitlements and expense provisions	8,574	(11,313)
Less R&D Tax Concession	(28,631)	(12,249)
Less non-deductible expense	(86,084)	(46,143)
Less Adjustment to Prior Year Income Tax Provisions	50,751	(34,828)
Total Income Tax Expenses / (Benefit)	397,825	(115,585)

NOTE 6: EARNINGS PER SHARE

	2017	2016
Basic and diluted earnings per share (cents)	1.22	0.09

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 2016	89,410,345	89,410,345
Shares issued as at 7th October 2016	721,972	526,149
Shares issued as at 26th October 2016	300,000	203,014
Shares issued as at 24th November 2016	63,700	38,045
Shares issued as at 7th April 2016	636,448	782,918
Closing Balance as at 30th June 2017	91,132,465	90,960,471

NOTE 7: TRADE AND OTHER RECEIVABLES

	$	$
Trade Receivables	3,078,550	2,823,274
Provision – Impairment of Receivables	(12,800)	(2,865)
Loans – Key Management Personnel	28,174	40,174
Loans – Employees	2,400	5,679
Prepayments	957,689	109,846
	4,054,013	2,976,108

Prepayments includes $608,255 related to two government grants (Next Generation Manufacturing Improvement Program (NGMIP) and Cooperative Research Collaboration Project (CRC-P)). This figure relates to deposits on equipment for the commissioning of the automated laser cladding facility for the NGMIP ($241,005) and provisions for funding claims against the CRC-P quarter ending June 2017 ($367,250).

	Gross Amount $000	Past due and impaired $000	Past due but not impaired (days overdue) <30 $000	31-60 $000	61-90 $000	>90 $000	Within trade terms $000
2017							
Trade receivables	3,079	13	1,177	1,297	428	164	2,815
Other receivables	988	-	988	-	-	-	988
	4,067	13	2,165	1,297	428	164	3,803
2016							
Trade receivables	2,823	3	1,450	913	427	30	2,661
Other receivables	156	-	156	-	-	-	156
	2,979	3	1,606	913	427	30	2,817

NOTE 8: INVENTORY

	2017 $	2016 $
Cost:		
Stock on Hand – Raw Materials	1,051,717	1,246,510
Stock on Hand – Finished Goods	412,720	473,993
Work in Progress	320,880	137,450
	1,785,317	1,857,953

NOTE 9: PROPERTY, PLANT & EQUIPMENT

	2017	2016
Plant & Equipment		
At Cost	4,903,165	4,258,256
Less Accumulated Depreciation	(2,629,214)	(2,094,427)
	2,273,951	2,163,829
Office Equipment		
At Cost	184,473	184,265
Less Accumulated Depreciation	(151,975)	(144,723)
	32,498	39,542
Motor Vehicles		
At Cost	465,234	396,167
Less Accumulated Depreciation	(234,173)	(222,811)
	231,061	173,356
TOTAL PROPERTY, PLANT & EQUIPMENT	2,537,510	2,376,727

(a) Movements in Carrying Amounts	Plant & Equipment	Office Equipment	Motor Vehicles	Total
2017 Financial Year	$		$	$
Balance at the beginning of the year	2,163,829	39,542	173,356	2,376,727
Additions	663,881	12,088	169,364	845,333
Sale / Disposal of Asset	(41,727)	-	(9,576)	(51,303)
Depreciation Expense	(512,032)	(19,132)	(102,083)	(633,247)
Carrying Amount at the end of the year	2,273,951	32,498	231,061	2,537,510

2016 Financial Year	**$**		**$**	**$**
Balance at the beginning of the year	1,735,847	38,838	112,010	1,886,695
Additions	960,014	18,065	129,950	1,108,029
Sale / Disposal of Asset	(5,400)	-	(35,849)	(41,249)
Depreciation Expense	(526,632)	(17,361)	(32,755)	(576,748)
Carrying Amount at the end of the year	2,163,829	39,542	173,356	2,376,727

(b) Asset Additions financed

	2017	**2016**
The values for asset additions purchased utilising finance leases or hire purchase agreements are:	693,849	413,596

NOTE 10: INTANGIBLES

	Patents and Trademarks	**Development Asset**	**Other Intangibles**	**Total**
	$	**$**	**$**	**$**
2017 Financial Year				
Balance at the beginning of the year	6,438	235,994	71	242,503
Additions	-	-	-	
Disposals	-	-	-	
Impairment	-	-	-	
Amortisation Expense	(483)	(235,994)	(38)	(236,515)
Carrying Amount at the end of the year	5,955	-	33	5,988
2016 Financial Year				
Balance at the beginning of the year	6,960	377,564	162	384,686
Additions	-	-	-	-
Disposals	-	-	-	-
Impairment	-	-	-	-
Amortisation Expense	(522)	(141,570)	(91)	(142,183)
Carrying Amount at the end of the year	6,438	235,994	71	242,503

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

NOTE 11: DEFERRED TAX ASSETS

	2017	**2016**
Deferred tax assets comprise temporary differences attributable to:	**$**	**$**
Employee Benefits	203,211	180,702
Accruals	29,926	43,860
	233,137	224,562
Deferred tax assets expected to be recovered within 12 months	121,927	108,985
Deferred tax assets expected to be recovered after more than 12 months	111,210	115,577
	233,137	224,562

	Employee Benefits	**Expense Accruals**	**Total**
At June 2015	184,929	50,947	235,876
(Charged) / credited			
- to profit or loss	-	-	-
- directly to equity	(4,227)	(7,087)	(11,314)
At June 2016	180,702	43,860	224,562
(Charged) / credited			
- to profit or loss	-	-	-
- directly to equity	22,509	(13,934)	8,575
At June 2017	203,211	29,926	233,137

NOTE 12: TRADE AND OTHER PAYABLES

	2017	2016
	$	$
Trade Payables	1,021,802	566,923
Taxes	73,449	144,901
Superannuation	32,996	61,218
Dividends	26,508	23,672
Accrued Expenses	290,641	85,038
	1,445,396	881,752

Trade and other payables include $597,571 related to the two government grants (Next Generation Manufacturing Improvement Program (NGMIP) and Cooperative Research Collaboration Project (CRC-P)). This figure relates to unrecognised revenue for funding received up to 30 June 17 for the NGMIP ($236,358) and tax invoices received from partners to the CRC-P for the expense claims up to 30 June 17 ($361,213).

NOTE 13: CONTRIBUTED EQUITY

Issued and Paid Up Capital	6,186,816	5,985,756

	2017 Shares	2017 $	2016 Shares	2016 $
Existing Shares	89,410,345	5,985,756	87,608,466	5,868,200
Issued Shares	1,722,120	201,060	1,801,879	117,556
Provision Unissued (Entitled) Shares	-	-	-	-
	91,132,465	6,186,816	89,410,345	5,985,756

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2015	Opening Balance	87,608,466		
25th August 2015	Non-Exec. Director Remuneration	300,000	13.00	(3,308)
7th October 2015	Dividend Reinvestment Plan	532,344	10.48	54,138
29th October 2015	Cancel Non-Exec. Director Remuneration	(300,000)	(13.00)	(3,308)
29th October 2015	Re-issue Non-Exec. Director Remuneration	300,000	13.00	3,308
24th December 2015	Employee Share Plan	172,703	9.00	10,587
8th April 2016	Dividend Reinvestment Plan	796,832	7.41	56,139
30th June 2016	Closing Balance	89,410,345		117,556
7th October 2016	Dividend Reinvestment Plan	721,972	10.93	75,415
26th October 2016	Non.Exec. Director Remuneration	300,000	13.50	39,250
24th November 2016	Employee Share Plan	63,700	12.50	8,705
7th April 2017	Dividend Reinvestment Plan	636,448	12.56	77,690
30th June 2017	Closing Balance	91,132,465		201,060

(b) Capital Risk Management

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its financial structure in response to those risks. These responses include the management of debt levels and distributions to shareholders. The group has no borrowings and no externally imposed capital requirements. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 14 : CAPITAL AND LEASING COMMITMENTS

	2017	2016
	$	$
(a) Hire Purchase / Finance Lease Commitments		
Payable:		
Within one (1) year	363,173	578,284
Later than one (1) year but not later than five (5) years	991,394	392,406
Minimum Hire Purchase / Finance Lease payments:	1,354,567	970,690
Less future finance charges	(123,594)	(31,597)
Total Hire Purchase / Finance Lease Liability	1,230,973	939,093

The group's Hire Purchase and Finance Lease commitments are in relation to Plant & Equipment and Motor Vehicles essential to the operations of the business. These are under agreements expiring currently within 1 to 3 years. Under the Terms of Agreements, the group has the option to acquire the financed assets by payment of the final instalment. This option lapses in the event of a default to the agreed Terms and Conditions to the agreements.

(b) Operating Lease Commitments

Payable:		
Within one (1) year	820,119	762,219
Later than one (1) year but not later than five (5) years	2,634,832	2,771,579
Later than five (5) years)	116,168	809,248
	3,571,119	4,343,046

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

NOTE 15: CONTINGENT ASSETS & LIABILITIES

The directors are not aware of any contingent assets or contingent liabilities that would have an effect on these financial statements. (2016: Nil)

NOTE 16: RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Other Related Parties

Labour Costs		
Labour – Payroll Staff (persons related to executive directors)	238,098	313,113
Note: this is exclusive of executive director remuneration which is included within the remuneration report on pages 16 to 18		
Superannuation		
Contribution to superannuation funds on behalf of employees	367,209	353,929
Loans – Other Related Parties		
Employee Loans - receivable from two employees.	400	2,570
Employee Personal Expenses - Receivable from employee's who have used, at the approval of director's, a group's supplier expense account for purchases of a personal use. These loans are repaid as an after tax deduction from the employee's salary or wage.	2,000	311
	2,400	2,881

(b) Key Management Personnel Transactions

Consultants		
Hawkesdale Group	4,375	-
Sam Holdings (Aust.)	234,575	162,075
Deveth drilling Qld	-	10,000
	238,950	172,075

These consultant fees are all paid to non-executive director related entities and relate to services to support executive functions. Fees relative to a non-executive directors board fees are included within the remuneration report on pages 16 to 18.

Hawkesdale Group provided consultancy services related to sales support and strategy development.

Sam Holdings provided consultancy services related to Sales and Marketing support, Government grant support and strategy development.

Deveth Drilling provided consultancy services related to Product Commercialisation and continuing development support.

	2017	2016
Loans	$	$
Director Loan	28,174	40,174

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

Superannuation		
Contribution to superannuation funds on behalf of key management personnel	62,041	55,384

NOTE 17: KEY MANAGEMENT PERSONNEL

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

(a) Remuneration

Details in relation to the remuneration of the key management personnel of the group for management of its affairs are included in the Directors' Report on pages 16 to 18.

(b) Options Held

There were no options held at 30 June 2017 or 30 June 2016. There were no options issued during the financial year.

(c) Shares Held

Interest		Shares Held as at 30th June 2016	Issued	Purchased / (Sold)	Shares Held as at 30th June 2017
Wayne Hooper	Direct	8,839,454	228,325	-	9,067,779
Wayne Hooper	Indirect	1,094,648	37,779	-	1,132,427
Greg Hooper	Direct	5,232,343	180,583	-	5,412,926
Greg Hooper	Indirect	3,652,564	126,061	-	3,778,625
Philip Suriano	Indirect	184,649	154,647	100,000	439,296
Allan Morton	Indirect	679,397	186,736	588,831	1,454,964
Matthew Twist	Direct	46,812	9,742	-	56,554
		19,729,867	923,873	688,831	21,342,571

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

NOTE 18: DIVIDENDS

	2017	2016
	$	$
Declared 2017 fully franked interim ordinary dividend of 0.2 (2016: 0.2) cents per share franked at the tax rate of 30% (2016: 30%)	178,821	177,227
Declared 2016 fully franked final ordinary dividend of 0.2 (2015: 0.2) cents per share franked at the tax rate of 30% (2015: 30%)	180,992	175,817
Total dividends per share for the period	0.4 cents	0.4 cents

Dividends paid in cash or satisfied by the issues of shares under the dividend reinvestment plan during the year were as follows:	2017	2016
	$	$
Paid in cash	200,957	238,209
Satisfied by the issue of shares	158,856	114,835
	359,813	353,044

Dividends not recognised during the reporting period

Since year end the directors have recommended the payment of a final dividend of 0.3 cents per fully-paid ordinary share (2016: 0.2) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 13th October 2017 out of retained earnings at 30 June 2017, but not recognised as a liability at year end is $273,397. The debit expected to franking account arising from this dividend is $82,019.

Franking credits	2017	2016
	$	$
Franking credits available for subsequent periods based on a tax rate of 30% (2016: 30%)	1,495,948	1,420,073

NOTE 19: CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash flows from operating activities		
Profit after Income Tax for the year	1,112,892	78,745
Non-cash flows in operating surplus		
Depreciation, Amortisation & Impairment	920,172	582,162
(Profit) / loss on disposal of property, plant & equipment	(1,186)	(23,612)
Changes in assets and liabilities		
(Increase) / Decrease in trade and other receivables	(1,077,905)	(576,428)
(Increase) / Decrease in inventories	72,636	(525,452)
(Increase) / Decrease in deferred tax assets	-	11,314
Increase / (Decrease) in trade and other payables	668,695	218,576
Increase / (Decrease) in current provisions	97,500	(17,848)
Increase / (Decrease) in current tax liabilities	275,814	(58,614)
Increase / (Decrease) in non-current provisions	(93,267)	(38,716)
Net cash provided by operating activities	1,975,351	(349,873)

NOTE 20: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

Activities undertaken by the group may expose the group to, credit risk, liquidity risk and cash flow interest rate risk. The group's risk management policies and objectives are therefore reviewed to minimise the potential impacts of these risks on the results of the group.

The Board of Directors monitors and manages financial risk exposures of the Group and reviews the effectiveness of internal controls relating these risks. The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance, including the review of credit risk policies and future cash flow requirements.

Maturity of financial liabilities at 30th June 2017	Within 1 Year	1 to 5 Years	Total
	$	$	$
Trade and other payables	1,445,396	-	1,445,396
Hire Purchase / Finance Lease	363,173	991,394	1,354,567
Total financial liabilities	1,808,569	991,394	2,799,963

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

Credit Risk Exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

Liquidity Risk

Liquidity risk is the risk that the group may encounter difficulties raising funds to meet commitments. The group manages this risk by monetary cash flow forecasts

Net fair value of financial assets and liabilities

The carrying amount of cash, cash equivalents and non-interest bearing monetary financial assets and liabilities (e.g. accounts receivable and payable) are at approximate net fair value.

Sensitivity Analysis

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

Interest Rate Sensitivity Analysis:

The group as 30th June 2017 held a quantity of cash on hand in an Interest Bearing bank account. The Director's do not consider that any reasonably possible movement in interest rates would cause a material effect on profit or equity.

Foreign Currency Risk Sensitivity Analysis:

The group purchases certain raw material from overseas due to non-availability in Australia or savings due to bulk buying power overseas. The group continues to expand its operation and has some overseas customers. 44% of those overseas customers invoiced in foreign currency and 95% of overseas suppliers paid in foreign currency are affected by movement in the US dollar exchange rate. To mitigate foreign currency risk for US dollar transactions the group has a US dollar bank account. Payments made from this US dollar account are from foreign customer deposits or transfers of cash at a time the exchange rate is deemed positive (which is reviewed on a daily basis) The Director's do not consider that any reasonably possible movement in foreign currency rates would cause a material effect on profit or equity.

NOTE 21: SHARE BASED PAYMENTS

a) Employee Share Plan

A scheme under which shares may be issued by the group to employees for no cash consideration was approved by shareholders through the prospectus. Eligibility to participate is based on an employee being a full-time employee of the group (or any of its 100% owned subsidiaries), the employee is an Australian resident for income tax purposes and the employees has been directly employed by the group (or any of its 100% owned subsidiaries) for at least as period of 36 continuous months in a permanent position.

Each eligible employee will be entitled to a maximum of $1,000 of fully-paid ordinary shares annually, with the number of shares calculated based on the closing price of the group's on the day each issue is formally passed by the Board. Offers under the scheme are at the discretion of the Board.

Shares issued are vested for a period of three years from date of issue, with one third released annually on each anniversary date of the Board approved issue date. If employment is ceased for any reason any shares still currently vested and not released will be forfeited by the employee. Shares are issued as fully-paid ordinary shares and rank equally with existing shares on issue.

	2017	2016
	$	$
Number of shares issued under the plan to participating employees: (refer to Note 13 a) for detail of date of issue and issue price)	63,700	172,703

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 2016 Annual General Meeting shareholder approval was sought and gained for the issue of 150,000 shares each to two non-executive directors who held office for the full twelve months of fiscal year 2016. No approval has as yet been sought or gained for the 2017 fiscal year.

c) Expense arising from share based payment transactions

Shares Issued under employee share plan	10,454	12,241
Shares Issued under Non-Executive Director Remuneration	40,500	-
	50,954	12,241

NOTE 22: PARENT ENTITY FINANCIAL INFORMATION

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

Statement of Financial Position

Assets:		
Current Assets	7,850,966	5,772,865
Total Assets	10,627,601	8,616,657
Liabilities:		
Current Liabilities	2,544,211	1,993,127
Total Liabilities	3,582,384	2,525,579
Shareholders' Equity		
Issued Capital	6,186,816	5,985,756
Retained Earnings	858,401	105,322
	7,045,217	6,091,078
Profit / (loss) before income tax expense	1,510,717	(36,840)
Profit after tax from continuing operations	(397,825)	78,745
Total comprehensive income attributable to members	1,112,892	78,745

Finance Facilities of the Parent Entity

The parent entity has given secured guarantees in respect of operating lease agreements:
(i) for the parent entity with a balance outstanding of $175,379 (2016: $175,379)
(ii) for subsidiaries with a balance outstanding of nil (2016: nil)

The parent entity has given unsecured guarantees in respect of Rental Bonds:
(i) for the parent entity with totaling of $181,885 (2016: $181,885)
(ii) for subsidiaries with a balance outstanding of nil. (2016: nil)

The parent entity has unsecured and unused finance facilities in place in respect of:
(i) Trade finance facility with unused limit of $1,810,492 (2016: $2,722,203).
(ii) Bank Guarantee Line unused with limit of $18,115 (2016: $18,115).

The trade finance facility is subject to annual review which last occurred February 2017.

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

The parent entity has current contractual commitments for the acquisition of property plant or equipment as at 30 June 2017, but had none as at 30 June 2016.

NOTE 23: CONTROLLED ENTITIES

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

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

The directors have recommended the payment of a final dividend of 0.5 cents per fully-paid ordinary share (2016: 0.2), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend is expected to be paid on 13th October 2017.

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

NOTE 25: SEGMENT REPORTING

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

	Services & Products Divisions			
	Jun 17		Jun 16	
	Services	Product	Services	Product
Revenue	7,237,205	5,075,744	6,842,572	3,673,008
EBITDA	1,572,571	989,428	736,398	(7,661)
Interest	42,498	27,998	44,135	20,042
Depreciation & Amortisation	434,945	431,237	382,940	228,642
Profit Before Income Tax	1,095,128	530,193	309,323	(256,345)
Income tax expense	(288,386)	(139,619)	(15,143)	82,701
Profit after Income Tax	806,742	390,574	294,180	(173,644)
Assets	10,165,650		8,613,770	
Liabilities	(3,253,526)		(2,525,579)	

	Other Divisions				Total	
	Jun 17		Jun 16		Jun 17	Jun 16
	R&D	Tech	R&D	Tech		
Revenue	-	1,438,468	-	-	13,751,417	10,515,581
EBITDA	(367,533)	254,777	(76,325)	(11,946)	2,449,243	640,466
Interest	-	-	-	-	70,496	64,177
Depreciation & Amortisation	1,848	-	1,548	-	868,030	613,130
Profit Before Income Tax	(369,381)	254,777	(77,873)	(11,946)	1,510,717	(36,841)
Income tax expense	97,272	(67,092)	36,748	11,279	(397,825)	115,585
Profit after Income Tax	(272,109)	187,685	(41,125)	(667)	1,112,892	78,744
Assets	319,537	142,414	2,887	-	10,627,601	8,616,657
Liabilities	(328,858)	-	-	-	(3,582,384)	(2,525,579)

NOTE 26: ECONOMIC DEPENDENCY

Revenues of $5,801,663 (2016 - $4,623,389) are derived from two external customers. These revenues are attributed to the both the Products and Services segments.

Shareholder Information

1. Substantial Shareholders at 7th August 2017

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	9,067,779	9.950
Mr Wayne Edward Hooper	9,067,779	9.950
Mr Wayne Edward Hooper (W&D Hooper Investments Pty Ltd)	1,132,427	1.243
Mr Rex John Hooper	7,283,916	7.993
Ms Lillian Hooper	7,137,590	7.832
Mr Gregory John Hooper	5,412,926	5.940
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,778,625	4.146
Lornat Pty Ltd <WK & LM Peachey S/Fund A/C>	4,943,344	5.424

2. Distribution of Shareholders as at 7th August 2017

Holdings Ranges	Holders	Total Units	%
1-1,000	28	4,206	0.005
1,001-5,000	50	180,980	0.198
5,001-10,000	65	543,944	0.597
10,001-100,000	234	8,855,253	9.717
100,001-9,999,999,999	90	81,548,082	89.483
Totals	**467**	**91,132,465**	**100.000**
Holdings less than a marketable parcel	58	89,222	0.0979

3. Twenty Largest Shareholders as at 7th August 2017

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	9,067,779	9.950
Mr Wayne Edward Hooper	9,067,779	9.950
Ms Rex John Hooper	7,283,916	7.993
Mr Lillian Hooper	7,137,590	7.832
Mr Gregory John Hooper	5,141,580	5.642
Lornat Pty Ltd (WK & LM Peachey S/Fund A/C)	4,943,344	5.424
Mr Ian Davies	3,983,374	4.371
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,778,625	4.146
Parks Australia Pty Ltd	2,252,772	2.472
Mr Keith Knowles	2,217,232	2.433
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	2,184,236	2.397
Fortitude Enterprises Pty Ltd	1,300,000	1.426
Mr Makram Hanna & Mrs Rita Hanna (Hanna & Co P/L Super A/C)	1,217,045	1.335
Mr Brendan Thomas Birthistle	1,189,690	1.305
Sam Nominees (Aust) Pty Ltd (Sam Super Fund A/C)	1,154,964	1.268
W&D Hooper Investments Pty Ltd <W&D Hooper Unit A/C>	1,132,427	1.243
Mr William Ross Fenner	913,807	1.003
Dixson Trust Pty Limited	869,560	0.954
Fortitude Enterprises Pty Ltd <Fortitude Super Fund A/C>	782,567	0.859
Wantune Pty Ltd	700,000	0.768
Totals for Top 20	66,318,187	72.771
Security Totals	**91,132,465**	

4. Voting Rights

The voting rights attached to each class of equity securities are:

a) Ordinary shares - on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
b) Options – No voting rights.

5. Restricted Securities

The group has no restricted securities.

6. Securities subject to voluntary escrow

Total number of shares held in escrow	Escrow Release Date 1	Escrow Release Date 2	Escrow Release Date 3
49,309	15 Dec 2017 – 49,309 shares		
111,102	21 Dec 2017 – 55,560 shares	21 Dec 2018 – 55,542 shares	
144,000	21 Nov 2017 – 48,006 shares	21 Nov 2018 – 48,006 shares	21 Nov 2018 – 47,988

LaserBond Limited
Unit 2, 57 Anderson Road
Smeaton Grange NSW 2567
Telephone 02 4631 4500
International +61 2 4631 4500
Fax 02 4631 4555
International +61 2 4631 4555
Email info@laserbond.com.au

LaserBond (SA)
112 Levels Road
Cavan SA 5094
Telephone 08 8262 2289
International +61 8 8262 2289
Fax 08 8260 2238
International +61 8 8260 2238
Email info@laserbond.com.au

www.laserbond.com.au

LaserBond's industry collaboration projects in laser surface engineering; (front) The Wearlife Performance - CRCp is a research program which seeks to extend wear life in drilling for mining. (above) Our heavy-duty high-power laser cell opens international opportunities.

Quality Environment Health & Safety

ASX:LBL

14695 08/2017

LASERBOND®
PRODUCTIVITY | INNOVATION | CONSERVATION