Appendix 4D & Half-Yearly Financial Report

LaserBond Limited

ABN 24 057 636 692

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

For half-year ended 31st December 2019

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CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board, I am pleased to present the company's half yearly results for the period ended 31 December 2019. The summary below highlights the key performance outcomes.

Highlights

	31 Dec 2019		31 Dec 2018
Revenues	$11.255 M	*Up 7.3% from*	$10.489 M
Services Division	$6.894 M	*Up 21.1% from*	$5.694 M
Products Division	$4.361 M	*Down 9.1% from*	$4.795 M
Technology Division	$0.0 M	*No sales in reporting periods*	$0.0 M
EBITDA	$2.731 M	*Up 32.8% from*	$2.069 M
Reported NPAT	$1.156 M	*Down 2.0% from*	$1.180M
Underlying NPAT (before NGMIP & AASB 16[1])	$1.231 M	*Up 15.7% from*	$1.064 M

[1] Underlying NPAT discounts income recognised from the Next Generation Manufacturing Investment Program grant in FY19 and the impact of *AASB 16 Leases* related to Right of Use Assets on FY20 to provide a more accurate comparison to the previous corresponding period.

The period was one of significant progress in delivering on the company strategy and we remain confident in the growth outlook and opportunities across our core products and markets.

LaserBond is a proudly Australian-born advanced manufacturing success story. We focus on commercialising our R&D to extend critical machine life and improve the productivity of our customers here and increasingly overseas. We make money from selling our products, providing services, and licensing technology.

While there were many achievements during the period, when compared to the Jul to Dec 18 period, revenue growth fell shy of our target of double digits, largely as a result of the later than anticipated delivery of key customer contracts in our Products Division. It is important to note that the underlying drivers in this division, which manufactures advanced long-life steel mill rolls and a number of product ranges for Original Equipment Manufacturers, remain very positive and with an ongoing emphasis on export markets.

Our Services Division, which provides inhouse advanced surface engineering technologies from our Sydney and Adelaide facilities, including laser cladding and thermal spraying, delivered a very strong result. Pleasingly, this was underpinned by improved efficiency that reflected investment in our staff capabilities and processes. This was also evident in expanded gross margins for the division which flowed through to a rise of 9% in overall group NPAT (before NGMIP).

Outlook

There remains a number of exciting client opportunities in progress across all divisions. We continue to target double digit growth for the full year from the Products and Services Divisions, and closure of sales from promising enquiries for the Technology Division.

The Company remains committed to our mid-term goal, as outlined at the AGM last year, of delivering $40m in annual revenues through international business development, investment in skills and R&D, and, where appropriate, selective bolt-on acquisitions or overseas greenfields opportunities.

Further detail on operating performance and outlook is held in the Director's Report.

Dividends

In recognition of a solid half year result, our positive outlook, and a strong balance sheet with low gearing, the Directors have declared an interim dividend in line with the previous half of 0.5 cents per share.

Finally, on behalf of the Board, I would like to thank our leadership team and all our team members for their continued dedication and contribution. We also acknowledge our many strategic and collaboration partners and, of course, our shareholders who share the enthusiasm for LaserBond's future.

Philip Suriano, Chairman

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half year to 31st December 2019		Half year to 31st December 2018
Revenues from ordinary activities	$11,255,148	**Up 7.3% from**	$10,489,611
Net profit from ordinary operating activities after tax attributable to members	$1,156,301	**Down 2.0% from**	$1,179,728
Net profit for the period attributable to members	$1,156,301	**Down 2.0% from**	$1,179,728
Earnings per share (cents) from profit attributable to members	1.22	**Down 2.4% from**	1.25
Net tangible assets per ordinary share (NTA Backing - cents)	6.09	**Down 34.2% from**	9.25

Dividend Information

Dividends	Amount Per Share (cents)	Total	Franked Amount	Record Date	Payment Date
2019 Final	0.5	$472,511	100%	13 September 19	11 October 19
2020 Interim	0.5	$473,840	100%	13 March 20	3 April 20

The Board has resolved to pay a 0.5 cent per share fully franked interim dividend. With the forecasted continued growth, the Board expects to be able to continue to pay dividends. As the Board resolution regarding dividends was made after 31st December 2019, the dividend will be paid from retained earnings but is not recognised as a liability in the half-year financial statements.

Dividend Reinvestment Plans

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

The Board has resolved to offer the DRP for the FY2020 interim dividend. The discount applied to determine the market price in accordance with the DRP terms and conditions will be 5%.

Brief Explanation of Results:

For commentary on our half yearly results please refer to the Directors' Report on pages 5 to 8.

Details of Subsidiaries

During the period from 1st July 2019 to 31st December 2019, LaserBond Limited has not gained or lost control over any entities.

Details of Associates and Joint Venture Entities

During the period from 1st July 2019 to 31st December 2019, LaserBond Limited has no interest in any Associates or Joint Venture Entities.

Details of Foreign Entities

During the period from 1st July 2019 to 31st December 2019, LaserBond Limited has no interest in any foreign entities.

Audit Modified Opinion, Emphasis of Matter or other matter

None.

Directors' Report

Your Directors present their report on the entity for the half-year ended 31st December 2019.

Directors

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

Director:	*Position Held*	*In Office Since*
Wayne Hooper	Executive Director	21 April 1994
Gregory Hooper	Executive Director	30 September 1992
Philip Suriano	Non-Executive Chairman	6 May 2008

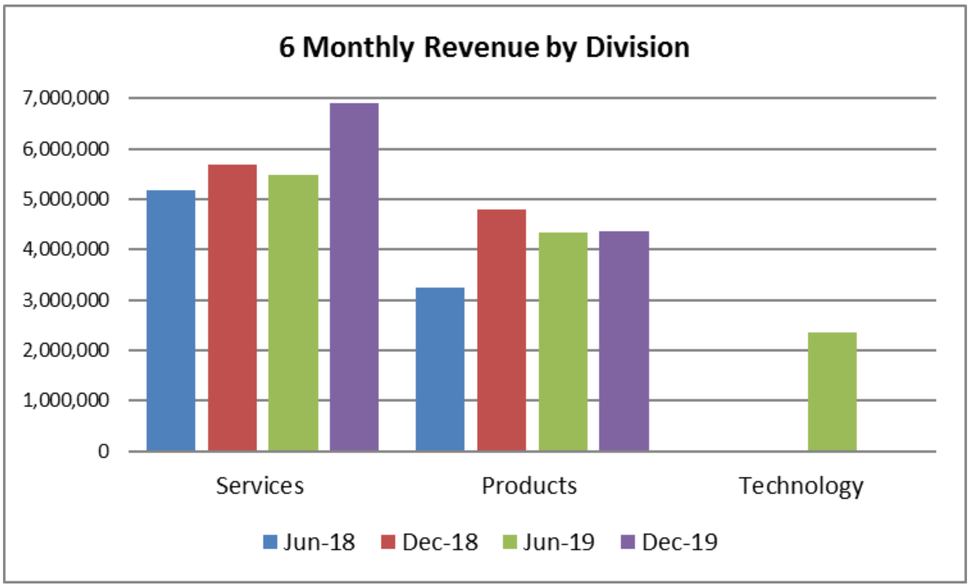
Results for the Half Year Ended 31 December 2019

The company has delivered a pleasing 7.3% growth in revenue over the prior corresponding period (July to Dec 2018). After taking into account the extraordinary other income provided by the Next Generation Manufacturing Investment Program grant completed in FY19 and the impact of AASB 16 Leases related to Right of Use Assets in FY20 to provide a more accurate comparison to the previous corresponding period, profits after tax have also increased by 15.7%.

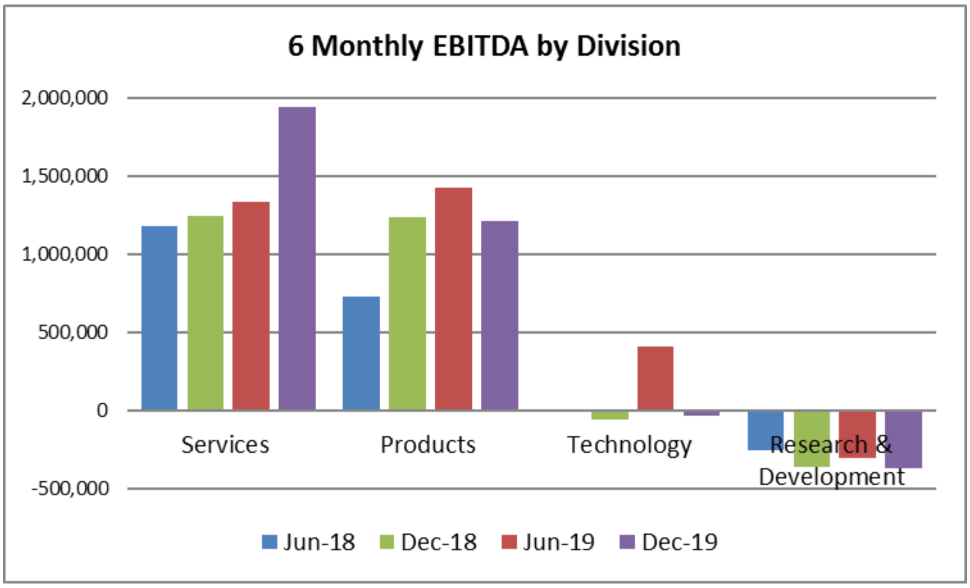
For further detail please refer to the Outlook section of this Directors' Report on pages 6 to 7 and Note 1 b) in the Financial Report.

Results by Reportable Segments

Results by reportable segments are as follows:



- Revenue from operations was $11.255 million, up by 7.3% compared with the previous corresponding period.
- Services achieved revenue of $6.894 million, up by 21% compared with the previous corresponding period.
- Products achieved revenue of $4.361 million, down compared with the previous corresponding period, primarily as a result of timing issues. Actual orders received for Products during the July-Dec 2019 period were up by 1.7% over the July-Dec 2018 period, and further growth is expected in the second half.
- The Technology division reports no revenue in the first half of FY2020, but there are a number of strong leads in the pipeline that the company is working to close, together with license revenue in the second half.



EBITDA from continuing operations was $2.731 million, compared with $2.069 million in the previous corresponding period. This represents a 32% increase on the p.c.p, which also included $0.470 million in government grant income which did not continue in FY2020. Further FY2020's EBITDA is impacted positively by the changes from AASB 16: Leases which requires the recognition of depreciable assets for all Right of Use Assets (facility leases) and a corresponding financial liability on the balance sheet and rental expenses being replaced with depreciation and interest expenses.

The net result of the changes required by AASB 16:Leases related to Right of Use Assets was a reduction in reported NPAT over what it what have been had those changes not taken effect, hence the adjustment to underlying NPAT for comparison purposes.

Gross Profits have continued to increase, with results of 49.6% of revenue compared with 47.2% in the previous corresponding period. This is primarily a result of our recruitment and training programs which have increased capacity, capabilities and efficiencies. The intent remains to have Gross Profits achieve historical rates of 50%.

Outlook

With our proven ability to innovate to service a range of industries, and our solid financial performance and operational platform, the opportunities for the business are diverse. Our 2022 target in sales revenue of $40 million remains on track, with the key focus for the business including continuing recruitment of skill, greater capabilities and efficiencies in operations, and the development of new products and markets, both locally and overseas.

Services Division

The Services division has achieved particularly strong revenue growth in this first half, based on decreased lead times gained by the business increasing its shop floor skills, capability and capacity. Further with the increasing efficiencies gained, gross profits for the service division report 49.9%, an increase of 10% over p.c.p, resulting in a 32% increase in profit before tax forthe division. The plan remains to continue to strongly grow this division's revenue.

Products Division

The Products division achieved some growth comparing to the January to June 19 half-year, and growth in orders received over the p.c.p. Despite the lack of strong growth this first half, the Products division is expected to provide the most revenue growth for the business in the medium term based on the ongoing development of export and domestic markets for other products. This growth includes:

a) A new North American OEM customer commenced purchasing long-life consumable components from LaserBond in December 2019. This revenue is forecast to be an additional $0.7million per annum.

b) Our Steel Mill Roll products are developing well with a number of mills in North America. The business has achieved $0.232 million in the first half from only eight mills. Our business development team is currently building relationships with in excess of twenty mills initially. The company is very confident the products will exceed these mills' expectations in terms of service life, which will generate strong growth in orders.

c) Other products are being developed and under trial with a number of customers.

Technology Division

Opportunities for international growth via technology licensing continue to be developed, and the business is working towards closing an additional sale of equipment in FY2020. LaserBond has employed an experienced licensing consultant to assist in the marketing and sales of the Technology Division offering. This will accelerate this division's revenue.

Our UK licensee will provide revenue in FY2020 in the form of both licensing fees and expected consumable purchases. In the first half of FY20 there has been no revenue reported. The licensee purchased a considerable volume of consumables at the end of FY2019 and we expect sales in the second half. Their licensing fees will commence from March 2020 quarter.

Continuing Investment and Current Commitments

The company continues to invest in resources to increase capability and capacity to underwrite the continuing growth of the business.

Skilled employees continue to be recruited and trained to increase equipment utilisation, especially outside of the day shift. An active recruitment drive remains in place, including the plan to seek additional visa applicants for these positions where local recruitment is proving difficult. Our initial intake of skilled migrants in the first half of calendar year 2019 has proven to be very successful. The company also continues its active apprenticeship scheme to provide our skilled employees of the future.

A number of plans are in place to further add capacity and improve efficiencies. During January 2020, the company installed a new large CNC lathe, particularly designed to increase capacity to manufacture steel mill rolls and other products for the Products Division.

In early March the commissioning of a large CNC vertical borer will be completed. It will provide the ability to machine larger components in-house which will generate increased revenue and opportunities with more customers. Prepayments against this asset are $0.57 million reported within trade and other receivables within the balance sheet.

A CNC grinder will also be installed in March 2020 to improve productivity and margins, particularly for the Products Division.

The company has plans to increase capacity and productivity of LaserBond® cladding equipment for the Products Division through further automation utilising "Industry 4.0" technology. It has an application in place for some assistance from the Federal Government via the Manufacturing Modernisation Fund (MMF).

These plant and equipment purchases will be financed through our usual equipment finance facilities.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 8 of the financial report for the half-year ended 31 December 2019.

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

Wayne Hooper
Director

Gregory Hooper
Director

Dated this 21st Day of February 2020

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

As lead auditor for the review of LaserBond Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

LNP Audit and Assurance Pty Ltd

Archana Kumar
Director

Sydney, 21 February 2020

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 23 are in accordance with the Corporations Act 2001 including:

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

    b. give a true and fair view of the Company's financial position as at 31st December 2019 and of its performance for the half year ended on that date.

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

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

Wayne Hooper
Director

Gregory Hooper
Director

Dated this 21st Day of February 2020

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of LaserBond Limited ('the company'), which comprises the condensed statement of financial position as at 31 December 2019, condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

Director's Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the LaserBond Limited's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the LaserBond Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the LaserBond Limited for the half-year ended 31 December 2019 included on the website of LaserBond Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

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

Conclusion

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

i. giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

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

LNP Audit and Assurance Pty Ltd

Archana Kumar
Director

Sydney, 21 February 2020

Condensed Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2019

	Note	31 Dec 19 $	31 Dec 18 $
Revenue from continuing operations		11,255,148	10,489,611
Cost of Sales		(5,668,702)	(5,534,456)
Gross Profit from continuing operations		**5,586,446**	**4,955,155**
Other Income		216,429	413,177
Advertising & Promotional Expenses		(45,562)	(102,024)
Administration Expenses		(968,668)	(1,332,024)
Depreciation & Amortisation		(955,549)	(379,255)
Employment Expenses		(1,464,910)	(1,231,917)
Finance Costs		(217,272)	(84,041)
Research & Development Costs		(513,668)	(489,879)
Other Expenses		(61,831)	(141,075)
Profit before tax		1,575,415	1,608,117
Income tax expense		(419,114)	(428,389)
Profit for the period		**1,156,301**	**1,179,728**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income attributable to members of LaserBond Limited		**1,156,301**	**1,179,728**
Earnings per share for profit attributable to members:			
Basic and Diluted Earnings per share (cents)		1.22	1.25

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

Condensed Statement of Financial Position
for the Half-Year Ended 31 December 2019

	Note	31 Dec 19 $	30 Jun 19 $
CURRENT ASSETS			
Cash and cash equivalents		1,879,946	2,192,535
Trade and Other Receivables		5,912,907	5,395,681
Inventories		2,546,449	2,547,508
Total Current Assets		**10,339,302**	**10,135,724**
NON-CURRENT ASSETS			
Property, plant and equipment	1(b), 2	10,775,514	5,862,445
Deferred tax assets		378,978	363,355
Intangible Assets		29,500	39,680
Total Non-Current Assets		**11,183,992**	**6,265,480**
TOTAL ASSETS		**21,523,294**	**16,401,204**
CURRENT LIABILITIES			
Trade and Other Payables	3	1,187,107	2,037,970
Employee Benefits		1,043,766	998,778
Lease Liabilities	1(b), 4	1,929,787	641,201
Current Tax Liabilities		413,885	386,327
Total Current Liabilities		**4,574,545**	**4,064,276**
NON-CURRENT LIABILITIES			
Lease Liabilities	1(b), 4	6,018,827	2,213,062
Employee Benefits		51,484	63,642
Total Non-Current Liabilities		**6,070,311**	**2,276,704**
TOTAL LIABILITIES		**10,644,856**	**6,340,980**
NET ASSETS		**10,878,438**	**10,060,224**
EQUITY			
Issued Capital	5	6,859,717	6,725,293
Retained earnings		4,018,721	3,334,931
TOTAL EQUITY		**10,878,438**	**10,060,224**

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

Condensed Statement of Cash Flows
for the Half-Year Ended 31 December 2019

	31 Dec 2019 $	31 Dec 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	13,416,013	13,578,012
Payments to suppliers and employees	(12,305,663)	(11,416,582)
Interest paid	(138,843)	(84,041)
Interest received	1,018	2,558
Income taxes paid	(397,415)	(324,912)
Net cash provided by operating activities	**575,110**	**1,755,035**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(195,585)	79,982
Loans to employees, net	4,524	8,000
Net cash provided by investing activities	**(191,061)**	**87,982**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share issue costs	(3,896)	(3,925)
Repayment of finance leases	(333,991)	(215,220)
Dividends paid	(358,751)	(243,00)
Net cash used in financing activities	**(696,638)**	**(462,145)**
NET INCREASE / (DECREASE) IN CASH HELD	(312,589)	1,380,872
Cash at beginning of period	2,192,535	1,379,062
CASH AT END OF PERIOD	**1,879,946**	**2,759,934**

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

Condensed Statement of Changes in Equity
for the Half-Year Ended 31 December 2019

	Issued ordinary capital	Retained earnings	Total equity
	$	$	$
Opening Balance at 1st July 2018	**6,406,948**	**1,368,049**	**7,774,997**
Profit for the period	-	1,179,728	1,179,728
Dividends paid during the period	-	(372,183)	(372,183)
Issue of Share Capital (net of costs)	152,639	-	152,639
Closing Balance at 31st December 2018	**6,559,587**	**2,175,594**	**8,735,181**
Opening Balance at 1st July 2019	**6,725,293**	**3,334,931**	**10,060,224**
Profit for the period	-	1,156,301	1,156,301
Dividends paid during the period	-	(472,511)	(472,511)
Issue of Share Capital (net of costs)	134,424	-	134,424
Closing Balance at 31st December 2019	**6,859,717**	**4,018,721**	**10,878,438**

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

Notes to the Condensed financial Statements for the Half-Year Ended 31 December 2019

Corporate Information

LaserBond Limited (the company) is a for profit listed public company incorporated and domiciled in Australia. The financial report for the half year ended 31 December 2019 relates to Laserbond Limited as an individual entity. The company specialises in developing technologies and implementing its metal cladding methodologies to increase operating performance and wear life of capital-intensive machinery components.

The financial statements have been approved and authorised for issue by the Board of Directors on 21 February 2020.

Note 1: Significant Accounting Policies

a) General information and basis of preparation

The condensed financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001,* applicable Accounting Standards (including AASB 134 *Interim Financial Reporting)* and other mandatory professional reporting requirements. All amounts are presented in Australian dollars ($AUD). The condensed financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made during the half year to 31 December 2019 in accordance with the continuous disclosure obligations under the Australian Securities and Exchange Listing Rules and and the *Corporations Act 2001*. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2019, except as described below.

b) New and Amended Standards Adopted

The accounting policies adopted in the preparation of the half year financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New and revised standards and amendments and interpretations effective for the company from 1 July 2019 include:

AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases ("AASB 117"), AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases- Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The company has adopted AASB 16 using the modified retrospective method of adoption with the date of initial application being 1 July 2019. The reclassifications and adjustments arising from the transition to AASB 16 are therefore recognised in the opening statement of financial position at 1 July 2019. As the company has adopted the modified retrospective method, there was no restatement of comparative information.

Nature of the effect of adoption of AASB 16

The company is, or has been in the relevant period, lessee under lease contracts for facility premises in New South Wales and South Australia.

Before the adoption of AASB 16, the company classified each of its leases at the inception date as either a finance lease or an operating lease. Facility leases were calssified as operating leases.

Upon adoption of AASB 16, the company applied a single recognition and measurement approach for all leases that it is lessee. AASB 16 provides specific transition requirements and practical expedients, which has been applied by the company.

Leases previously classified as operating leases

The company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the initial date of application being 1 July 2019. The right-of-use assets for leases were recognised at an amount equal to the lease liability at the initial date of application, adjusted for previously recognised prepaid or accrued lease payments.

Application of practical expedients

In applying AASB 16 at the initial date of application being at 1 July 2019, the company has applied the available practical expedients:

- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.

Effect of adopting AASB 16 at 1 July 2019

Impact on the statement of financial position (increase/(decrease)) at 1 July 2019:

	1 Jul 2019
Non-current assets	
Lease assets	5,444,610
Total non-current assets	5,444,610
TOTAL ASSETS	5,444,610
Current liabilities	
Lease liabilities	766,256
Total current liabilities	766,256
Non-current liabilities	
Lease liabilities	4,687,354
Total non-current liabilities	4,687,354
TOTAL LIABILITIES	5,444,610
NET ASSETS	-
Equity	**-**
TOTAL EQUITY	-

There is no impact on the statement of profit or loss and other comprehensive income, statement of cash flows, and basic and diluted earnings per share for the comparative period as the company elected to adopt the modified retrospective approach to transitioning to AASB 16.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019 as follows:

	1 July 2019
Operating lease commitments as at 30 June 2019	2,583,057
Weighted average incremental borrowing rate as at 1 July 2019	5%
Discounted operating lease commitments at 1 July 2019	2,391,905
Add:	
Payments in optional extension periods not recognised as at 30 June 2019	3,052,705
Lease liabilities as at 1 July 2019	5,444,610

Effect of AASB 16 on the six months period ended 31 December 2019

Set out below are the carrying amounts of the company's right-of-use assets and lease liabilities and the movements during the half-year ended 31 December 2019:

	Right of Use Asset - Facility premise	Lease liabilities
As at 1 July 2019	5,444,610	5,444,610
Depreciation expense	(365,898)	-
Interest expense	-	116,959
Payments	-	(381,295)
As at 31 December 2019	5,078,712	5,180,274

Summary of new accounting policies

Set out below are the new accounting policies of the company upon adoption of AASB 16, which have been applied from the date of initial application at 1 July 2019.

Right of use assets

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

Lease liabilities

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

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

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the relevant lease commencement date if the interest rate implicit in the lease is not readily determinable. After the relevant commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgements

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

(a) *Determining the lease term of contracts with renewal options*

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

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

(b) Determining the incremental borrowing rate

The company has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities or right-of-use assets recognised. The company reassesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date based on the term of the lease (or the remaining term of the lease at the initial date of application).

c) Impact of standards issued but not yet effective

Certain new accounting standards and interpretation have been published that are not mandatory for the 31 December 2019 period. The Company does not intend to adopt the standards before the effective date.

Note 2: Plant & Equipment

	31 Dec 2019	30 Jun 2019
Plant & Equipment		
At cost	9,799,941	9,411,567
Less accumulated depreciation	(4,383,585)	(3,865,580)
	5,416,356	5,545,987
Office Equipment		
At cost	254,066	234,734
Less accumulated depreciation	(155,191)	(138,487)
	98,875	96,247
Motor Vehicles		
At cost	569,383	569,383
Less Accumulated depreciation	(387,812)	(349,172)
	181,571	220,211
Right of Use Assets (note 1b)		
At cost	5,444,610	-
Less Accumulated depreciation	(365,898)	-
	5,078,712	-
Total plant & equipment	10,775,514	5,862,445

Note 3: Trade & Other Payables

	31 Dec 2019	30 Jun 2019
Trade Payables	549,511	1,280,494
Superannuation	44,507	44,094
Dividends	38,182	33,955
Other payables and accruals	554,907	679,427
	1,187,107	2,037,970

Trade Payables in June 2019 included $1,060,560 of income in advance for progress payments applicable to the recent Technology sale.

Note 4: Financial Liabilities

	31 Dec 2019	30 Jun 2019
Current Liabilities		
Hire purchase and finance lease	1,064,676	641,201
ROU leases (note 1b)	865,111	-
	1,929,787	641,201
Non-Current Liabilities		
Hire purchase and finance lease	2,078,645	2,213,062
ROU leases (note 1b)	3,940,182	-
	6,018,827	
	7,948,614	2,854,263

Right of Use Asset liabilities have been added for the facility leases for the businesses Smeaton Grange, NSW and Cavan, SA premises. This is as required by AASB 16 Leases amendments and adopted from this reporting period.

Note 5: Contributed Equity

	31 Dec 2019	30 Jun 2019
Issued and Paid Up Capital	6,859,717	6,725,293

	31 Dec 2019 Shares	31 Dec 2019 $	30 Jun 2019 Shares	30 Jun 2019 $
Existing Shares	94,539,442	6,725,293	93,073,489	6,406,648
Issued Shares	196,556	134,424	1,465,953	318,345
	94,735,998	6,859,717	94,539,442	6,725,293

(a) Ordinary Shares

	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2019	Opening Balance	94,539,442		6,725,293
11th October 2019	Non.Exec.Director Remuneration	50,000	39.00	17,578
22nd October 2019	Divended Reinvestment Plan	146,556	74.77	107,648
31st December 2019	ESP Share Based Payment Expense	-	-	9,198
31st December 2019	Closing Balance	94,735,998		6,859,717

Note 6: Dividends

	31 Dec 2019 $	31 Dec 2018 $
Declared fully franked 2019 final dividend of 0.5 cents per share (2018: 0.4)	472,697	372,294
Declared fully franked 2020 interim dividend of 0.5 cents per share (2019: 0.5)	-	-

(a) Dividends not recognised during reporting period

Since 31 December 2019, the Directors have recommended the payment of an interim dividend of 0.5 cents per fully paid ordinary share (2018: 0.5), fully franked based on tax paid at 27.5%. The aggregate amount of the proposed dividend expected to be paid on 3 April 2020 out of retained earnings at 31 December 2019, but not recognized as a liability, is $473,840.

Note 7: Contingent Liabilities

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

Note 8: Subsequent Events

On 3 February 2020 it was announcement that Gregory Hooper, current Execuitive Direcotr and Chief Technology Officer, would be ceasing his role as an Executive on 30 June 2020 and will retire from the Board by that date or earlier subject to the appointment of a replacement. He will remain a consultant aiding the research and development effort. For more information please refer to the ASX announcement.

Note 9: Segment Reporting

The company 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 company operates entirely within Australia.

	31 December 2019			
	Services	Product	Other	Total
Revenue	6,893,706	4,361,442	-	11,255,148
EBITDA	1,939,300	1,231,144	(423,226)	2,747,218
Interest	132,454	83,800	-	216,254
Depreciation & Amortisation	549,368	401,916	4,265	955,549
Profit Before Income Tax	1,257,478	745,428	(427,491)	1,575,415
Income tax expense	(334,640)	(198,239)	113,765	(419,114)
Profit after Income Tax	922,838	547,189	(313,726)	1,156,301
				Dec 19
Assets				21,523,294
Liabilities				(10,644,856)

	31 December 2018			
	Services	Product	Other	Total
Revenue	5,693,680	4,795,931	-	10,489,611
EBITDA	1,232,582	1,261,656	(425,383)	2,068,855
Interest	44,228	37,255	-	81,483
Depreciation & Amortisation	205,465	173,068	722	379,255
Profit Before Income Tax	982,889	1,051,333	(426,105)	1,608,117
Income tax expense	(261,448)	(280,285)	113,344	(428,389)
Profit after Income Tax	721,441	771,048	(312,761)	1,179,728
				Jun 19
Assets				16,401,204
Liabilities				(6,340,980

Note 10: Company Details

Registered Office and Principal Place of Business:

LaserBond Ltd

Principal Place of Business

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

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CAVAN SA 5094
Phone: 08 8262 2289
Fax: 08 8260 2238

Share Registry:

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SYDNEY NSW 2000
Phone: 1300 737 760
www.boardroomlimited.com.au

Auditor:

LNP Audit and Assurance Pty Ltd

Level 14, 309 Kent Street
SYDNEY NSW 2000
www.lnpaudit.com.au