LASERBOND
PRODUCTIVITY | INNOVATION | CONSERVATION

Financial Report

For the Half Year Ended December 2021

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 2021

CONTENTS PAGE

Chairman's Letter	3
Section 1: Appendix 4D	5
Section 2: Half Yearly Financial Report	
Directors' Report	7
Directors' Declaration	13
Auditor's Independence Declaration	14
Independent Auditor's Review Report	15
Condensed Statement of Profit or Loss and Other Comprehensive Income	17
Condensed Statement of Financial Position	18
Condensed Statement of Cash Flows	19
Condensed Statement of Changes in Equity	20
Notes to the Condensed Financial Statements	21

CHAIRMAN'S LETTER

Dear Shareholder

I believe that after the past two years of upheaval to businesses across the globe, LaserBond has earnt its place as a resilient, robust and agile company given its ability not only to preserve its earnings but grow parts of its business to such a level that they have compensated for other more adversely affected parts, enabling material increases in all key total earnings metrics. Furthermore, I believe that without the disruption to the wider economy and our business, we would have met our stated $40 million revenue target.

On behalf of the Board, I am pleased to present the company's results for the half-year ended 31 December 2021. The table below provides a snapshot of increased performance at every level with material gains over the previous corresponding period. Total revenue grew by 13.4% underpinned by the continued revenue growth in the Products division, offsetting the difficulties experienced by the Technology division in accessing vital offshore markets with new technologies. Confirming our strong performance in a new paradigm, net profit before tax rose by 9.7% while net profit after tax increased by 28.1%.

Performance Highlights

	1H22		1H21
Revenue from Continuing Operations	$13.378 M	Up 13.4% from	$11.798 M
EBITDA	$3.367 M	Up 8.8% from	$3.096 M
Net Profit Before Tax	$1.863 M	Up 9.7% from	$1.698 M
Net Profit After Tax	$1.522 M	Up 28.1% from	$1.188 M

The most significant impact of Covid has been the inability to travel both domestically and internationally, curbing our sales efforts in various markets and delaying the introduction of proprietary products and technologies in large, lucrative markets offshore. However, we have concentrated on the domestic marketplace and worked around the constraints as best we can to build other areas of our business, such as the Products division. We continue to feel the impacts that result from employees and/or their families contracting Covid, although we do not believe that the overall financial and operational performance of the business will be materially affected.

During these difficult years, we have remained focused on our growth targets, seeking out potential acquisition businesses which augment or complement our suite of products and services and deliver a considerable leap in revenue. In January this year, we announced the acquisition of the assets and business of QSP engineering, a bolt-on specialised surface engineering company that has serviced the Queensland and northern New South Wales markets for more than 40 years. With our new laser cladding cell now operational in Victoria as well as the new laser cladding facility in Queensland, we can now offer customers superior laser cladding services without the lead times that were inevitable when equipment had to travel interstate for work to be performed. Our expanded footprint underpins the organic growth of our services business with more facilities in more locations that are closer to customer operations.

In December 2021, we raised $10 million via an institutional placement and a further $1.127 million under a share purchase plan to all shareholders in January 2022. The total $11.127 million was raised largely to fund the purchase of the Queensland acquisition with a small amount reserved for increased working capital.

We have also continued to invest in our innovation program with numerous projects underway to test the integrity of our products and technologies with a range of customers and research institutions. We value the market position we have built up over the years with our constant focus on innovation and doing what we do better, and believe we can now realise the value of that sustained, long-term investment in R&D.

Outlook

For a number of years, we have reiterated our intention to achieve a revenue target of $40 million by the end of financial year 2022. Clearly, when we made that commitment, we did not consider the ramifications of a global pandemic that brought about extended travel restrictions and lockdowns and meant that we were unable to fully prosecute our domestic and offshore expansion plans. In November last year, we amended that forecast to approximately $35 million, notwithstanding any contributions from bolt-on acquisitions over the year. However, while we are no different to the many businesses across the country, and indeed the world, who have been affected, we have continued to grow our revenue and profit, turning a greater focus on domestic growth and building up our products sales that are not so heavily reliant on travel to carry us through the difficulties experienced by the Technology division and, to a lesser extent, by the Services division. Our year-on-year growth comes from a constant review and assessment of the operating conditions, the risks to our business and the framework for growth that we have in our strategic plan. With the extension of the plan to 2025, we expect to be able to grow LaserBond's operations to achieve a revenue target in excess of $60 million. This forecast is based on assumptions about both acquisitive and organic growth in a mix of domestic and international markets.

We are also cognisant that the relaxing of state border restrictions, the opening up of international travel and the increasing acceptance of coronavirus as part of the disease landscape in Australia will ameliorate the trading difficulties of the last couple of years and enable us to execute our broader global expansion strategy.

Dividend

In recognition of our favourable half-year result, positive outlook, and strong balance sheet, the Directors have declared an interim dividend of 0.6 cents per share fully franked. This is in line with the interim dividend for FY21 and is equal to the final dividend. It reflects the sound financial and operating performance delivered for this first half as well as the Board's confidence for the business and its growth prospects over the medium-term, balanced by the need for capital to fund such growth.

I would like to thank our shareholders for continuing to believe in our vision and our plans to achieve it. We intend to remain a viable and profitable asset for you into the future. I am happy to note that shareholders who invested more than 12 months ago have enjoyed a 30% increase in their investment over the year, reflecting LaserBond's compound earnings increase of 26% per annum since 2017.

Lastly, I would like to acknowledge again the achievements of the LaserBond team, at every level of the organisation. The current trading environment has confirmed that we have the right team in place to meet the daily challenges brought about by the pandemic in creative and resourceful ways. Their relationships with our customers and suppliers have also helped us to manage business risk and deliver products and services to a range of essential services business.

I look forward to keeping you updated on the innovations underway in a business that has proven its worthiness over the past few difficult years.

Philip Suriano

Chairman

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half year ended 31st December 2021		Half year ended 31st December 2020
Revenues from ordinary activities	$13,378,138	Up 13.4% from	$11,798,110
Net profit from ordinary operating activities after tax attributable to members	$1,522,122	Up 28.1% from	$1,188,349
Net profit for the period attributable to members	$1,522,122	Up 28.1% from	$1,188,349
Earnings per share (cents) from profit attributable to members	1.57	Up 26.6% from	1.24
Net tangible assets per ordinary share (NTA Backing - cents)	25.48	Up 88.6% from	13.51

Net tangible assets includes right of use assets with a carrying value of $3,937,436 as at 31 December 2021 (31 December 2020: $4,414,947)

Dividend Information

Dividends	Amount Per Share (cents)	Total	Franked Amount	Record Date	Payment Date
2021 Final	0.6	$576,332	100%	10 September 21	8 October 21
2022 Interim	0.6	$654,558	100%	11 March 22	8 April 22

The Board has resolved to pay a fully franked interim dividend of 0.6 cent per share. With the forecasted continued growth, the Board expects to be able to continue to pay dividends in the future. As the Board resolution regarding dividends was made after 31st December 2021, 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 FY2022 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

Further detail on operating performance and outlook is held in the Director's Report as well as the ASX release lodged in conjunction with the Report.

Details of Subsidiaries

During the period from 1st July 2021 to 31st December 2021, LaserBond Limited has not gained or lost control over any entities.

Details of Associates and Joint Venture Entities

During the period from 1st July 2021 to 31st December 2021, LaserBond Limited has no interest in any Associates or Joint Venture Entities.

Details of Foreign Entities

During the period from 1st July 2021 to 31st December 2021, 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 2021.

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
Philip Suriano	Non-Executive Chairman	6 May 2008
Wayne Hooper	Executive Director & CEO	21 April 1994
Matthew Twist	Executive Director & CFO	30 June 2020

Overview

The first half of financial year 2022 has demonstrated again the resilience and adaptability of LaserBond with much having been achieved despite the hindrances of travel and customer site visitor restrictions. Against the continuing backdrop of the coronavirus pandemic and all the challenges that it has introduced, the business has consistently produced increased earnings, maintained its unrelenting focus on innovation, raised over $11 million in new equity to fund accelerated growth, and sharpened its focus on domestic expansion plans.

In December, a capital raising attracted $10 million via a well-supported placement to new and existing institutional investors. A further $1.127 million has been raised through a share purchase plan in January 22. These funds were largely employed to fund the acquisition of QSP Engineering, a Queensland business that specialises in surface engineering with a full suite of thermal spraying equipment and laser systems that can be optimised with LaserBond IP and technology to augment its value to our business. The acquisition furthers LaserBond's domestic growth strategy and builds on the Victorian acquisition announced in June 2020. The aim of these acquisitions is to gain complementary businesses that bring skilled personnel, equipment, an existing client base and a platform to roll out LaserBond cladding technology to that new market, and the ability to reduce lead times for existing customers which are located closer to the new premises.

The past two years have evolved in vastly different ways to the scenarios that informed our strategic plans, but we have adapted well and delivered sustainable, profitable earnings growth. In fact, our revenue has increased over the past four halves by a semi-annual compound growth rate of 7% with similar ensuing results in profit after tax. We have also continued to invest in innovation to stay ahead and maintain our position as the leader in our markets with products, services and technologies that are easily accessible, ahead of the innovation curve and cost-effective.

Having pursued our long-held $40 million revenue target by FY22 through most of the Covid period, we amended that target to approximately $35 million at our Annual General Meeting in November last year. While we continue to strive for the original $40 million of revenue, we recognise that with the close proximity of year-end and the continuing impact of the epidemic, we must ensure that expectations are set at a realistic level.

COVID-19 Risk Mitigation

Impacts from Covid largely manifested in travel restrictions, hampering business development and marketing activities, and delaying training and equipment commissioning plans between each facility. Furthermore, LaserBond is a support business for essential services, allowing all sites to remain operational through restrictions or lockdowns over the past two years. However, with the recent escalation of infection rates, several staff were required to isolate in January 2022 due to themselves or members of their households catching the virus. The company is confident the small number of incidents in January will not affect overall output and growth plans.

To mitigate the risk of COVID on all LaserBond sites, the business introduced on-site Rapid Antigen Testing for all employees and visitors from August 2021 in New South Wales and Victoria, and from January 2022 in South Australia. The cost of this testing program to the end of December 2021 was approximately $100,000 in supply costs exclusive of employee time required to manage the process. LaserBond is committed to continuing this program until such time as it no longer deemed necessary for the protection of staff and operations.

Financial Performance

Against the backdrop of continued Covid disruption, all earnings metrics for the half were up. Compared with the previous corresponding period, revenue increased 13.4% to $13.4 million. EBITDA increased by 8.8% to $3.37 million, compared with $3.10 million in the previous corresponding period, while profits before tax increased 9.7% and profits after tax increased 28.1%. As a result, earnings per share increased by 26.6% from 1.24 cents to 1.57 cents.

Cashflow from operations continues to be strong, with a 48.2% increase to $2.57 million, compared to $1.73 million in the previous corresponding period. Net cashflow was $9.82 million from a decrease of $0.29 million in 1H21. Of this increase, $9.36 million flowed from the December capital raising via an institutional placement. While we received the proceeds from the placement in December, the net $1.127 million from the associated share purchase plan was not received until January 2022. Without the proceeds of the new equity, net cashflow increased by $0.75 million over 1H21 to $0.47 million. Cash reserves were $14.73 million on 31 December, after receipt of the funds from the placement but before settlement of the QSP Engineering purchase.

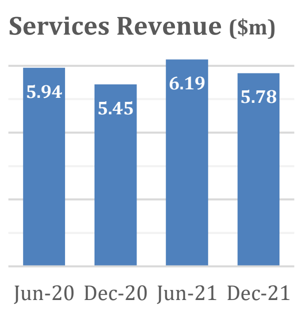
Our balance sheet remains strong with both current and non-current liabilities primarily relating to property lease and equipment finance, with no other borrowings or bank debt. Without the $9 million that was paid for the Queensland business subsequent to balance date, the balance sheet remains healthy, with a comfortable level of working capital and a 10.7% increase in net assets to $15.79 million.

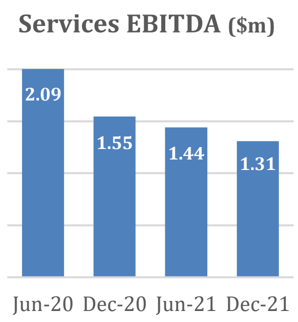
Operational Performance

Our overall operational performance remained robust as evidenced by healthy increases in our revenue and profit which was underpinned largely by a material uplift in Products division sales and a smaller uplift in Services division sales. The Technology division continued to be materially impacted by the pandemic. Our safety performance was stable with no major incidents or injuries.

Services Division

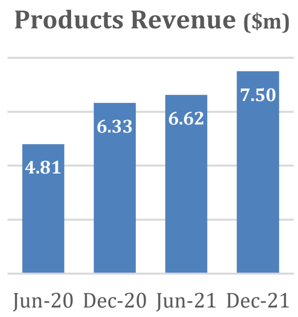
Our Services division achieved revenue of $5.78 million, a 6.1% increase on the previous corresponding period. This increase was largely due to a concentrated sales and marketing drive in Victoria and South Australia.

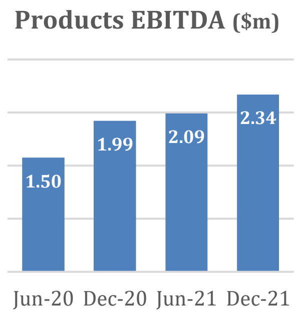




Services Division EBITDA however decreased by 9.1%, after maintaining margins overall, but incurring increased overheads. This was particularly the case in Victoria, where the commissioning of the new LaserBond® cladding cell was delayed due to Covid travel restrictions. The new cell was finally commissioned in late November, and thus had little opportunity to generate revenue in the half. Site closures and deferred maintenance schedules in Victoria, and elsewhere, further impacted revenue. However, we expect increased demand for laser cladding in the second half of the year across all states, particularly as travel restrictions continue to be eased. In particular, higher revenue is expected to be derived from an increase in the capacity of the automated LaserBond® cell commissioning in New South Wales and through additional capacity from the LaserBond® cladding cell commissioned in late November in Victoria. The new Victorian cell, combined with the new Queensland cell will free up capacity in New South Wales and reduce lead times for all customers across those states.

Products Division

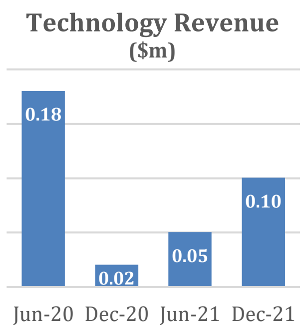


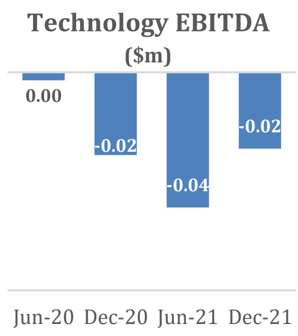


Our Products division has further strengthened since the onset of Covid, achieving revenue of $7.50 million, which represents an 18.5% increase on the previous corresponding period. This revenue includes a 15% increase in revenue from products manufactured under the brands of our OEM customers, an 18% increase in revenue from LaserBond steel mill rolls compared to the previous first half, and the first sales of LaserBond Rotary Feeders to both domestic and international customers.

Products Division EBITDA increased by 12.0% due to volume increases and maintenance of margin, as well as the ongoing effects of sustained efficiency improvements.

Technology Division





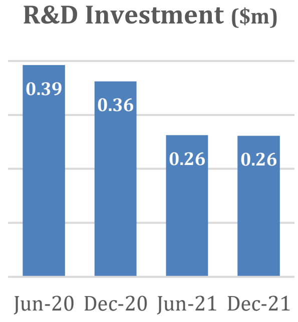
The Technology division remains the most adversely affected by the lingering Covid constraints on domestic and international travel. Revenue for the first half was $100,340 and was derived from licensing fees and consumables for our UK licensee. However, in the second half year, we expect to achieve revenue of approximately $4.2 million relating to the equipment sale of three LaserBond® cladding cells to licensees/customers in North America, New Zealand and Curtin University in Western Australia, as well as initial consumables sales from the first supply of these three cells, and additional license fees and consumables from the existing UK licensee. While our projects team is currently contending with ongoing supply chain issues for some components required for the construction of these three cladding cells, we remain committed to the delivery of each cell by June 2022. The small negative EBITDA for this division is a result of sales and marketing activities for future sales.

With the assistance of Austrade in key Asian markets, as well as expert consultants in Europe, LaserBond continues to engage with customers in negotiation and demonstration of its technologies in pursuit of a number of licensing opportunities and expects to reach agreement with another licensee in the coming months to deliver additional sales revenue for 1H23.

Innovation

LaserBond's business model is founded on innovating to meet specific customer requirements which are then developed for broader application. As a result of this focus, the current product and technology suite, developed over decades, has enormous potential in large and valuable domestic and offshore markets.

LaserBond continues to invest strongly in R&D activities. While the chart indicates lower R&D costs, the reductions merely represent the departure of one staff member due to retirement in February 2021. All R&D activities have continued, unaltered by this change.



During the half, LaserBond's new laser claddings were independently investigated and tested by the University of South Australia and a key customer for the integrity of their wear and corrosion properties. The results were very positive, showing that most applications outperformed existing ones. Further in-field testing continues.

The R&D team also worked with national and international customers to ascertain the extent to which LaserBond's E-Clad laser claddings, which are an ecological and economical alternative to galvanic hard chrome coatings, outperformed the wear properties of surfaces. Work continues to establish whether coating thickness can be reduced, producing an even more cost-effective solution for customers.

Other projects included development and testing of sophisticated real-time process monitoring systems to allow the detection of eventual flaws in laser claddings while they occur, thus increasing productivity, as well as a project with the Institute for Railway Technology to eliminate localised hardening and any safety concerns for reclamation of certain railway components.

Strategy

LaserBond remains committed to its strategy, which focuses on:

- Geographic Expansion – push existing and new products into new markets as well as provide high performance reclamation services in a timely manner to customers in broader markets.
- Capacity and Capability – invest in people, equipment and automation to improve margins and build productivity
- Product and Process Development – innovate, build R&D capability, and stay ahead of the market
- Technology Licensing – build a suite of technologies for sale under long-tailed licensing arrangements.

Over the half we have negotiated and raised capital to acquire QSP Engineering in Queensland to support the Services division with facilities from which to grow locally and expand laser cladding capacity. This comes off the back of a similar acquisition in Victoria in early FY21 and means that we now have a geographic footprint down the Eastern Seaboard from which to service customers and expand sales. We have also achieved significant growth in our Products division through increased sales and marketing activity, with likely warehousing, distribution and possibly manufacturing offshore.

We have invested in people and equipment to expand capacity and capability to support growth and we have continued our commitment and investment in research and development to identify opportunities for future market solutions as we strive to retain and enhance our market leadership position.

LaserBond continues to seek the next expansion with acquisitions targeted in Western Australia and, as international borders reopen and countries become confident in managing Covid such that they relax restrictions, the company will resume its focus on selling its products and technologies into lucrative markets in North America, Asia and Europe.

Outlook

Just prior to the pandemic, LaserBond was poised to enter some large, high value markets in the US and Asia with a range of its proprietary products and technologies. Now, with the raising of international travel bans and the refining of our original sales plans, we intend to pursue our international expansion strategy to realise the value of those markets. In May this year, LaserBond will present at the Association for Iron and Steel Technology conference in Pennsylvania, an event that attracts virtually the entire steel mill market in North American. Similarly, with most Australia states having achieved high levels of full vaccination, and as restrictions ease across Australia and parts of Asia, we can resume our efforts to aggressively sell our products and technologies into those markets.

We also expect a strong performance from our Services division with the additional capacity for laser cladding in both Queensland and Victoria and the consequent releasing of excessive demand on the NSW operations to fulfil a backlog of demand from customers up and down the Eastern Seaboard. Given the anticipated easing of site restrictions, we anticipate strong demand to accommodate the backlog of delayed maintenance work over the latest period of restrictions and lockdowns. The business is also managing the impact of the virus as it spreads to employees and their families. However, a comprehensive testing program is in place, enabling minimisation of this impact and all sites to remain productive. The small number of incidents is not expected to affect the company's overall performance. Risks associated with skills shortages can also now be resolved with the opening of international borders and the hiring of skilled labour from offshore.

Despite the continual, material increases in its earnings metrics, positive cash flows and a strong balance sheet, LaserBond's growth has been hampered by the outbreak off Covid and its repercussions on the economy, and indeed, the whole of society. And yet our business remains strong, committed and on the cusp of realising some material gains from an innovation program that we have invested in consistently for many decades. Not only do we have a rock-solid operating platform with a blue-chip client base in sectors that are deemed to be essential to the health and wellbeing of society, we have developed a suite of proprietary products and technologies that are more effective and cost-efficient than the alternatives. To complete the equation, we have sizeable markets for these products and technologies in North America, Asia and in Australia.

There is no doubt that our products and technologies have enormous potential in large and valuable markets, both here and offshore. The epidemic has merely curbed the rollout of our international expansion strategy. We believe that these markets will embrace our offerings, increasing Products sales and opening up long-term revenue streams from technology licensing sales.

At our Annual General Meeting last November, we revised our long-term revenue target of $40 million by the end of financial year 2022 to approximately $35 million based on the impact of Covid on our operations. Having extended our strategic plan to 2025 year-end, we expect to be able to achieve a revenue target of in excess of $60 million. This target, however, is underpinned by several assumptions, including the presumption that the constraints to our business and our customers' operations will have eased to the point that normal economic conditions can prevail.

Events subsequent to balance date

Settlement for the acquisition of QSP Engineering Pty Ltd located in Queensland occurred 1st February 2022 which includes all staff, plant & equipment, ongoing contracts, facility leases and trading names. The $9 million purchase price was funded by a placement raising $10 million prior to the costs of the raising. A share purchase plan associated with the placement raised a further $1.127m for working capital. For further information please refer to the ASX announcements from 14th December, and the commentary and notes throughout this report.

Else, there has not been any other item, transaction, or event of a material nature likely, in the opinion of the Directors, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the company in subsequent financial years.

Auditor’s Independence Declaration

The lead auditor’s independence declaration under section 307C of the Corporations Act 2001 is included on page 14 of the financial report for the half-year ended 31 December 2021.

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

Executive Director

Dated this 23rd day of February 2022.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The half-year financial statements and notes, as set out on pages 17 to 25 are in accordance with the Corporations Act 2001 including:
   a) complying with Accounting Standards AASB134: Interim Financial Reporting and the Corporations regulation 2001; and
   b) giving a true and fair view of the Company's financial position as at 31st December 2021 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

Executive Director

Dated this 23rd Day of February 2022.

LNP Audit + Assurance

ABN 65 155 188 837

L8 309 Kent Street Sydney NSW 2000
+61 2 9290 8515

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

L14 167 Eagle Street Brisbane QLD 4000
+61 7 3607 6379

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 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the 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, 23 February 2022

LNP Audit + Assurance

ABN 65 155 188 837

L8 309 Kent Street Sydney NSW 2000
+61 2 9290 8515

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

L14 167 Eagle Street Brisbane QLD 4000
+61 7 3607 6379

www.lnpaudit.com

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

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of LaserBond Limited, (the Company), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of LaserBond Limited's does not comply with the Corporation Act 2001 including:

(a) Giving a true and fair view of LaserBond Limited's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
(b) complying with Australian Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity.* Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporation Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The Directors of the Company 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 internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 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*.

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.

LNP Audit and Assurance Pty Ltd

Archana Kumar
Director
Sydney, 23 February 2022

Condensed Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2021

	Notes	31 Dec 2021 $	31 Dec 2020 $
Revenue from continuing operations		13,378,138	11,798,110
Cost of Sales		(6,114,711)	(5,808,691)
Gross Profit from continuing operations		**7,263,426**	**5,989,419**
Other Income	2	196,470	839,163
Administration Expenses		(1,246,861)	(1,118,653)
Depreciation & Amortisation		(1,287,443)	(1,174,758)
Employment Expenses		(2,380,314)	(1,980,759)
Finance Costs		(217,936)	(224,295)
Research & Development Costs		(261,038)	(451,363)
Other Expenses		(202,916)	(180,741)
Profit before tax		**1,863,388**	**1,698,013**
Income tax expense		(341,266)	(509,664)
Profit for the period		**1,522,122**	**1,188,349**
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income attributable to members of LaserBond Limited		**1,522,122**	**1,188,349**
Earnings per share for profit attributable to members:			
Basic and Diluted Earnings per share (cents)		1.57	1.24

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

Condensed Statement of Financial Position

for the Half-Year Ended 31 December 2021

	Notes	31 Dec 2021 $	30 Jun 2021 $
CURRENT ASSETS			
Cash and cash equivalents		14,729,994	4,907,855
Trade and Other Receivables		6,754,834	5,806,508
Inventories	3	4,426,805	3,437,194
Current Tax Assets		769,160	777,495
Total Current Assets		**26,680,793**	**14,929,052**
NON-CURRENT ASSETS			
Property, plant and equipment	4	13,574,605	13,991,383
Deferred tax assets		557,557	533,142
Intangible Assets		147,074	77,312
Total Non-Current Assets		**14,279,236**	**14,601,837**
TOTAL ASSETS		**40,960,029**	**29,530,889**
CURRENT LIABILITIES			
Trade and Other Payables	5	4,100,689	2,370,809
Employee Benefits		1,723,399	1,530,701
Financial Liabilities	6	2,331,873	2,239,705
Total Current Liabilities		**8,155,961**	**6,141,215**
NON-CURRENT LIABILITIES			
Financial Liabilities	6	7,356,080	8,461,672
Employee Benefits		72,959	63,803
Deferred Tax Liability		586,425	602,524
Total Non-Current Liabilities		**8,015,464**	**9,127,999**
TOTAL LIABILITIES		**16,171,425**	**15,269,214**
NET ASSETS		**24,788,604**	**14,261,675**
EQUITY			
Issued Capital	7	16,959,568	7,378,717
Retained earnings		7,829,036	6,882,958
TOTAL EQUITY		**24,788,604**	**14,261,675**

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

Condensed Statement of Cash Flows
for the Half-Year Ended 31 December 2021

	31 Dec 2021 $	31 Dec 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	16,040,447	13,460,479
Payments to Suppliers and Employees	(12,908,466)	(11,053,879)
Interest Paid	(217,936)	(224,295)
Interest Received	792	894
Income Taxes Paid	(344,467)	(448,708)
Net cash provided by operating activities s	**2,570,370**	**1,734,491**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Plant and Equipment	(506,604)	(423,234)
Payment for Acquisitions	(250,000)	(805,851)
Loans to Employees, net	7,683	(4,000)
Net cash used in investing activities	**(748,921)**	**(1,233,085)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares, net	9,356,754	(8,195)
Repayment of Finance Leases	(916,751)	(347,839)
Dividends Paid	(439,313)	(432,227)
Net cash used in financing activities	**8,000,690**	**(788,261)**
NET (DECREASE) / INCREASE IN CASH HELD	9,822,139	(286,855)
Cash at Beginning of Period	4,907,855	3,997,653
CASH AT END OF PERIOD	14,729,994	3,710,798

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 2021

	Issued ordinary capital	Retained earnings	Total equity
	$	$	$
Opening Balance at 1st July 2020	7,042,358	5,193,847	12,236,205
Profit for the period	-	1,188,349	1,188,349
Dividends paid during the period	-	(574,642)	(574,642)
Issue of Share Capital (net of costs)	162,763	-	162,763
Closing Balance at 31st December 2020	7,205,121	5,807,554	13,012,675
Opening Balance at 1st July 2021	7,378,717	6,882,958	14,261,675
Profit for the period	-	1,522,122	1,522,122
Dividends paid during the period	-	(576,044)	(576,044)
Issue of Share Capital (net of costs)	9,580,851	-	9,580,851
Closing Balance at 31st December 2021	16,959,568	7,829,036	24,788,604

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 2021

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 2021 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. LaserBond operates from facilities in New South Wales, South Australia, and Victoria.

The financial statements have been approved and authorised for issue by the Board of Directors on 23rd February 2021.

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 2021 and any public announcements made during the half year to 31 December 2021 in accordance with the continuous disclosure obligations under the Australian Securities and Exchange Listing Rules 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 2021, unless stated otherwise.

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 2021, except for the adoption of new standards effective as of 1 July 2021. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The company has adopted all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and are effective for the financial year beginning 1 July 2021. Adoption of these standards did not have a material impact on the company's half year financial report.

Note 2: Other Income

	31 Dec 2021	31 Dec 2020
	$	$
Job Keeper Subsidy	-	649,500
Grant Revenue	50,651	164,465
Other Income	147,819	25,198
	198,470	839,163

Note 3: Inventories

Stock on Hand – Raw Materials	2,219,248	2,194,360
Stock on Hand – Finished Goods	228,326	412,210
Work in Progress	1,979,231	830,624
	4,426,805	3,437,194

The increase in work in progress is largely based around the three Technology division equipment sales, currently under construction. Revenue recognition of approximately $3.9 million from these three equipment sales is expected to occur during the second half of the 2022 fiscal year.

Note 4: Property, Plant & Equipment

	31 Dec 2021	30 Jun 2021
	$	$
Prepayments of Assets (a)	1,436,381	1,219,473
Plant & Equipment		
At cost	15,153,531	14,623,436
Less accumulated depreciation	(7,216,981)	(6,459,416)
	7,936,550	8,164,020
Office Equipment		
At cost	350,917	287,930
Less accumulated depreciation	(231,491)	(213,059)
	119,426	74,871
Motor Vehicles		
At cost	612.077	565,762
Less Accumulated depreciation	(467,265)	(447,290)
	144,812	118,472
Right of Use Assets		
At cost	6,082,032	6,082,032
Less Accumulated depreciation	(2,144,596)	(1,667,485)
	3,937,436	4,414,547
Total property, plant & equipment	13,574,605	13,991,383

Prepayments of assets includes the work in progress related to the design and construction of the automated laser cladding cell developed for the NSW facility, plus a small deposit on a new universal cylindrical grinder also for the NSW facility.

Note 5: Trade and Other Payables

Income in Advance	2,418,173	449,295
Other Payables and Accrued Expenses	1,682,516	1,921,514
	4,100,689	2,370,809

Income in advance relates to deposits and progress payments as per the Technology division's contracts for the supply of three laser cladding cells to North America, New Zealand, and Curtin University in WA.

Note 6: Financial Liabilities

	31 Dec 2021 $	30 Jun 2021 $
Current Liabilities		
Hire purchase and finance lease	1,478,715	1,366,547
Lease Liabilities (AASB 16)	873,158	873,158
	2,331,873	2,239,705
Non-Current Liabilities		
Hire purchase and finance lease	3,869,362	4,546,103
Lease Liabilities (AASB 16)	3,486,718	3,915,569
	7,356,080	8,461,672
	9,587,953	10,701,377

Note 7: Contributed Equity

Issued and Paid-Up Capital	16,959,568	7,378,717

In December 2021, LaserBond was successful in raising $10 million (before costs) through a placement, issuing 11,494,253 shares at 0.87 cents per share.

	31 Dec 2021 Shares	31 Dec 2021 $	30 Jun 2021 Shares	30 Jun 2021 $
Existing Shares	96,055,413	7,378,717	94,414,650	7,042,358
Issued Shares	11,742,097	9,580,851	640,763	336,359
	107,797,510	16,959,568	96,055,413	7,378,717

a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1 July 2021	Opening Balance	96,055,413		7,378,717
8 October 2021	Dividend Reinvestment Plan	167,844	0.5455	132,921
8 November 2021	Director Non-Cash Remuneration	80,000	0.3950	74,350
23 December 2021	Share Placement	11,494,253	0.8700	9,361,998
31 December 2021	ESP Share Based Payment Expense	-	-	11,582
31 December 2021	Closing Balance	107,797,510		16,959,568

Note 8: Dividends

	31 Dec 2021 $	31 Dec 2020 $
Declared fully franked 2021 final dividend of 0.6 cents per share (2020: 0.6)	574,360	574,642

Dividends not recognised during reporting period

Since 31 December 2021, the Directors have recommended the payment of an interim dividend of 0.6 cents per fully paid ordinary share (2020: 0.6 cents), fully franked based on tax paid at 25.0%. The aggregate amount of the proposed dividend expected to be paid on 8 April 2022 out of retained earnings at 31 December 2021, but not recognised as a liability, is $654,558.

Note 9: Related Party Transactions

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

(a) Other Related Parties	31 Dec 2021 $	31 Dec 2020 $
Labour Costs		
Payroll persons related to executive directors	126,388	128,864

Note: this is exclusive of executive director remuneration which is included in the remuneration report within the Directors' Report of the 2021 Annual Report.

(b) Key Management Personnel Transactions

Employment Benefits - Directors	360,852	298,644
Consultants		
Hawkesdale Group	12,500	24,375

These consultant fees are paid to non-executive director related entities and relate to services to support executive functions. Fees relative to a non-executive director's board fees are included in the remuneration report within the Directors' Report of the 2021 Annual Report. Hawkesdale Group provided consultancy services related to sales support and strategy development. This is a director related entity.

Superannuation		
Contribution to superannuation funds on behalf of key management personnel	36,361	35,771

Note 10: Contingent Liabilities

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

Note 11: Subsequent Events

Settlement for the acquisition of QSP Engineering Pty Ltd located in Queensland occurred 1st February 2022 which includes all staff, plant & equipment, ongoing contracts, facility leases and trading names. The $9 million purchase price was funded by a placement raising $10 million prior to the costs of the raising. A share purchase plan associated with the placement raised a further $1.127m for working capital. For further information, please refer to the ASX announcements from 14th December, and the commentary and notes throughout this report.

Else, there has not been any other item, transaction, or event of a material nature likely, in the opinion of the Directors, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the company in subsequent financial years.

Note 12: 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 2021				
	Services $	Product $	Technology $	R&D $	Total $
Revenue	5,776,356	7,501,442	100,340	-	13,378,138
EBITDA	1,310,376	2,339,366	(20,512)	(261,254)	3,367,976
Interest	94,466	122,679	-		217,145
Depreciation & Amortisation	552,700	717,761	-	16,982	1,287,443
Profit Before Income Tax	663,210	1,498,926	(20,512)	(278,236)	1,863,388
Income tax expense	(121,462)	(274,516)	3,757	50,955	(341,266)
Profit after Income Tax	541,748	1,224,410	(16,755)	(227,281)	1,522,122
					Dec 21
Assets					40,957,029
Liabilities					(16,168,425)

	31 December 2020				
	Services $	Product $	Technology $	Other $	Total $
Revenue	5,446,099	6,331,581	20,430	-	11,798,110
EBITDA	1,545,827	1,992,431	(22,808)	(396,470)	3,096,172
Interest	103,302	120,098	-	-	223,400
Depreciation & Amortisation	533,585	620,341	-	20,833	1,174,759
Profit Before Income Tax	908,940	1,251,992	(22,808)	(440,111)	1,698,013
Income tax expense	(263,961)	(363,584)	6,624	111,257	(509,664)
Profit after Income Tax	644,979	888,408	16,184	(328,854)	1,188,349
					Jun 21
Assets					29,530,889
Liabilities					(15,269,214)

Company Details

Registered Office and Principal Place of Business:

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

Divisions of Head Office:

South Australia	112 Levels Road CAVAN SA 5094 Phone: 08 8262 2289
Victoria	26-32 Aberdeen Road ALTONA VIC 3018 Phone: 03 9398 5925
Queensland (as of 1st February 22)	74 High Road BETHANIA QLD 4205 Phone: 07 3200 9733

Share Registry:

Boardroom Pty Ltd	Grosvenor Place Level 12, 225 Kent Street SYDNEY NSW 2000 Phone: 1300 737 760 www.boardroomlimited.com.au

Auditor:

LNP Audit & Assurance Pty Ltd	Level 8, 309 Kent Street SYDNEY NSW 2000 www.lnpaudit.com.au

Solicitor:

HWL Ebsworth Lawyers	Level 14, Australia Square 264-278 George Street SYDNEY NSW 2000 Phone: +61 2 9334 8555

Bankers:

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