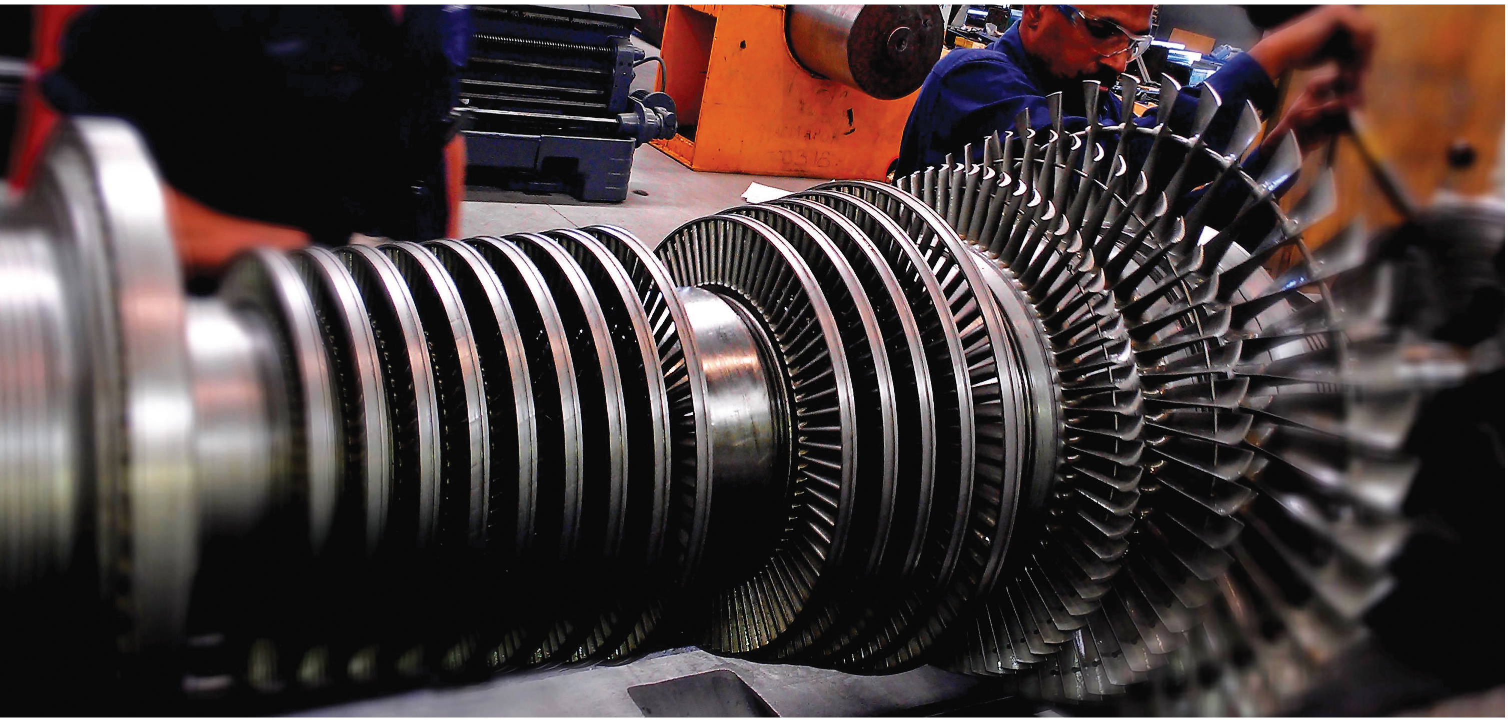
LASERBOND®

EXTENDING MACHINERY LIFE WITH
ADVANCED SURFACE ENGINEERING



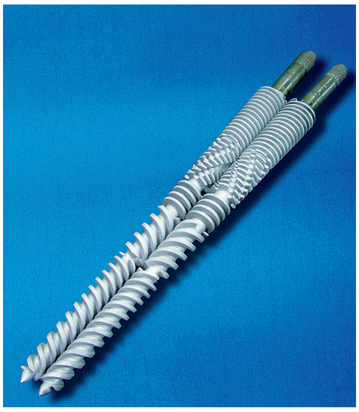
Shareholder's Annual Report

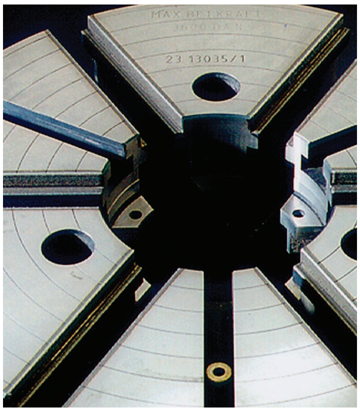
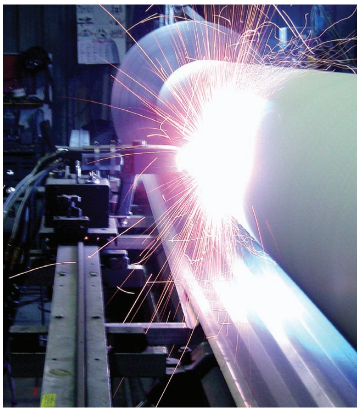
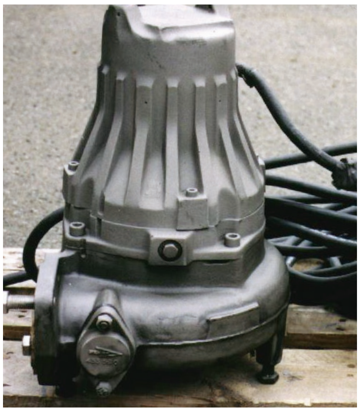
Laserbond Limited

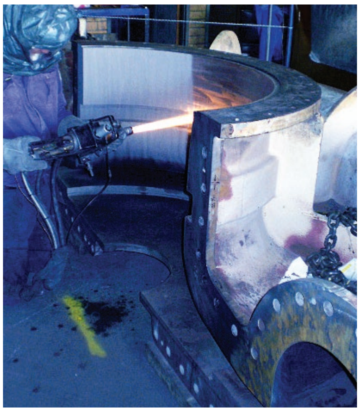
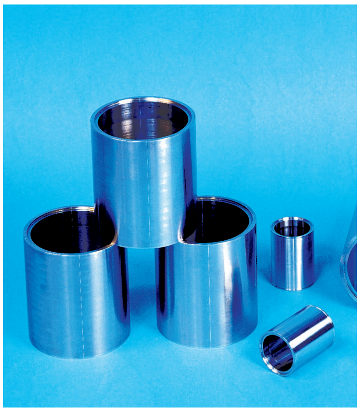
ABN 24 057 636 692

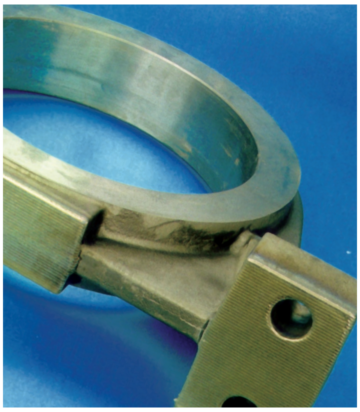
For year ended 30th June 2014

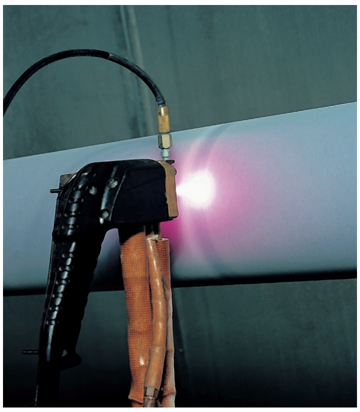
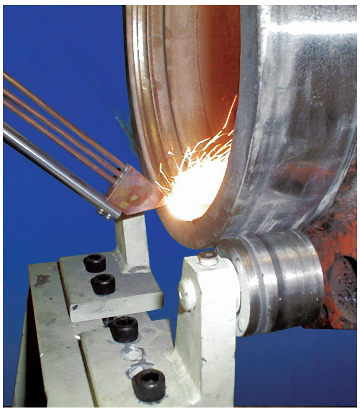
All comparisons to year ended 30th June 2013

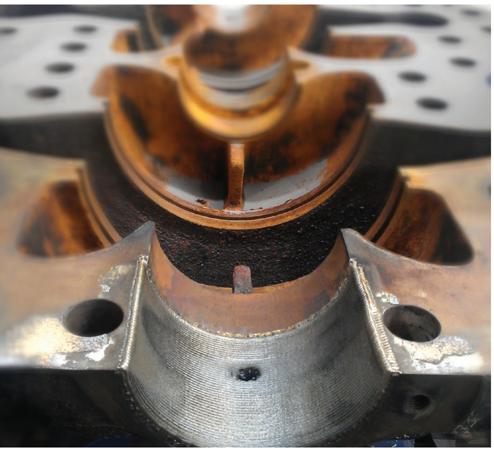




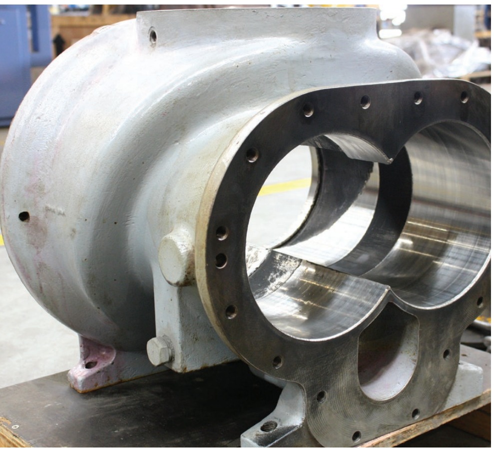



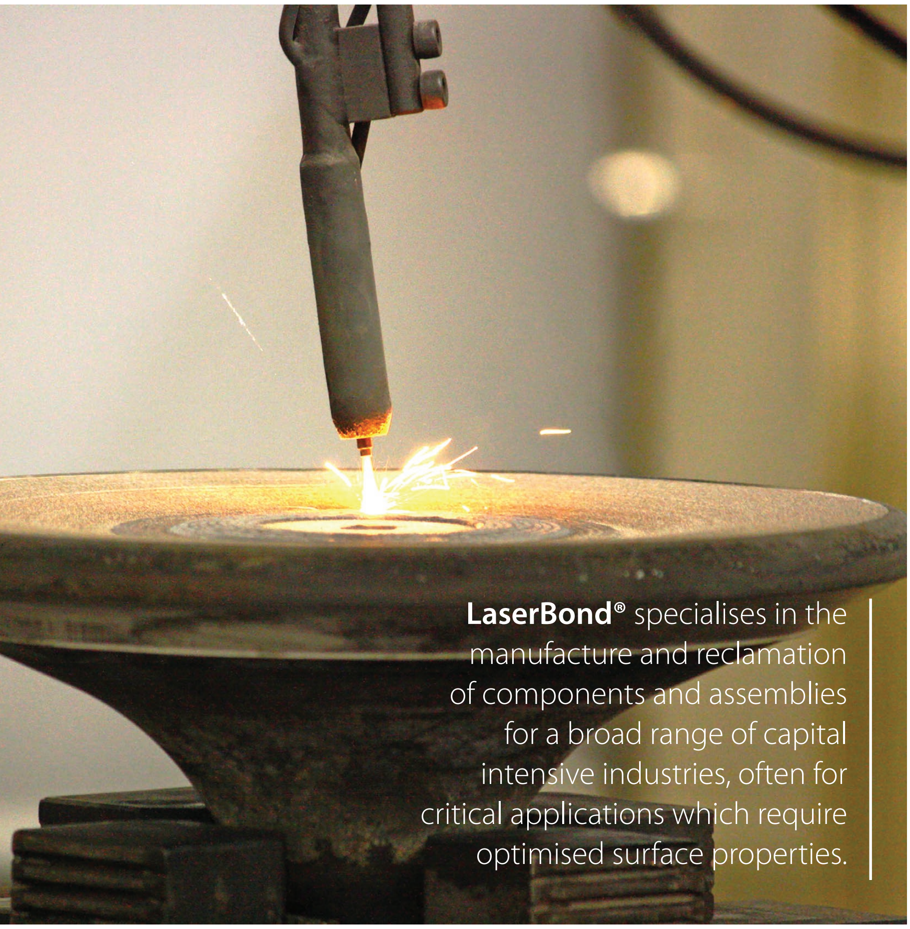



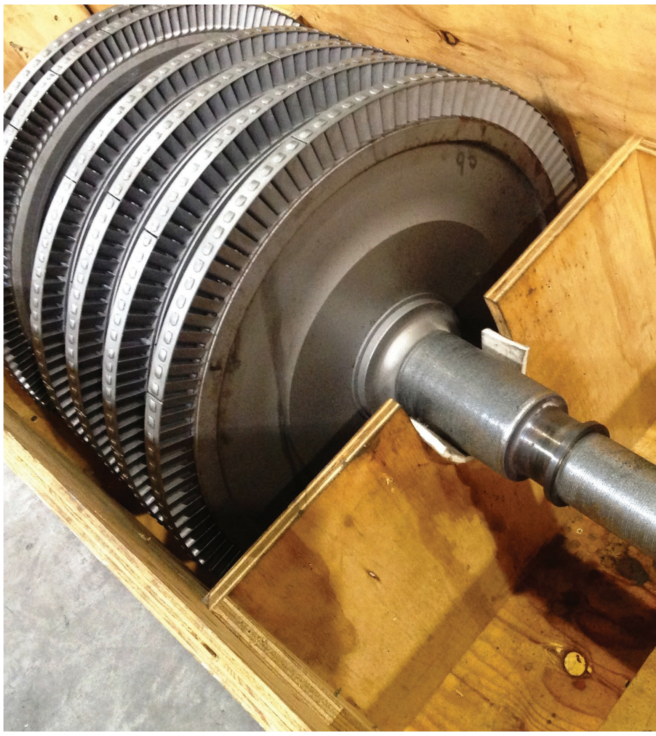

Contents

LaserBond® specialises in the manufacture and reclamation of components and assemblies for a broad range of capital intensive industries, often for critical applications which require optimised surface properties.



About LaserBond Ltd

LaserBond® is a long established innovative company that has developed and implemented advanced surface engineering techniques to dramatically reduce the maintenance and operating costs of industrial customers. It operates from sites in Sydney NSW and Adelaide SA. **LaserBond®** specialises in the manufacture and reclamation of components and assemblies for a broad range of capital intensive industries, often for critical applications which require optimised surface properties.

LaserBond® commenced trading as HVOF Australia Pty Ltd in September 1992 with a vision of reducing maintenance costs and extending machinery life across a range of industries through the adoption of leading edge technologies. The formation of the Company coincided with a significant technology development in thermal spraying known as High Pressure High Velocity Oxy Fuel (HP HVOF). HP HVOF considerably increased the quality and performance of thermally sprayed coatings and, as a consequence, greatly broadened the range of potential coating applications. By initially concentrating on these new applications and supporting their development with an extensive in-house metallographic laboratory, the Company quickly established itself as a technical leader in the thermal spray market. In 2001, after significant research, **LaserBond®** commissioned its first laser cladding system, to further broaden its capabilities, and to provide its customers with access to coatings and overlays with a full metallurgical bond. This technology permits the deposition of precision layers of material, with minimal heat input, and no unfavorable metallurgical side effects.

This portfolio of technologies allows **LaserBond®** to reclaim almost any industrial component, often improving its inherent properties. Alternatively **LaserBond®** manufactures new components, incorporating surface enhancing technologies where appropriate to dramatically increase the service life.

Reclamation and Surface Engineering

The low carbon alternative

LaserBond® can reclaim fatigued and worn industrial parts at a fraction of the cost of a replacement part, whilst improving resistance to wear and corrosion, increasing reliability and service life. New components and replacement parts can also be surface engineered to provide extended service life in a range of challenging environments and applications.

With the issues concerning carbon emissions, the abilities of **LaserBond®** to increase the service life of industrial components provide significant opportunities. The steel industry estimates that around 30gigajoules of energy is required to produce one tonne of steel. Through utilisation of its surfacing technologies, **LaserBond®** can dramatically extend the useful life of wearing industrial components without the need for replacement. A component originally manufactured from one tonne of steel may typically be reclaimed and placed back into service with only 1gigajoules of energy consumed, thereby dramatically reducing total carbon emissions.

Some of the industries we serve include:

- mining equipment
- slurry pumps
- valves and fluid handling
- alumina refining
- aluminium smelting
- natural gas extraction and processing
- steel making & processing
- oilfield drilling and exploration
- paper making & conversion
- timber and chipboard
- materials screening and handling
- road and rail equipment
- power generation
- water and waste water treatment
- aluminium manufacture and rolling
- printing and packaging
- plastic and film manufacturing
- blades and toolmaking
- glass manufacturing
- automotive and motorsport
- concrete and building products
- aerospace and gas turbines
- food production and processing
- merchant and defence marine
- chrome plate alternatives
- agriculture

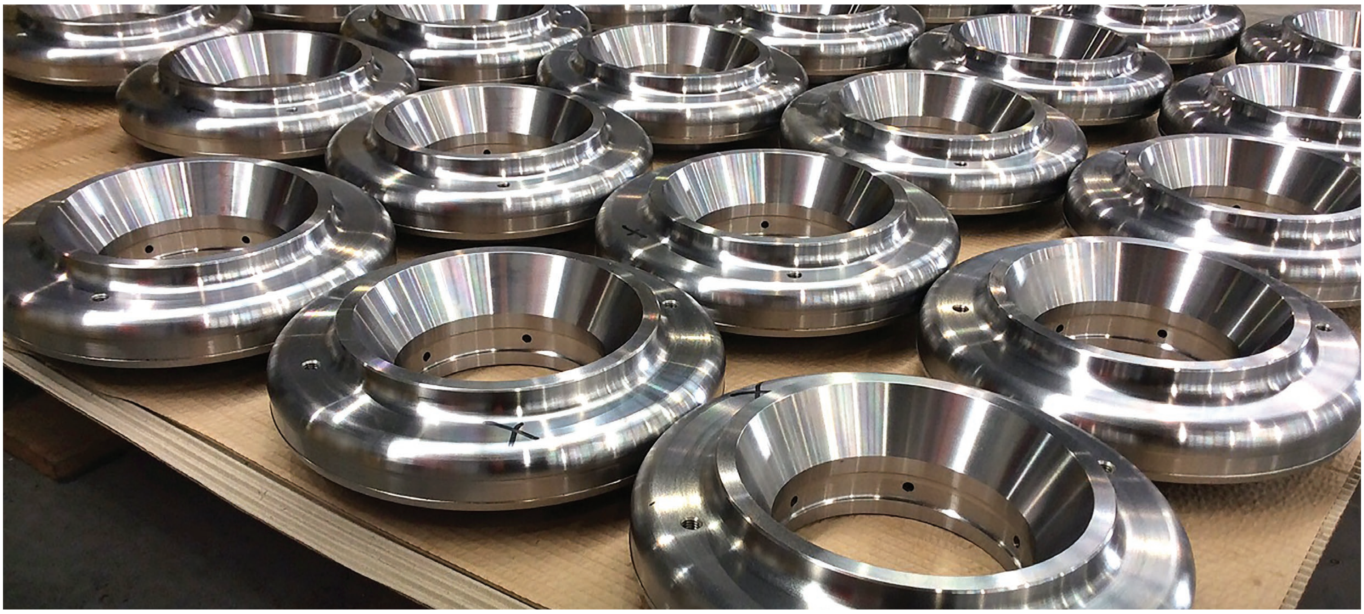
LaserBond®

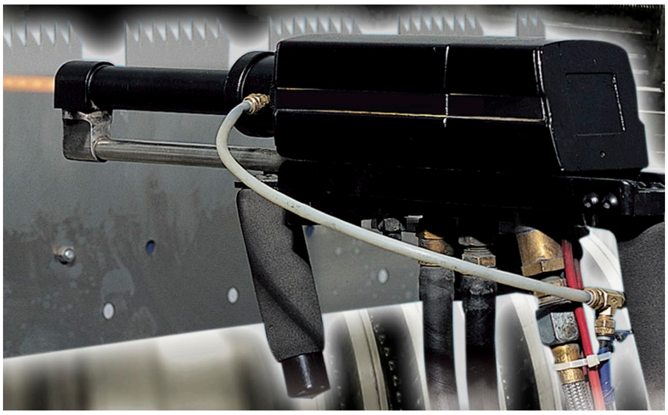
The **LaserBond®** process produces deposits with a full metallurgical bond utilising a precisely focused laser beam, providing infinite control of the energy and heat transfer to the base material. Temperature sensitive components and materials, such as hardened shafts, gears etc, can be repaired with minimal risk of distortion or other undesirable heat effects.

The metallurgical bond allows **LaserBond®** applied layers to be used in high impact, heavily loaded situations with no risk of spalling or separation of the overlay. The infinite controllability of the laser energy allows minimisation of undesirable thermal decomposition of hard phases such as carbides, resulting in optimum wear resistance.

Due to the extremely low dilution with the substrate, thin layers of high performance corrosion and wear resistant materials can be applied. High performance layers from 0.3mm are possible. Thick overlays for significant repairs of up to 20mm can also be applied in multiple passes. Heat affected zones are minimised and the stress related cracking inherent in welded or Plasma Transferred Arc applied hard facing is generally eliminated.

Standard **LaserBond®** overlay options include Tungsten Carbide, Stainless Steels, Nickel alloys such as Inconel, and Cobalt alloys such as Stellite[1]. Other materials can be applied on request.





Thermal Spraying

Thermal Spraying processes produce high performance surfaces with a mechanical bond. There is absolutely no risk of distortion or metallurgical changes as component temperatures are kept low, generally below 200°C.

HP HVOF

The High Pressure High Velocity Oxy Fuel process applies coating material at supersonic velocities, resulting in surfaces of the highest possible quality and performance. HP HVOF coatings are very dense, very well bonded, and free of the oxides and tensile stresses typically found in coatings produced with other thermal spray processes. Consequently, they perform better in most service environments.

HP HVOF wear resistant coatings are being adopted globally as an environmentally friendly, and technically superior, alternative to Chrome plating on components such as aircraft landing gears.

Surfaces combining resistance to corrosion and wear are also routinely applied by HP HVOF.

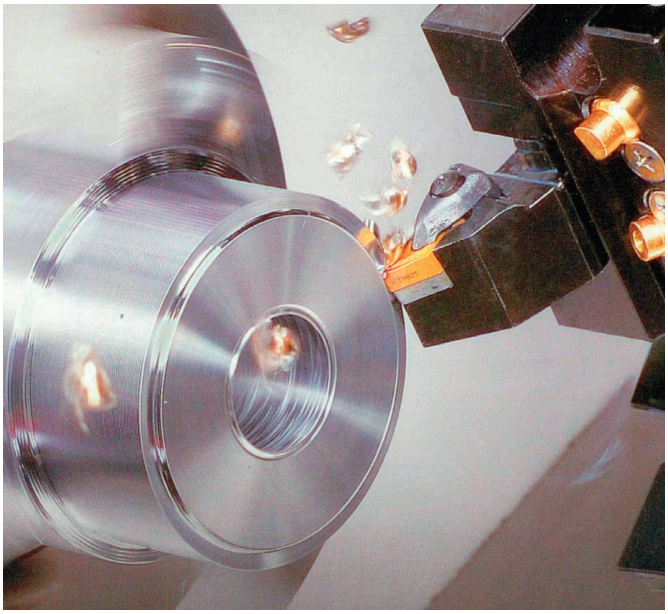
LaserBond® approved HP HVOF coatings include Tungsten Carbide, Chrome Carbide, Nickel based alloys (e.g. Inconel 625 and 718), Cobalt alloys such as Stellite[1], Stainless Steels and Copper based alloys.

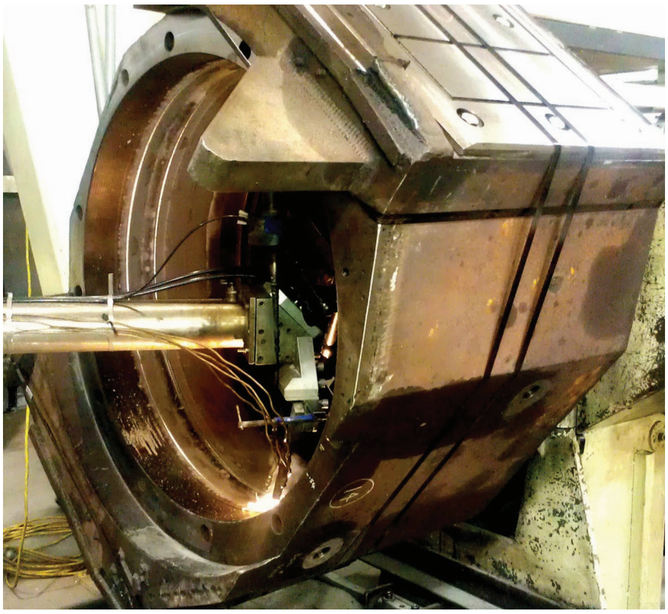
Plasma Spray

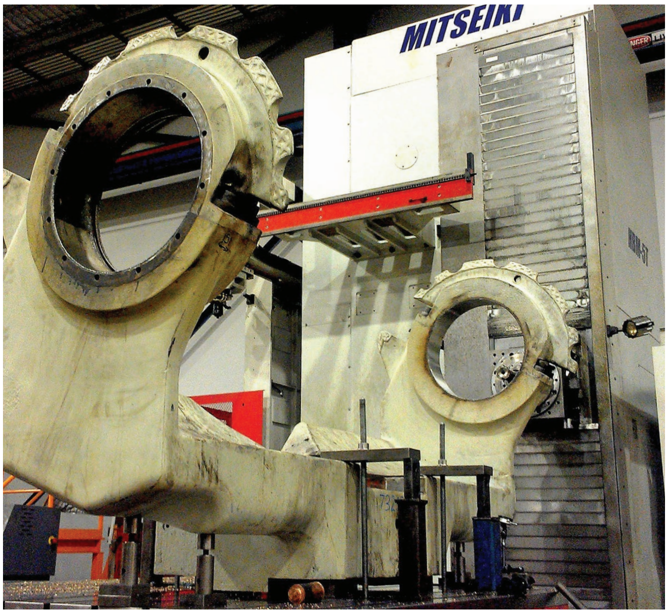
Plasma thermal spray is used to apply higher melting point materials such as ceramics. Applications include high temperature thermal barrier coatings and wear resistant coatings where thermal and electrical resistance are also desired. **LaserBond®** approved Plasma coatings include Chrome Oxide, Zirconia, Aluminium Oxide and several other ceramic blends.

Other Thermal Spray Systems

For economical dimensional restoration, Arc Wire and Combustion metal spraying systems are used as appropriate to meet the technical and economic needs of specific applications. The most commonly applied materials include Stainless and Carbon Steels, Nickel alloys, Bronzes and Copper. This technology can also be used to apply coatings for resistance to corrosion (Zinc/Aluminium) and hard, rough coatings for traction applications.







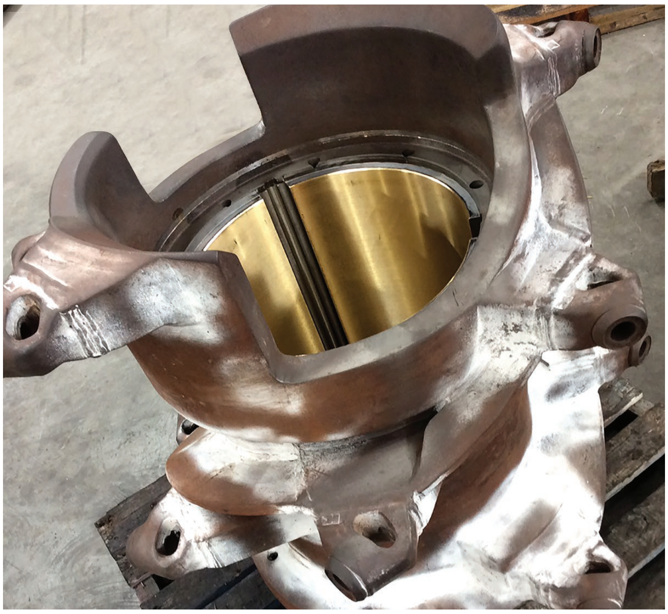
Machine Shops

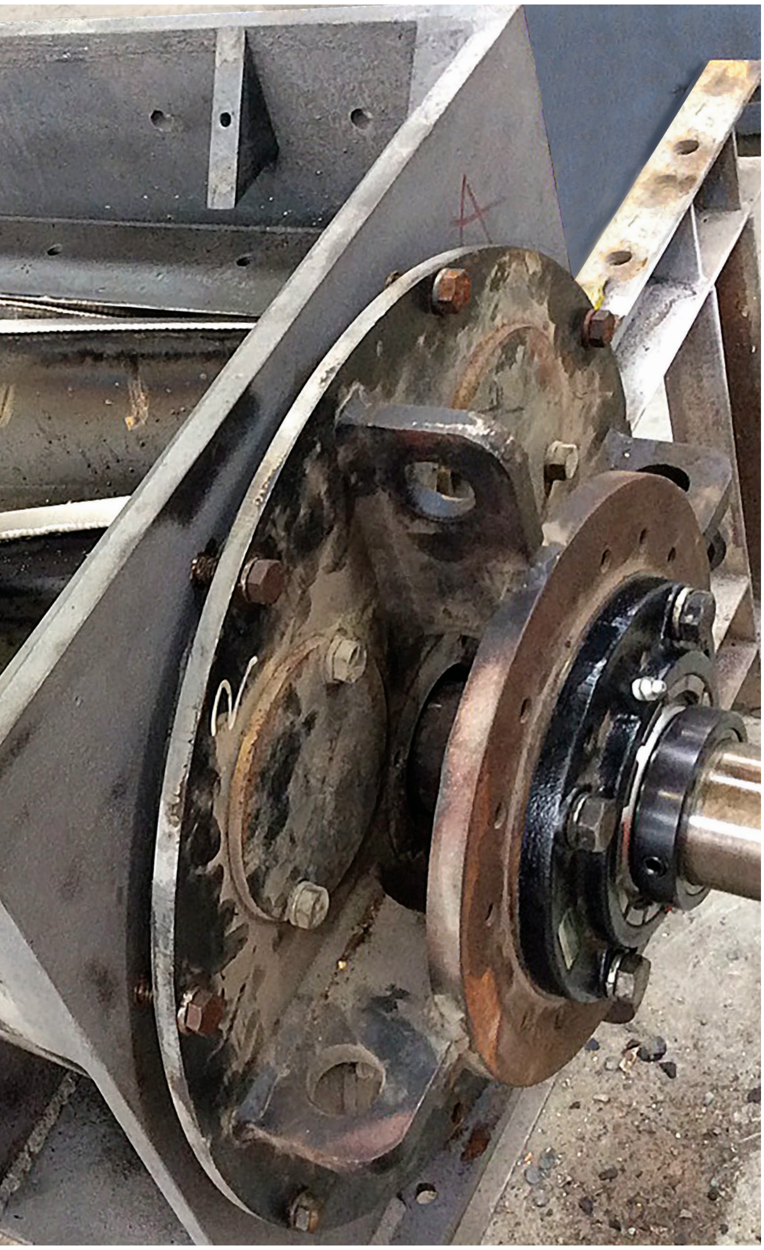
A comprehensive range of modern large capacity CNC lathes, mills and borers, in addition to a variety of conventional manual lathes, mills and borers, cylindrical, surface and internal grinders etc are installed. These are used to manufacture new components (from one offs to large batches) in a wide range of sizes, weights and geometries. Additionally, this equipment is utilised to restore and reclaim worn and damaged components to precise tolerances and required surface finishes.

A full capacity and capabilities list is available on our website.

Grinding and Superfinishing

Using semi-automated and manual equipment in conjunction with precision ceramic and diamond abrasives, we can finish any coating or component materials to the highest specifications, including mirror finishes. Typical applications processed include hydraulic rods and material processing rolls.





Major Projects

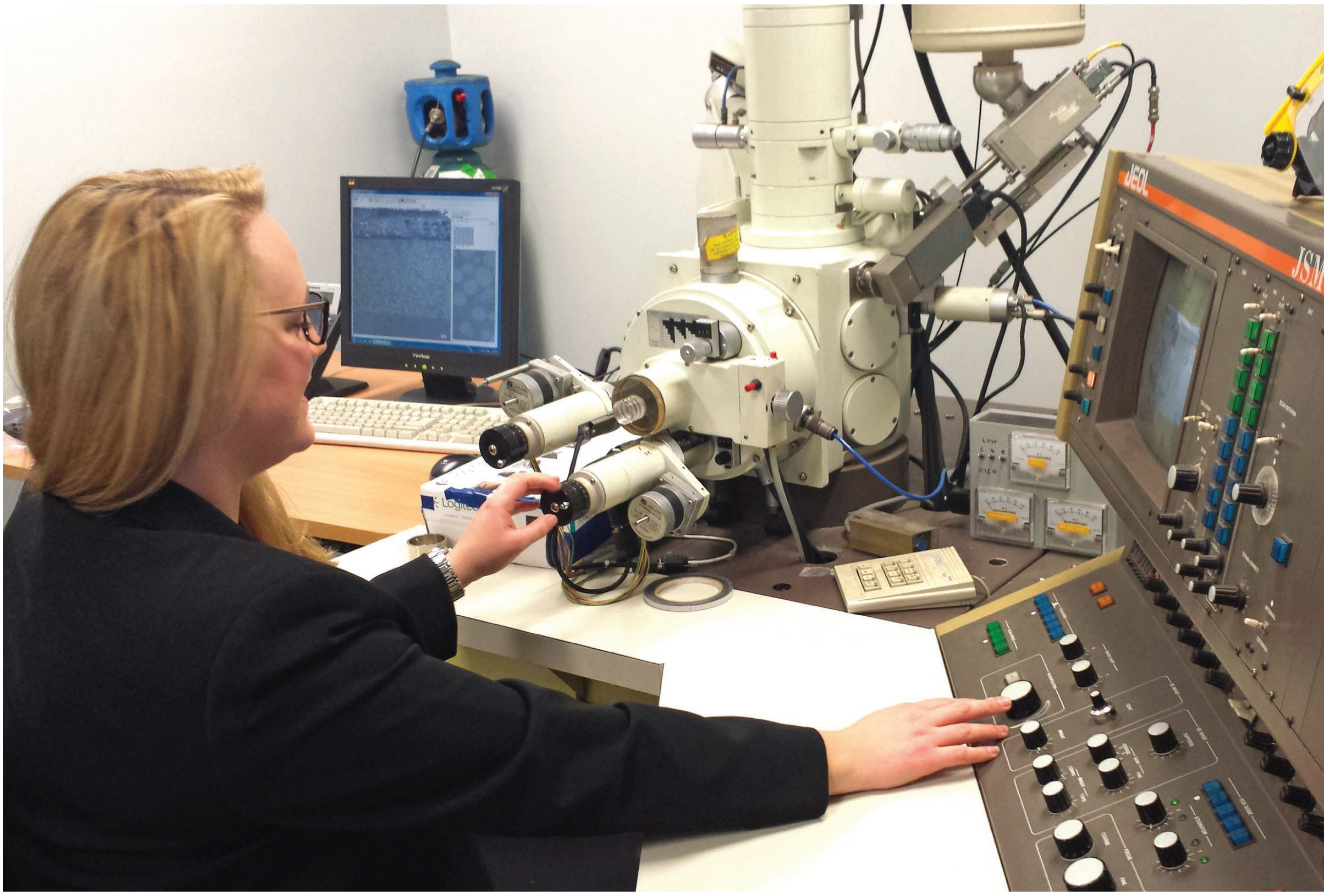
LaserBond's unique combination of expertise, experience and resources, in addition to our client needs based focus, makes us ideal for taking on complex projects that may involve some or all of the various core competencies offered. Projects are fully supported by our engineering staff with quality procedures, supporting documentation and drawings as required to meet our clients' many and varied needs.

Fitting and Assembly Services

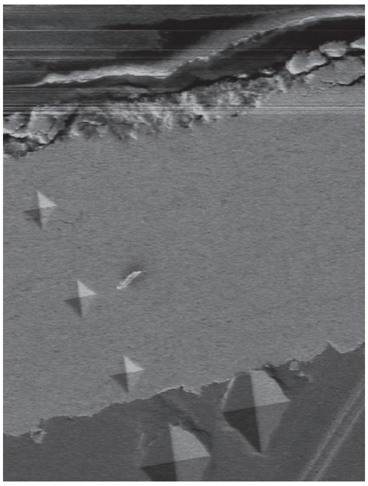
As appropriate to the needs of our clients we also offer a complete component/system/equipment overhaul service. This is particularly appropriate where our range of other services allow for a reduction in the turnaround, maintenance or rebuilding time, or for the trial fitting of newly manufactured or reclaimed component parts.

Site Work

The workshops are set up for maximum flexibility to handle a large range of component sizes, geometries and weights. However, if your equipment is too big to economically dismantle and transport, we usually can bring our technology to site using our trained and qualified operators. We have successfully completed site jobs for a range of industries all over Australia.



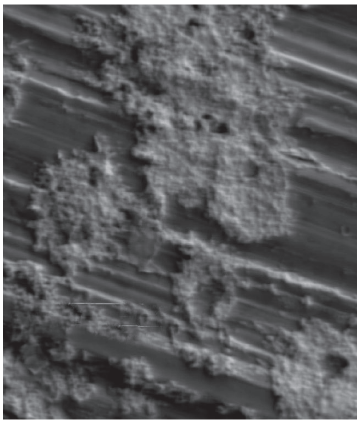
Metallographic Laboratory

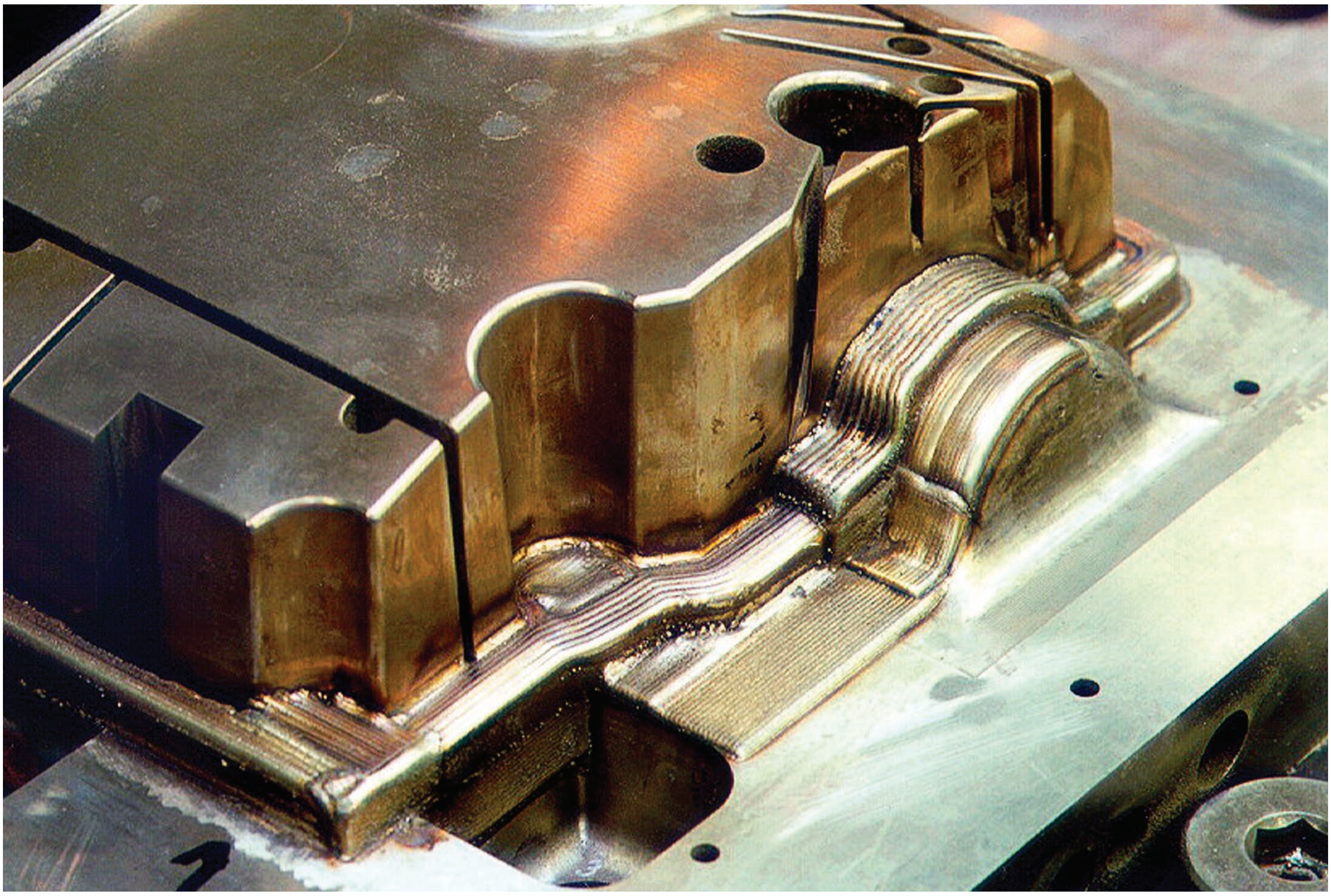


Due to the many and varied applications and materials that are processed by the **LaserBond®** workshops, an in house laboratory is utilised to carry out testing and examination, including metallographic characterisation, hardness testing, and chemical analysis.

Among the tools required for this work is a Scanning Electron Microscope (SEM) allowing for investigation of coatings and metallurgy down to the nano scale. The SEM allows for examination of microstructures and surface topography at magnifications up to 200,000 times, along with analysis of material chemistry, location or migration of specific elements within a structure etc.

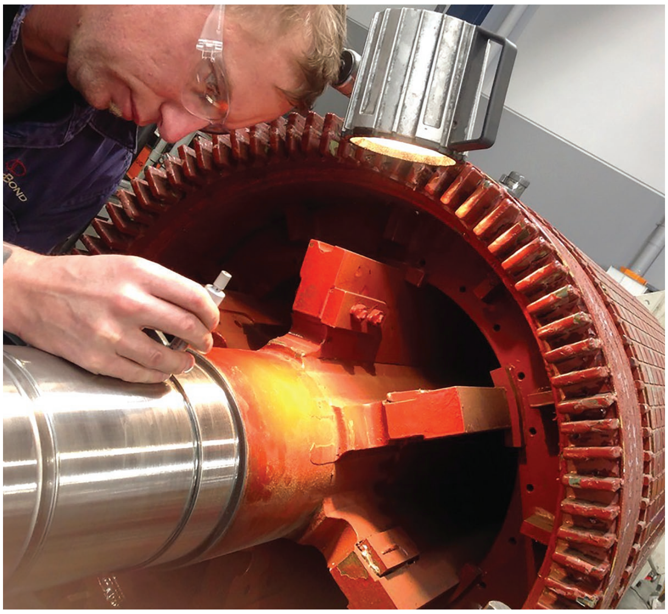
The laboratory is routinely used for the optimisation of coatings and overlays, quality control of incoming materials, reports to clients on new applications and materials, and failure analysis as required. Examination of the effects on substrate metallurgy of the coating or cladding operation is done routinely to ensure component integrity or properties are not compromised. This facility is a formidable tool, and further differentiates the **LaserBond®** approach to total customer support.





Quality

All **LaserBond®** workshops are quality certified to ISO 9001:2008, proving our commitment to continuous improvement, the quality of our products and services, and the ongoing satisfaction of our customers. Since our inception, we have gained a strong reputation for supplying consistently high quality products and services. As a result our customers can expect only the highest quality standards in all business relations. Quality of workmanship has always been, and will continue to be a hallmark of **LaserBond®**. We welcome customer audits of our Quality Management System.



Technology, Leadership and Strength

In today's ever shrinking and increasingly competitive world, industry must minimise the cost of wear in industrial processes. **LaserBond®** remains at the forefront of developments to assist industry in these endeavors. Our customers are reaping the benefits of longer component life, reduced down-time, lower costs and access to the broadest range of machining, surfacing, and fabricating technologies available from a single company anywhere in Australia.

Contents

2014 Chairman's Letter

Dear Shareholder,

Since I assumed the role of Chairman in March 2014 the company has been firmly on a strategy to restore its focus on the core 'DNA' that is the foundation of its success. Your Board looks to ensuring our continuing operations are strong, as well as continuing the development of our unique surface engineering capabilities.

On behalf of the Board I am pleased to present the annual Financial Report to 30th June 2014. The underlying results from continuing operations were as follows:

	30 June 2014		30 June 2013
Revenues	$9,669,960	**Up 3.0% from**	$9,392,657
Underlying EBITDA	$1,595,902	**Up 161.1% from**	$611,247*
Underlying NPAT	$740,812	**Up 433.8% from**	$138,779*
Underlying earnings per share (cents)	0.9c	**Up 350% from**	0.2c

*The underlying results above for FY2013 exclude a significant one off item related to an impairment loss for the goodwill in consideration for the purchase of our Queensland division ($3,598,927).

Within the capital-intensive industries we serve there is a growing focus on operational productivity, rather than new investment. Our customers are seeking "efficiencies", which in turn offers LaserBond opportunities to work with them to extend the life of components, reduce unit costs and improve performance using our capabilities in materials technology and surface engineering.

The company expects the current business environment of low capital investment and high focus on operational efficiency to continue. This offers LaserBond challenges and opportunities. Our strong financial position, together with the stabilised and improving performance of continuing operations, enables us to undertake a number of internal process improvement and product development projects with confidence.

Early this calendar year the Board undertook an intensive strategic review where it recognised a number of challenges including ensuring we had the right internal processes to succeed in order to reach the growth that we aspire. Part of this includes the implementation of 'Lean Manufacturing' which is generating positive results.

Getting our innovation and commercialisation process right enables geographic expansions, like our new SA division, to be successful. Further, deeper industry research is exposing areas where we can leverage our materials application DNA into new industries. To that end our Executive Directors' roles have been restructured to ensure our R&D effort, with subsequent commercialisation, gets appropriate focus.

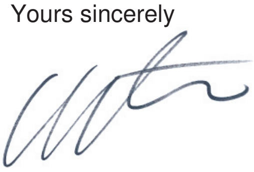
The Board has also made improvements to governance of the company. In recent months we have established specific committees to provide oversight on Audit, Remuneration and Risk.

I believe the strategic changes which the company has undertaken will continue to improve the operational and financial performance.

Considering the need for funding of growth, we have taken a view that retaining some profits is both prudent and supportive of our current strategy. The Board is pleased to issue a final 0.2 cents per share dividend providing total fully franked dividends of 0.4 cents per share for the fiscal year. The Board has resolved to not offer the DRP for this final dividend. We are well placed to continue with our dividends and intend to grow them with profits.

I would like to thank the management team and employees for their support and contributions to our recent success.

Yours sincerely



Allan Morton
Chairman
LaserBond Limited

Directors:	Mr. Allan Morton *Chairman / Non-Executive Director* Mr. Wayne Hooper *Executive Director* Mr. Gregory Hooper *Executive Director* Mr. Philip Suriano *Non-Executive Director*
Company Secretary:	Mr. Matthew Twist
Principal Registered Office:	2 / 57 Anderson Road SMEATON GRANGE NSW 2567 Phone: 02 4631 4500 Fax: 02 4631 4555
Website Address:	www.laserbond.com.au
Share Registry:	Boardroom Pty Ltd Level 7, 207 Kent Street SYDNEY NSW 2000 Phone: 1300 737 760
Auditor:	Lachlan Nielson Partners Pty Ltd Level 18, 201 Kent Street SYDNEY NSW 2000
Solicitor:	Equius Legal Pty Ltd Level 57, MLC Centre 19-29 Martin Place SYDNEY NSW 2000
Bankers:	Commonwealth Bank of Australia Corporate Financial Services Sydney South-West Suite 2.01 Centric Park Central CAMPBELLTOWN NSW 2560

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

The Directors present their report on the consolidated entity for the financial year ended 30th June 2014.

Principal Activities

LaserBond specialises in the manufacture, reclamation and surface engineering of industrial components and assemblies used in a broad range of capital intensive industries and environments, including mining, minerals processing, primary metals, manufacturing, construction and transport. Typically the components are for critical applications where LaserBond's focus is to reduce costs for its customers. The specialised and unique technologies employed by LaserBond allow it to reclaim almost any industrial component, whilst improving critical surface properties for longer service life. LaserBond also manufactures new replacement components incorporating its surface enhancing technologies to provide a multiple increase in the service life of the part over what could be achieved with traditional manufacturing methods.

These services are currently provided from facilities in New South Wales and South Australia.

Review of Operations & Results

Significant achievements were made during the year that reflect well in the reported results and will provide improved results in the future. In summary, compared to FY2013:

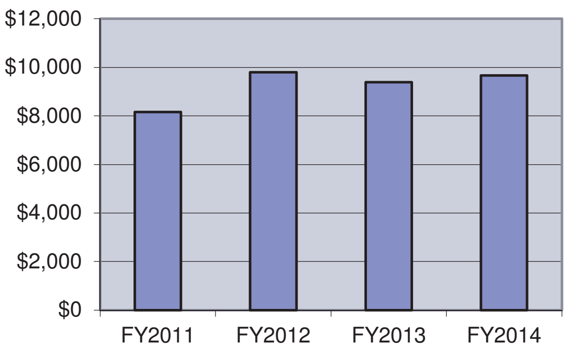
- Revenue from continuing operations was increased despite the challenging business environment.
- Through a focus on costs and efficiencies, Gross Margins within continuing operations have been increased significantly.
- The "green fields" South Australian operations returned a profit in the first year of operations.
- Underlying EBIT from continuing operations was increased by 363%.
- The company successfully limited losses from the Gladstone (Qld) operations prior to their closure.
- The company developed new applications for its technology that are expected to yield substantial increases in revenue and profit in FY2015 and beyond.

LaserBond recently announced expected FY2014 results for continuing operations of $9.8 million revenue and net profits before tax in the range of $1.05 to $1.1 million. Actual results for continuing operations were $9.67 million revenue (after an offset of $136,935 income against capitalised development costs) and net profit before tax of $1.06 million.

After the final reported loss for the closed Gladstone Qld division, the consolidated group achieved net profit before tax of $865,023.

The following information reviews operational results and outlook for the continuing operations in Smeaton Grange, New South Wales and Cavan, South Australia.

Revenue from Continuing Operations



The continuing operations of the business achieved $9.67 million revenue for FY2014 compared to $9.39 million for FY2013. This represents an increase of 3%. Whilst it is a limited increase it is pleasing given the challenging market conditions, particularly in the mining and minerals processing sectors. Several of LaserBond's largest customers are original equipment manufacturers for these industries and have reported significant declines in revenue as capital works have plateaued and maintenance activities have been curtailed. This has been reflected in a decline in their purchases from LaserBond. However, the company has successfully offset these declines through growth of new customers and applications.

Revenue results by division were:

- NSW - $8.94 million revenue for FY2014 compared to $9.37 million for FY2013. Whilst this is a reported decline, the underlying result was flat because one long term customer of the NSW division based in Adelaide was transferred to the new South Australian division.

- SA - $729,116 revenue for FY2014 compared to only $26,044 for FY2013 due to this division only becoming operational during June 2013. This reported revenue is after the discounting of revenue from recouped development costs. SA revenue for the second half of FY2014 was nearly double (183%) the revenue reported for the December 2014 half year.

Earnings Before Interest & Tax (EBIT) from Continuing Operations

Continuing operations achieved an EBIT result of $1.17 million for FY2014 compared to $276,006 for FY2013. (Ignoring the significant one-off impairment loss in FY2013 related to the Queensland Division). Results by division were:

- NSW – FY2014 EBIT of $1.17 million compared to $333,833 for FY2013, representing an increase 252%. Please refer to *Explanation of Results* below for more detail.

- SA – FY2014 EBIT of $2,329 after reporting a loss of <$89,293> for the December 2014 half year. Please refer to *Explanation of Results* below for more detail.

Explanation of Results for Continuing Operations

New South Wales

The division has focussed on developing new customers whilst improving efficiencies at its new operations in Smeaton Grange.

- Gross Margin – NSW achieved a gross margin result for FY2014 of 49.3% of revenue compared to 46.9% in FY2013, representing a 5.1% improvement to margins and efficiencies. Further, based on continuing application of Lean Manufacturing principles the April to June 14 quarter achieved gross margin results of 51.6%.

- Profit before tax – NSW achieved a net profit before tax of $1.06 million compared to $305,877 in FY2013, representing an increase of 247%. Net profit before tax for NSW reported for July to December 13 half year was $483,447 therefore NSW achieved an increase in net profit before tax of 20% during the second half of FY2014, despite the small decline in revenue in that period.

South Australia

The December half year provided a loss for the SA division of <$89,293> which was in line with expectations for this new 'greenfield' operation. It was expected the SA division would be profitable for the balance of FY2014 based on the growing demand for our specialised services in the area.

- Revenue – January to June 2014 revenue of $471,772 compared to $257,344 for July to December 2013, representing an 83% increase.

- Profit before tax – SA achieved a net profit before tax for the January to June 14 period of $91,622, providing a final FY2014 net profit before tax of $2,329.

Outlook

Despite the recent challenges faced by LaserBond's larger OEM customers, the outlook for the company remains very positive. LaserBond's core business activity is the study and implementation of practices to improve wear resistance (known as tribology) to reduce the total cost of ownership and operation of equipment in capital intensive industries. The economic implications of wear are severe and experts believe that at least 1% of the GDP of an industrialised country could be saved with minimal investment into the research and application of wear resistant materials. LaserBond is at the forefront for this challenge and is well positioned to take full advantage of its technologies and the many years of accumulated knowledge and experience it has within its management, sales and workshop personnel.

Whilst much of the growth of the company over the last 5 years has been the result of what is generally referred to as the "mining boom", stimulating demand for LaserBond's services in wearing components of new equipment, the plateauing of mining investment activities does not limit LaserBond's opportunities. Industries are more than ever focusing on improving operational efficiencies and reducing costs associated with maintenance and downtime. Within mining, the equipment base is still there and needs to be maintained. Further, there are many other industries that benefit from LaserBond's services. The primary challenges revolve around communicating and proving the performance of these technologies to individuals responsible for maintenance and operation. To that end, LaserBond is undertaking focused marketing and sales activities, and has recently increased resources dedicated to achieving sales to new industries. This is expected to continue to increase revenue.

LaserBond has had a strong history of sales growth due to the proactive engagement by management in the research of new technologies, techniques and applications. These activities are continuing with renewed focus, especially now that the distractions with the discontinued Queensland operations have been removed. Recent research and development activities are showing positive results in early field trials. Should the further development and testing yield the results expected, these new applications will result in additional revenue growth in the latter part of FY2015 and continuing in future years.

The improvement of efficiencies and margins will continue with the implementation of Lean Manufacturing techniques through the organisation. Further, the culture change that accompanies the implementation of Lean is expected to yield sustainable ongoing benefits.

Based on the protection and retention of existing clients, development of new business and improving margins, the company is expected to see continuing growth in profits, as shown during the second half of FY2014.

Directors

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

Director:	*Position Held*	*In Office Since*	*Ceased to Hold Office*
Wayne Hooper	Executive Director	21 April 1994	
Gregory Hooper	Executive Director	30 September 1992	
Allan Morton	Non-Executive Chairman	18th March 2014	
Philip Suriano	Non-Executive Director	6 May 2008	
Timothy McCauley	Non-Executive Chairman	28 August 2007	17th March 2014

All current executive directors of the group are considered the key management personnel for the management of its affairs.

Remuneration Report

Remuneration levels for directors of the group are competitively set to attract, motivate and retain appropriately qualified and experienced directors. Remuneration levels are reviewed annually by the Board through the Remuneration Committee using a process that considers the overall performance of the group. The remuneration policy attempts to align reward with the achievement of strategic objectives and the creation of value for shareholders. Please refer to the Corporate Governance Statement in this report for details.

Currently the Directors receive fixed remuneration in the form of salaries and / or fees which are not performance-based, however the board is considering performance based bonuses for all directors (salary based for executive and equity based for non-executive directors).

Director's Remuneration

Amounts paid to directors during the financial year ending 30 June 14 were:

		Salaries and fees	Superannuation	Long Service Leave Accrual
Wayne Hooper	2014	138,952	13,749	6,745
	2013	124,401	24,992	9,754
Gregory Hooper	2014	284,676	-	-
	2013	275,467	-	-
Allan Morton	2014	17,000	-	-
	2013	-	-	-
Philip Suriano	2014	25,000	-	-
	2013	25,000	-	-
Timothy McCauley	2014	22,500	-	-
	2013	30,000	-	-
	2014	488,128	13,749	6,745
	2013	454,868	24,992	9,754

Directors only received a fixed salary or fee in the year ended 30 June 2014.

Director's Shareholding

As at 30th July 2014, the number of shares held by directors was:

	Holdings Type	Holdings
Wayne Hooper	Direct	8,541,809
Wayne Hooper	Indirect	935,919
Gregory Hooper	Direct	4,969,952
Gregory Hooper	Indirect	3,652,564
Allan Morton	Indirect	255,405
Philip Suriano	Indirect	33,107

Information on Directors

Allan Morton – Non-Executive Chairman

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

Wayne Hooper – Executive Director

Wayne is a professional engineer with significant experience within the engineering and manufacturing industries. His engineering experience includes design, maintenance and project management. He started his career within the electricity generation industry, and branched into high volume manufacturing. Prior to joining the company in 1994, Wayne also held senior roles in marketing within the building products industry. Wayne holds degrees in Science and Engineering (Honours Class 1) and an MBA. He is involved in technology development, engineering and administration of the group.

Gregory Hooper – Executive Director

Gregory has a mechanical engineering background with extensive hands on and sales experience in the engineering, welding and thermal spray industries. With his knowledge of, and passion for these industries, and seeing the potential applications for coating technology, Gregory founded the Company assisted by other members of the Hooper family in late 1992. Gregory, utilising the in-house laboratory, developed the application parameters for the H.V.O.F. and LaserBond® processes. Gregory's focus within the group includes sales and marketing, production, training, and the ongoing research and development of applications for Laser materials processing and Thermal spray technology.
.

Philip Suriano – Non-Executive Director

Mr. Suriano has been a Director since 2008. Mr. Suriano began his career in corporate banking with the State Bank of Victoria (Commonwealth Bank). He holds a degree in banking & finance (B.Bus. (Bkg & Fin)). Mr. Suriano spent 16 years in senior positions within the Australian Media Industry. Mr. Suriano has gained wide knowledge & experience to give him a strong background in operations, sales and marketing in such roles as National Sales Director, MCN (Austar and Foxtel TV sales JV) and Group Sales Manager at Network Ten. Prior to joining MCN, Mr. Suriano was employed within the Victor Smorgon Group of Companies. He was also a former Director of BBX Minerals Limited, Adavale Resources Limited and Resources & Energy Group Limited. For the past 10 years Mr. Suriano has been working in corporate finance. He is currently working with Lempriere Capital Partners as Director, Equity Capital Markets.
.

Information on Company Secretary

Matthew Twist

Matthew Twist was appointed Company Secretary on 30 March 2009. Matthew also holds the position of Chief Financial Officer of the group (since March 2007), providing over 19 years financial management experience, encompassing financial and operational control and systems development in manufacturing companies.

Director's Meetings

During the financial year ended 30th June 2014, the number of meetings held, and attended, by each Director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Wayne Hooper	10	10
Gregory Hooper	10	10
Allan Morton	4	4
Philip Suriano	10	9
Tim McCauley	6	4

During the later months of FY2014, the board have agreed on the formation of Audit, Risk and Remuneration committees. The remuneration and audit committees met during this reporting period. Please refer to the Corporate Governance Statement on pages 21 to 26 for further information.

Debt

At the end of the financial year, the group maintains a strong Balance Sheet with minimal debt. The current ratio of the group is 3.5:1 indicating a high financial strength. With our cash flow projections for the next fiscal year, the group is in a very sound position to capitalise on market opportunities as they become available.

Significant Changes in State of Affairs

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

Matters Subsequent to the End of the Financial Year

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulation

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

Dividends

2013 final dividends of 0.2 cents per share and 2014 interim dividends of 0.2 cents per share were paid during 2013-2014. In addition, since year end the directors have recommended the payment of a final dividend of 0.2 cents per fully-paid ordinary share (2013: 0.2), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend is expected to be paid on 26th September 2014 out of retained earnings at 30 June 2014.

Subject to continued growth as per expectations, the Board expects to continue to maintain future dividends.

Corporate Governance

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

Directors' and Auditors' Information

Insurance premiums of $20,161 have been paid to insure a Director's legal liability to third parties for alleged breach of duty arising out of a claim for which the Director is not indemnified by the corporation.

No insurance premiums have been paid in respect of Auditors.

Non-Audit Fees paid to Auditor

During the financial year, there have been no fees paid to Lachlan Nielson Partners Pty Ltd for non-audit services.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of these proceedings.

The group was not party to any such proceedings during the year.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 27.

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

Director
Wayne Hooper

Director
Gregory Hooper

Dated this 22nd day of August 2014

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30th June 2014.

Principle 1: Lay Solid Foundations for Management and Oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

1.1 A listed entity should disclose
- *a) the respective roles and responsibilities of its board and management; and*
- *b) those matters expressly reserved to the board and those delegated to management.*

The group's Board is responsible for corporate governance of the group. The Board develops strategies for the group's business, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

a) Maintain and increase Shareholder value;
b) Ensure a prudential and ethical basis for the group's conduct and activities; and
c) To ensure compliance with the group's legal and statutory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

a) Developing initiatives for profit and asset growth;
b) Reviewing the corporate, commercial and financial performance for the group on a regular basis;
c) Acting on behalf of, and being accountable to, the Shareholders; and
d) Identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The company in general meetings is responsible for the appointment of the external auditors of the group, and the board from time to time will review the scope, performance and fees of those external auditors

Roles and responsibilities of Senior Executives are agreed to by the Board and are based on Strategic plans, Financial Budgets, and the available skills and experience of Senior Executives.

The Board expects all senior executives to meet all targets as required by strategic plans, financial budgets, key performance indicators and formal job descriptions. Performance is evaluated annually at Performance Reviews.

1.2 A listed entity should
- *a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
- *b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the group is committed to the following principles:

a) The board is to comprise Directors with a blend of skills, experience and attributes appropriate for the group and its business; and

b) The principal criterion for the appointment of new Directors is their ability to add value to the group

1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment

All directors and senior executives have written agreements in the form of Employment Agreements, Letter of Employment and / or Job Descriptions.

1.4 The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with proper functioning of the board.

The Company Secretary is accountable directly to the board through the chair, on all matters to do with proper functioning of the board.

1.5 A listed entity should
- *a) Have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- *b) Disclose that policy or a summary of it; and*
- *c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation.*

LaserBond Ltd is an equal employment opportunity employer that values and promotes diversity. Diversity encompasses age, gender, ethnicity, physical abilities, religious beliefs, language, political beliefs, sexual orientations, etc.

The group believes that by bringing together men and women from diverse backgrounds who contribute based on their skills, experiences and perspectives, we can deliver the best value and sustainability for LaserBond and its shareholders.

LaserBond's approach to ensuring diversity in the group is based on the following actions:

a) Promotion of a culture of diversity amongst employees.
b) Elimination of any barriers to achieving a diverse workplace.
c) Ensuring all recruitment and selection processes are based on merit alone.
d) Providing opportunities for development to all employees in order to enhance productivity and build teams with a balance of skills, experience and perspectives.
e) Rewarding and remunerating fairly.
f) Promotion of flexible work practices that balance each employee's personal situation or needs with the needs of the group.

The Board reviews these objectives and the performance against them annually. Individual divisions may also set measurable objectives relevant their particular operating contexts.

One of the challenges for gender diversity stems from the fact that almost LaserBond's entire workforce is employed in skilled metals engineering positions (including apprenticeships for those positions). Unfortunately, these positions rarely attract female applicants. The group will continue to encourage position applications from females to redress this situation, and diversity throughout the group (including gender diversity) will remain a focus.

The representation of female employees as at 30 June 2014 was as follows:

a) Total workforce – 11% (5 of 47)
b) Executive and senior management – 0% (0 of 3)
c) Board – 0% (0 of 4)

1.6 A listed entity should
a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

An annual performance evaluation of the board and all board members is undertaken on the anniversary of the first listing of the group. No formal performance evaluation of board members has taken place during the reporting period; however the remuneration committee is currently in the process of completing this evaluation of all executive directors.

1.7 A listed entity should
a) Have and disclose a process for periodically evaluating the performance of its senior executives; and
b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

An annual performance evaluation of all employees, including senior executives, is undertaken formally at the end of each calendar year. A formal performance evaluation of each employee has taken place during the reporting period.

Principle 2: Structure the Board to Add Value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

2.1 A listed entity should
a) Have a nomination committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director; and
b) Disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the board membership. An informal assessment process facilitated by the Chairman in consultation with the group's professional advisors has been committed to by the board.

2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership

The board is to committed to comprising Directors with a blend of skills, experience and attributes appropriate for the group and its business The skills, experience and expertise relevant to the position of each Director who is in office at the date of this annual report and their term of office are detailed in the Director's report.

2.3 A listed entity should disclose
a) The names of the directors considered by the board to be independent directors;
b) If a director has an interest, position, association or relationship that might cause doubts about the independence of a director but the board is of the opinion that it does not compromise the independence of the director; the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c) The length of service of each director

Details of the board including their terms of office are set out in the Directors' Report under the heading "Directors"

The board assesses the independence of directors annually. For this process, the directors must provide all information relevant to this assessment. In order to assess the independence of each director, a director must be a non-executive and the board considers whether the director:

a) is a substantial shareholder, or associated directly with a substantial shareholder.

b) is or has been a principal of a material customer, supplier, subcontractor, professional adviser or consultant to the group, or has an indirect association with same.
c) is free from any business or other relationship which could (or be perceived to) interfere with their independence.

Existing non-executive directors based on this assessment continue to be deemed independent.

2.4 A majority of the board of a listed entity should be independent directors

The Board comprises a balance of independent Directors with the overall number of Directors appropriate for the size and complexity of the business. Importantly, the composition provides two representatives on the Board who have specialised experience and knowledge of the business.

2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The chairperson, Mr. Allan Morton, is an independent, non-executive, Director, and does not hold the position of Chief Executive Officer.

Principle 3: Act Ethically and Responsibly

A listed entity should act ethically and responsibly.

3.1 A listed entity should
a) Have a code of conduct for its directors, senior executives and employees; and
b) Disclose that code or a summary of it

It is the Board's responsibility to ensure an effective internal control framework exists. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board assumes the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity.

The Board seeks independent professional advice prior to making any business decisions that may affect the performance of the group or its securities. Also, subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the group's expense, may obtain independent professional advice on issues arising in the course of their duties.

All directors, senior executives and employees will:

a) Act in the best interests of the entity;
b) Act honestly and with high standards of personal integrity;
c) Comply with the laws and regulations that apply to the entity and its operations;
d) Not knowingly participate in any illegal or unethical activity;
e) Not enter into any arrangement or participate in any activity that would conflict with the entity's best interests or that would be likely to negatively affect the entity's reputation;

f) Not take advantage of the property or information of the entity or its customers for personal gain or to cause detriment to the entity or its customers; and
g) Not take advantage of their position or the opportunities arising there from for personal gain.

Principle 4: Safeguard Integrity in Corporate Reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

4.1 The board of a listed entity should
a) Have an audit committee which has at least three members (all of whom are non-executive directors and a majority of whom are independent directors) and is chaired by an independent director who is not the chair of the board; and
b) disclose the charter of the committee, the relevant qualifications and experience of the members of the committee and the number of times the committee met throughout the reporting period including the individual attendances of the members at those meetings.

The Audit Committee members consist of the two independent directors, (Allan Morton and Philip Suriano), and is chaired by the chair of the board due to his experience in relation to audits and committees.

Whilst not in accordance with the best practice recommendation, the group is of the view that such an approach is appropriate given the size of the existing board. Further, the Board does not consider that the group is of sufficient size to justify the appointment of additional Directors, and to do so for the sole purpose of satisfying this requirement would be cost prohibitive.

The functions of the Committee are to review and make recommendations to the Board in respect of:

a) The adequacy of accounting control systems, and application of administrative, operating and accounting policies.
b) The financial statements complying with appropriate accounting standards and presenting a true and fair view of the financial position and performance.
c) The appropriateness of accounting judgments or choices exercised in preparing the financial statements.
d) The review and approval of half-yearly and annual financial reports before release to the market.
e) The appointment or removal of the external auditor.
f) The rotation of the audit engagement partner.
g) The scope and adequacy of the external audit.

h) The independence and performance of the external auditor.
i) The approval of the payment of external auditor's fees.
j) Proposals for the external auditor to provide non-audit services, and ensuring no compromise of their independence.

The audit committee has been recently established and met once, with 100% attendance of members, in conjunction with the preparation of this report.

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The board has received the appropriate declarations from its CEO and CFO related to this reporting period.

4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Board ensures a representative of its external auditor is available prior to announcing the date of each AGM.

Principle 5: Make Timely and Balance Disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

5.1 A listed entity should have a written policy for complying with its continuous disclosure obligations under the listing rules and disclose that policy or a summary of it

Both the Chief Executive Officer (or equivalent) and Company Secretary (or equivalent) are responsible in ensuring that all disclosure requirements and full compliance is met, after review and approval of information to be disclosed by each board member.

Principle 6: Respect the Rights of Security Holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

6.1 A listed entity should provide information about itself and its governance to investors via its website

The Company's website includes detailed information about itself and an investor's relation link providing access pertinent to investors.

6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors

The board aims to ensure that shareholders are informed of all major developments affecting the group's state of affairs by issuing announcements to ASX, thereby complying with its continuous disclosure obligations. These announcements are made subsequent to any pertinent information being made aware to the board or the Company. All announcements are reviewed and approved by each board member to ensure the information is disclosed accurately.

6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders

The Board recommends and requests the participation of all shareholders at general meetings by formal, written notice of meetings. Where a shareholder is unable to attend a general meeting to exercise their right to ask questions about, or make comments on, the management of the entity the board encourages these shareholders to provide these questions to the Chief Executive Officer or Company Secretary in advance of the meeting to allow these questions and comments to be reviewed and added to the Chairman (or other directors) address at the general meeting.

6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically

The Company provides an email address of info@laserbond.com.au for all shareholders to communicate directly. Shareholders may also direct our registry to provide materials via email.

Principle 7: Recognise and Manage Risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

7.1 A listed entity should have a committee or committees to oversee risk which has at least three members, a majority of whom are independent directors and is chaired by an independent director. The listed entity shall disclose the charter of the committee, the members of the committee and as at the end of each reporting period the number of times the committee met throughout the period, including the individual attendances at those meetings.

The Risk Committee members consist of two directors, one independent (Allan Morton) and one executive (Wayne Hooper), and is chaired by the chair of the board due to his experience in relation to risk management and committees.

Whilst not in accordance with the best practice recommendation, the group is of the view that such an approach is appropriate given the size of the existing board. Further, the Board does not consider that the group is of sufficient size to justify the appointment of additional Directors, and to do so for the sole purpose of satisfying this requirement would be cost prohibitive.

The functions of the Committee are to review and make recommendations to the Board in respect of:

a) The design and implementation of a structured risk management framework that provides management and the Board with comfort risks are being identified and managed effectively.
b) The monitoring and evaluation of the risk management framework, and its effectiveness on minimizing risk that may adversely impact on the business objectives or strategies.
c) Ensuring the management of risk is integrated into the development of strategic and business plans, and the achievement of the Company's vision and values.
d) The Corporate Governance Statement in the Annual Report
e) The compliance with legal, regulatory and statutory obligations.

The risk committee has not met during the reporting period.

7.2 The board or a committee of the board should
a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
b) Disclose, in relation to each reporting period, whether such a review has taken place.

The risk committee determines the group's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The committee's collective experience will enable accurate identification of the principal risks that may affect the group's business. Key operational risks and their management are recurring items for consideration at Board meetings. A risk review has taken place during this reporting period.

7.3 A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs

The Company has no formal internal audit function due to both the size of the board and the business. However the risk committee's role includes the requirement to ensure a systematic, disciplined approach to evaluating and continually improving the effectiveness of its risk management and internal control processes.

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company has no material exposure economic, environmental and social sustainability risks.

Principle 8: Remunerate Fairly and Responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

8.1 The board of a listed entity should have a remuneration committee, which has at least three members, a majority of whom are independent directors and is chaired by an independent director. The listed entity will also disclose the charter of the committee, the members of the committee and as at the end of each reporting period the number of times the committee met throughout the period, including the original attendances at those meetings.

The remuneration committee members consist of two independent directors, (Allan Morton and Philip Suriano), and is chaired by the chair of the board due to his experience in relation to remuneration and committees.

Whilst not in accordance with the best practice recommendation, the group is of the view that such an approach is appropriate given the size of the existing board. Further, the Board does not consider that the group is of sufficient size to justify the appointment of additional Directors, and to do so for the sole purpose of satisfying this requirement would be cost prohibitive.

The functions of the Committee are to review and make recommendations to the Board in respect of:

a) Remuneration of the Executive Directors, within the terms of the employment contract, annually to the board.
b) The Executive Director's recommendations regarding remuneration for staff, ensuring alignment with market trends.
c) The Executive Director's performance and key performance indicators for the determination of bonus components.
d) Any incentive plans or ex-gratia payments to the Executive Directors or other employees.
e) Any grievances or complaints about remuneration.
f) Gender diversity issues identified.
g) The alignment of remuneration and incentive policies, practices and performance indicators with the board's vision, values and overall business objectives.

The remuneration committee met two (2) times during the reporting period, with attendance by all committee members at all meetings.

8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive director and the remuneration of executive directors and other senior executives.

Currently the non-executive Directors do not receive performance-based bonuses, however the board is considering a performance based equity plan for non-executive directors. They will not be entitled to retirement allowances.

The group's constitution provides that the remuneration of non-executive Directors will be no more than the aggregate fixed sum determined by a general meeting. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of $150,000 per annum.

Remuneration of executive directors and other senior executives is reviewed and determined by the remuneration committee. When establishing and reviewing the remuneration of Directors and Senior Management the group will apply the broad principles of a fair and equitable standard of remuneration commensurate with the qualifications and experience each member brings to the group. Remuneration committee members that have a direct or vested interest in the establishment and review of remuneration will not be included in the process.

8.3 A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme. The listed entity shall also disclose that policy.

The Company has one equity-based remuneration scheme in the form of a tax-exempt employee share plan. This is to recognise our employee efforts by awarding up to $1,000 tax free shares. An employee becomes entitled to take part in the scheme after three years of full-time employment. The shares are issued at the closing price on the ASX on the day any issue is formally approved by the board. No employee is permitted to enter into any agreement which limits their economic risk on shares issued through this scheme.

Lachlan Nielson Partners
Audit and Assurance

Lachlan Nielson Partners Pty Limited
ABN 65 155 188 837
Level 18, 201 Kent Street
Sydney NSW 2000
Australia

T +61 2 9291 2800

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

As lead auditor of Laserbond Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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

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

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

Lachlan Nielson Partners Pty Limited

Robert Nielson
Director

22 August 2014

MELBOURNE SYDNEY

Liability limited by a scheme approved under Professional Standards Legislation

Lachlan Nielson Partners
Audit and Assurance

Lachlan Nielson Partners Pty Limited
ABN 65 155 188 837
Level 18, 201 Kent Street
Sydney NSW 2000
Australia

T +61 2 9291 2800

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF LASERBOND LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report of Laserbond Limited ("the company") comprising the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such relevant internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101; *Presentation of Financial Statements* that the financial statements comply with the *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MELBOURNE SYDNEY

Liability limited by a scheme approved under Professional Standards Legislation

Independence

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

Audit Opinion

In our opinion,

(a) the financial report of Laserbond Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and with the *Corporations Regulations 2001*;

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on Remuneration Report

We have audited the Remuneration Report included in page 17 of the directors' report for the year ended 30 June 2014. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Laserbond Limited for the year ended 30 June 2014, complies with s 300A of the *Corporations Act 2001*.

Lachlan Nielson Partners Pty Limited

Robert Nielson
Director

Sydney, 22 August 2014

The directors of the group declare that:

1. The financial statements and notes, as set out on pages 31 to 56 are in accordance with the Corporations Act 2001 and:

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

    b. Give a true and fair view of the financial position as at 30th June 2014 and of the performance for the financial year ended on that date of the company and consolidated group.

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

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

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

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

Director	Director
Wayne Hooper	Gregory Hooper

Dated this 22nd day of August 2014

Consolidated Statement of Profits and Loss and Other Comprehensive Income for the Year Ended 30th June 2014

	Note	2014 $	2013 $
Revenue from continuing operations	2	9,669,960	9,392,657
Cost of Sales		(4,823,352)	(4,986,133)
Gross Profit from continuing operations		**4,846,608**	**4,406,524**
Other Income	3	70,084	139,606
Advertising & Promotional Expenses		(42,067)	(39,939)
Depreciation & Amortisation	4	(427,998)	(335,241)
Employment Expenses		(1,246,831)	(1,322,122)
Property Rental & Rates Expenses		(625,387)	(637,574)
Administration Expenses		(926,377)	(1,162,051)
Repairs & Maintenance Expenses		(148,135)	(84,333)
Operating Lease Expenses	4	(173,230)	(200,194)
Borrowing Costs		(146,878)	(122,766)
Impairment of Goodwill		-	(3,598,927)
Research & Development Costs		(46,497)	-
Other Expenses		(67,531)	(390,860)
Profit / (Loss) before income tax expense from continuing operations		**1,065,761**	**(3,347,877)**
Income tax expense	5	(324,949)	(112,271)
Profit / (Loss) from continuing operations		**740,812**	**(3,460,148)**
Profit / (Loss) from discontinued operations	6	(102,663)	(862,555)
Total comprehensive income for the period		-	-
Total comprehensive income / (loss) attributable to members of LaserBond Limited		**638,149**	**(4,322,703)**

Earnings per share for profit from continuing operations attributable to members:

	Note	2014	2013
Earnings per share (cents)		0.85	0.16
Diluted earnings per share (cents)		0.86	0.16

Earnings per share for profit attributable to members:

	Note	2014	2013
Earnings per share (cents)	7	0.73	(5.07)
Diluted earnings per share (cents)	7	0.74	(5.02)

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

Consolidated Statement of Financial Position
As at 30th June 2014

	Note	2014	2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents	8	2,559,454	1,989,096
Trade and other receivables	9	2,652,188	2,915,320
Inventories	10	1,141,587	1,497,765
Total current assets		**6,353,229**	**6,402,181**
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,120,993	2,675,967
Deferred tax assets	13	220,368	549,786
Intangible assets	12	212,798	18,294
Assets Held for Sale	14	40,000	-
Prepayments		-	500
Total non-current assets		**2,594,159**	**3,244,547**
TOTAL ASSETS		**8,947,388**	**9,646,728**
CURRENT LIABILITIES			
Trade and other payables	15	756,361	1,387,640
Provisions	17	540,253	564,872
Interest-bearing liabilities	16	407,225	518,420
Current tax liabilities	18	100,199	-
Total current liabilities		**1,804,038**	**2,470,932**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	16	837,166	1,279,252
Provisions	17	42,901	48,851
Total non-current liabilities		**880,067**	**1,328,103**
TOTAL LIABILITIES		**2,684,105**	**3,799,035**
NET ASSETS		**6,263,283**	**5,847,693**
EQUITY			
Issued capital	19	5,818,453	5,701,090
Retained earnings	20	444,830	146,603
TOTAL EQUITY		**6,263,283**	**5,847,693**

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

Consolidated Statement of Cash Flows
for the Year Ended 30th June 2014

	Note	2014	2013
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,063,124	14,265,503
Payments to suppliers and employees		(8,868,534)	(13,786,764)
Interest paid		(146,878)	(182,426)
Interest received		44,734	97,810
Income taxes paid		202,743	(281,477)
Net proceeds from discontinued operations		(200,738)	-
Net cash inflow from operating activities	26	**1,094,451**	**112,646**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(333,093)	(1,272,545)
Payment of development costs		(204,823)	-
Proceeds from sale of plant and equipment		902,044	35,000
Net cash inflow/(outflow) from investing activities		**364,128**	**(1,237,545)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for issue of Shares		(7,768)	(10,500)
Payments to lessors		(652,355)	485,551
Dividends paid		(228,098)	(144,005)
Net cash inflow/(outflow) from financing activities		**(888,221)**	**331,046**
NET INCREASE/(DECREASE) IN CASH HELD		570,358	(793,853)
Net cash at beginning of period		1,989,096	2,782,949
NET CASH AT END OF PERIOD	8	**2,559,454**	**1,989,096**

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

Consolidated Statement of Changes in Equity for the Year Ended 30th June 2014

	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2012	**5,410,011**	**4,815,015**	**10,225,026**
Profit / (Loss) for the Period	-	(4,322,703)	(4,322,703)
Issue of Share Capital	291,079	-	291,079
Dividends paid during period	-	(345,709)	(345,709)
Closing Balance at 30th June 2013	**5,701,090**	**146,603**	**5,847,693**
Profit / (Loss) for the Period	-	638,149	638,149
Issue of Share Capital	117,363	-	117,363
Dividends Paid during period	-	(339,922)	(339,922)
Closing Balance at 30th June 2014	**5,818,453**	**444,830**	**6,263,283**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of LaserBond Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 22nd August 2014 as required by the Corporations Act 2001.

This financial report includes the consolidated financial statements and notes of LaserBond Limited and controlled entities. LaserBond Limited and its subsidiaries are together referred to in this financial report as the group or consolidated entity.

LaserBond Limited is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. LaserBond Limited is a for-profit entity for the purpose of preparing financial statements.

The consolidated financial statements of the LaserBond Ltd group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has also been prepared on an accruals basis and is based on historical cost.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

a) Comparative Information

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

b) Principles of Consolidation

The consolidated financial report is prepared by combining the financial statements of all the entities that comprise the consolidated entity, being LaserBond Limited (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 – Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group’s share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

c) Segment Reporting

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

d) Foreign Currency Translation

The functional and presentation currency of the group is Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in the income statement, except for differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue Recognition

Revenue is recognised in the following manner:

Sale of Goods and Services

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

Interest

Revenue from interest is recognised on the date the interest is received as shown on bank statements. Where revenue from interest is receivable but not shown on bank statements the interest is recognised on an accrual basis.

Other Income

Revenue from other income streams are recognised at the date of receipt of the income.

f) Income Tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days from end of month. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance accounts (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The amount of the impairment loss is recognised in profit or loss within administration expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other income in profit or loss.

h) Inventories

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

i) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

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

- Plant and equipment 4.5% - 65%

- Motor Vehicles 18.75% - 30%

- Research & Development Equipment 20% - 40%

If an asset's value is adjusted to meet any deemed recoverable amount, the difference is accounted for in the Asset Revaluation Reserve account on the Balance Sheet. All other gains and losses are included in the Income Statement

j) Impairment of Assets

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

k) Leases

Leases of plant and equipment, where the group as lessee has substantially all the risks and rewards of ownership, are classified as hire purchase liabilities. Hire purchase assets are capitalised at their inception at the fair value of the leased equipment or, if lower, the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under hire purchase agreements is depreciated over the shorter of the asset's useful life and the lease term.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial Instruments

Classification

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

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet

Recognition and initial measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Derecognition

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

Subsequent Measurement

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

Financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise.

Impairment

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

m) Intangibles

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) have a finite life and are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The expenditure capitalised comprises all directly attributable costs, including costs of material, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for us.

n) Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised, A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

o) Cash and Cash Equivalents

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

p) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition. They are recognised as current liabilities unless payment is not due within 12 months from the reporting date.

q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as expenses as they are incurred.

r) Issued Capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares (if any) are classified as liabilities.

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

s) Goods and Services Tax

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

t) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

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

(iii) Sick Leave

Liabilities for sick leave are accrued however no provisions are made as sick leave entitlements are not payable to an employee upon termination.

(iv) Share-based payments

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

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

(v) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for those benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

u) Dividends

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

v) Earnings per share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to members of the group, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Diluted Earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

w) Government Grants

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

x) Critical Accounting Estimates and Judgements

Estimates and judgements are continually estimated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

y) Changes in Accounting Policies

The accounting policies and methods of computation adopted in the preparation of this financial report are consistent with those adopted and disclosed in the group's 2014 annual financial report for the financial year ended 30 June 2013. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments

AASB 9: *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available for sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the group recognised no such gains in other comprehensive income.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The group has not yet decided when to adopt AASB 9.

(ii) AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-financial Assets (applicable for reporting periods commencing on or after 1 January 2014.

This Standard amends the disclosure requirement in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the group's financial statements.

aa) Parent entity financial information

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at costs in the financial statements of LaserBond Ltd. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) *Tax consolidation legislation*

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

The head entity, LaserBond Ltd, and the controlled entities in the tax consolidated group account for their current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone tax payer in its own right.
In addition to its own current and deferred tax amounts, LaserBond Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controller entities in the consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate LaserBond Ltd for any current tax payable assumed and are compensated by LaserBond Ltd for any current tax receivable or deferred tax assets relating to unused tax losses or unused tax credits that are transferred to LaserBond Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable / payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

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

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

(iii) Financial guarantees

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

(iv) Share-based payments

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

	2014	2013
NOTE 2: REVENUE (from continuing operations)	**$**	**$**
Sales Revenue		
Sales of Goods & Services	9,669,960	9,392,657
NOTE 3: OTHER INCOME (from continuing operations)		
Interest Revenue	44,734	97,811
Other	25,350	41,795
	70,084	139,606

NOTE 4: EXPENSES (from continuing operations)

Profit / (Loss) before Income Tax from continuing operations includes the following specific expenses

	2014	2013
Borrowing Costs:	$	$
Interest Paid	146,878	122,766
Depreciation & Amortisation:		
- Plant & Equipment	331,864	267,937
- Fixtures & Fittings	29,714	1,016
- Office Equipment	6,109	22,515
- R&D Equipment	655	464
- Motor Vehicles	40,743	33,110
- Leasehold Improvements	8,674	24
- Intangible Assets	10,239	10,175
	427,998	335,241
Rental Expenses relating to Operating Leases		
- Minimum Lease Payments	173,230	200,194
Auditors Remuneration		
a) Lachlan Nielson Partners Pty Ltd		
- Audit Services – audit and review of Financial Reports	53,670	43,700

NOTE 5: INCOME TAX (from continuing operations)

Reconciliation of Income Tax Expense from continuing operations

	2014	2013
Profit / (Loss) before Income Tax expense	1,065,761	(3,347,877)
Prima Facie Tax at the Australian tax rate of 30% (2013: 30%)	319,728	(1,004,363)
Less Deferred Tax Asset adjustments for employee entitlements and expense provisions	36,520	36,956
Less R&D Tax Concession	(48,080)	-
Less non-deductible expense	-	1,079,678
Less Adjustment to Prior Year Income Tax Provisions	16,781	-
Total Income Tax Expense:	324,949	112,271

NOTE 6: DISCONTINUED OPERATIONS

Discontinued operations relates to the Gladstone, Queensland subsidiary, Peachey's Engineering Pty Ltd. Trading formally ceased in October 2013 after the signing of an Asset Sale Agreement for part of the assets. Since cessation of operations all remaining assets were incorporated into the New South Wales and South Australian operations or sold by other means.

a) Financial Performance & Cash Flow Information

	2014	2013
	$	$
Revenue	1,243,829	4,281,190
Expenses	(1,444,567)	(5,574,279)
(Loss) Before Income Tax	(200,738)	(1,293,089)
Income Tax Expense	98,075	430,534
(Loss) after income tax of discontinued operation	(102,663)	(862,555)

	2014	2013
	$	$
Net cash provided by (used in) operating activities	284,369	(939,335)
Net cash provided by (used in) investing activities	852,345	(14,115)
Net cash provided by (used in) financing activities	(1,202,461)	781,689
Net increase (decrease) in cash	(65,747)	(171,761)

b) Carrying Amounts of Assets & Liabilities

As at 30 June 2014 the discontinued operations has no carrying amounts of assets or liabilities

c) Earnings per Share from Discontinued Operations

	2014	2013
Basic earnings per share (cents)	(0.12)	(1.05)
Diluted earnings per share (cents)	(0.12)	(1.06)

NOTE 7: EARNINGS PER SHARE

Basic earnings per share (cents)	0.73	(5.07)
Diluted earnings per share (cents)	0.74	(5.02)

There are no current options to affect diluted earnings per share.

(a) Weighted Average Shares on Issue	No. of Shares	Weighted No.
Opening Balance as at 1st July 2013	86,090,776	86,090,776
Shares issued as at 21st October 2013	484,964	334,824
Shares issued as at 27th February 2014	133,083	44,847
Shares issued as at 10th April 2014	688,534	152,798
Closing Balance as at 30th June 2014	87,397,357	86,623,245

NOTE 8: CASH AND CASH EQUIVALENTS

	2014	2013
	$	$
Cash on Hand	1,200	1,700
Cash at Bank	2,558,254	1,987,396
	2,559,454	1,989,096

NOTE 9: TRADE AND OTHER RECEIVABLES

Trade Receivables	2,395,245	2,755,062
Provision – Impairment of Receivables	(16,337)	(25,132)
Loans – Key Management Personnel	50,174	50,174
Loans – Employees	5,357	662
Prepayments	213,176	117,289
Other Receivables	4,573	17,265
	2,652,188	2,915,320

a) Movements in the provision for impairment of receivables

	2014 $	2013 $
Opening Balance	25,132	-
Provision for impairment recognised during the year	14,945	25,132
Receivables written off during the year as uncollectable	(6,345)	-
Previously impaired receivables collected during the year	(17,395)	-
	16,337	25,132

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount $000	Past due and impaired $000	Past due but not impaired (days overdue) <30 $000	31-60 $000	61-90 $000	>90 $000	Within initial trade terms $000
2014							
Trade and term receivables	2,395	16	1,019	765	553	42	1,784
Other receivables	273	-	273	-	-	-	185
	2,668	16	1,292	765	553	42	1,969
2013							
Trade and term receivables	2,755	25	1,143	913	529	145	2,056
Other receivables	185	-	185	-	-	-	185
	2,940	25	1,328	913	529	145	2,241

NOTE 10: INVENTORIES

	2014 $	2013 $
Stock on Hand – Raw Materials	465,359	578,484
Stock on Hand – Finished Goods	456,386	592,452
Work in Progress	219,842	326,829
	1,141,587	1,497,765

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	2014 $	2013 $
Plant & Equipment, Office Equipment, etc		
At Cost	3,513,524	4,028,820
Less Accumulated Depreciation	(1,466,907)	(1,479,134)
	2,044,617	2,549,686
Motor Vehicles		
At Cost	258,876	297,555
Less Accumulated Depreciation	(186,836)	(172,105)
	72,040	125,450
Research & Development Equipment		
At Cost	28,187	24,027
Less Accumulated Depreciation	(23,851)	(23,196)
	4,336	831
TOTAL PLANT & EQUIPMENT	2,120,993	2,675,967

(a) Movements in Carrying Amounts

	Plant & Equipment, Office Equipment, etc	Motor Vehicles	Research & Development Equipment	Total
2014 Financial Year	$	$	$	$
Balance at the beginning of the year	2,549,686	125,450	831	2,675,967
Additions	441,722	-	4,160	445,882
Sale / Disposal of Asset	(519,522)	(20,000)	-	(539,522)
Depreciation Expense	(427,269)	(33,410)	(655)	(461,334)
Carrying Amount at the end of the year	2,044,617	72,040	4,336	2,120,993
2013 Financial Year	$	$	$	$
Balance at the beginning of the year	1,653,531	149,763	1,296	1,804,590
Additions	1,165,318	16,685	-	1,182,003
Sale / Disposal of Asset	(35,000)	(80)	-	(35,080)
Depreciation Expense	(234,163)	(40,918)	(465)	(275,546)
Carrying Amount at the end of the year	2,549,686	125,450	831	2,675,967

(b) Asset Additions financed

The above values for asset additions include some assets purchased utilising finance leases or hire purchase agreements. The values of these are:

	2014	2013
Financed assets	112,789	788,199

NOTE 12: INTANGIBLES

	Goodwill	Patents and Trademarks	Other Intangible Assets	Total
	$	$	$	$
2014 Financial Year				
Balance at the beginning of the year	-	8,134	10,160	18,294
Additions	-	-	204,882	204,882
Disposals	-	-	-	-
Impairment	-	-	-	-
Amortisation Expense	-	(610)	(9,768)	(10,378)
Net Book Amount at 30th June 2014	-	7,524	205,274	212,798
2013 Financial Year				
	$	$	$	$
Balance at the beginning of the year	3,598,927	8,794	3,293	3,611,014
Additions	-	-	16,522	16,522
Disposals	-	-	-	-
Impairment	(3,598,927)	-	-	(3,598,927)
Amortisation Expense	-	(660)	(9,655)	(10,315)
Net Book Amount at 30th June 2013	-	8,134	10,160	18,294

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

NOTE 13: DEFERRED TAX ASSETS

Deferred tax assets comprise temporary differences attributable to:

	2014	2013
	$	$
Employee Benefits	174,946	184,418
Expense Accruals	45,422	47,105
PAYG Instalment	-	318,263
	220,368	549,786
Deferred tax assets expected to be recovered within 12 months	103,737	426,840
Deferred tax assets expected to be recovered after more than 12 months	116,631	122,946
	220,368	549,786

	Employee Benefits	Expense Accruals	PAYG Instalments	Total
At July 2012				
(Charged) / credited	181,431	55,743	-	237,174
- to profit or loss	-	-	318,263	318,263
- directly to equity	2,987	(8,638)	-	(5,651)
At June 2013	184,418	47,105	318,263	549,786
(Charged) / credited				
- to profit or loss	-	-	(318,263)	(318,263)
- directly to equity	(9,472)	(1,683)	-	(11,155)
At June 2014	174,946	45,422	-	220,368

NOTE 14: ASSETS HELD FOR SALE

	2014	2013
	$	$
Assets Held for Sale	40,000	-

The asset held for sale relates to a final asset from our Gladstone, Queensland operations unsold upon closure. The company had two facilities in Gladstone which included overhead cranes owned by LaserBond (two at each site). The overhead cranes at the Blain Drive site were sold to the lessor however the overhead cranes at the George Mamalis Place site were unable to be sold at the time. These two cranes were transferred to our NSW division for sale. Prior to 30 June 14 one crane was sold for $46,500. The $40,000 balance for assets held for sale represents the final overhead crane expected to be sold during FY2015.

NOTE 15: TRADE AND OTHER PAYABLES

	2014	2013
	$	$
Trade Payables	485,290	794,427
BAS Statement (GST & PAYG Withheld)	108,399	364,140
Payroll Tax	17,847	33,888
Fringe Benefits Tax	3,600	18,280
Superannuation	54,616	99,940
Dividends Payable	10,152	9,684
Accrued Expenses	76,457	67,281
	756,361	1,387,640

NOTE 16: BORROWINGS

CURRENT		
Hire Purchase Liabilities (Secured)	407,225	518,420
NON-CURRENT		
Hire Purchase Liabilities (Secured)	837,166	1,279,252
	1,244,391	1,797,672

NOTE 17 : PROVISIONS

	2014	2013
CURRENT	$	$
Employee Benefits	540,253	564,872
NON-CURRENT		
Employee Benefits	42,901	48,851
	583,154	613,723

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

Leave obligations expected to be settled after 12 months	404,242	425,432

NOTE 18: TAX LIABILITIES

CURRENT		
Income Tax	100,199	-

NOTE 19: CONTRIBUTED EQUITY

Issued and Paid Up Capital	5,818,453	5,701,090

	2014 Shares	2014 $	2013 Shares	2013 $
Existing Shares	86,090,776	5,701,090	84,059,543	5,410,011
Issued Shares	1,306,581	117,363	2,031,233	291,079
	87,397,357	5,818,453	86,090,776	5,701,090

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2012	Opening Balance	84,059,543		
6th July 2012	Conversion of Convertible Notes	666,667	15.0	94,000
12th October 2012	Dividend Reinvestment Plan	571,451	16.77	94,331
19th February 2013	Employee Share Plan	55,050	15.5	6,090
26th April 2013	Dividend Reinvestment Plan	738,065	13.3	96,658
30th June 2013	Closing Balance	86,090,776		291,079
21st October 2013	Dividend Reinvestment Plan	484,964	10.99	50,760
27th February 2014	Employee Share Plan	133,083	9.50	6,575
10th April 2014	Dividend Reinvestment Plan	688,534	9.74	60,028
30th June 2014	Closing Balance	87,397,357		117,363

(b) Capital Risk Management

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

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the group does not have a limited amount of authorised capital.

(d) Dividend Reinvestment Plan

The group has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 5% discount to the market price.

(e) Employee Share Plan

Information relating to the employee share scheme is set out in note 28.

NOTE 20 : RETAINED EARNINGS

	2014	2013
	$	$
Balance 1 July	146,603	4,815,015
Dividends	(339,922)	(340,059)
Profit / (Loss) before Tax	865,023	(4,640,966)
Income Tax	(226,874)	312,613
	444,830	146,603

NOTE 21 : CAPITAL AND LEASING COMMITMENTS

(a) Hire Purchase / Finance Lease Commitments

	2014	2013
Payable:		
Within one (1) year	494,713	518,420
Later than one (1) year but not later than five (5) years	940,230	1,279,252
Minimum Hire Purchase / Finance Lease payments:	1,434,943	1,797,672
Less future finance charges	(190,552)	(199,299)
Total Hire Purchase / Finance Lease Liability	1,244,391	1,598,373

The group's Hire Purchase and Finance Lease commitments are in relation to Plant & Equipment and Motor Vehicles essential to the operations of the business. These are under agreements expiring within 1 to 5 years. Under the Terms of Agreements, the group has the option to acquire the financed assets by payment of the final instalment. This option lapses in the event of a default to the agreed Terms and Conditions to the agreements.

(b) Operating Lease Commitments

	2014	2013
Payable:		
Within one (1) year	141,873	328,693
Later than one (1) year but not later than five (5) years	346,475	531,452
	488,348	860,145

(c) Property Lease

The group has the following property leases:

	Expiry
112 Levels Road, Cavan SA 5094	May 2015
2 / 57 Anderson Road, Smeaton Grange NSW 2567	August 2022

Payable:	2014	2013
Within one (1) year	566,842	878,212
Later than one (1) year but not later than five (5) years	2,889,549	2,165,833
Later than five (5) years but not later than five (10) years	2,009,661	2,362,500

NOTE 22: CONTINGENT ASSETS & LIABILITIES

The directors are not aware of any contingent assets or contingent liabilities that would have an effect on these financial statements. (2013: Nil)

NOTE 23: 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	2014 $	2013 $
Labour Costs		
Labour – Payroll Staff	258,329	241,690
Labour – Contract Staff	33,371	89,425
	291,700	331,115

Payroll staff relates to costs for salaries and superannuation through payroll for any persons related to the Executive Directors. Contract staff relates to Basin Enterprises, a director related entity, providing casual shop floor staff throughout FY2013 and casual administration staff throughout FY2014.

Superannuation		
Contribution to superannuation funds on behalf of employees	248,442	420,633
Loans – Other Related Parties		
Employee Loans	5,357	662
Employee Personal Expenses	1,846	3,045
	7,203	3,707

The Employee Loans are receivable from four (4) employees.

The Employee Personal Expenses are receivable from employee's who have used, at the approval of director's, a group's supplier expense account for purchases of a personal use. These loans are repaid as an after tax deduction from the employee's salary or wage.

(b) Key Management Personnel Transactions

Consultants		
Sales support	23,100	-

Hawkesdale Group, a director related entity, provided consultancy services related to Sales support and strategy development.

Loans		
Director Loan	50,174	50,174

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

Superannuation		
Contribution to superannuation funds on behalf of key management personnel	13,749	24,992

NOTE 24: KEY MANAGEMENT PERSONNEL

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the group.

(a) Key Management Personnel

The key management personnel of the group for management of its affairs are all current Directors.

(b) Remuneration

Details in relation to the remuneration of the key management personnel of the group for management of its affairs are included in the Directors' Report on page 17.

(c) Options Held

There were no options held at 30 June 2014 or 30 June 2013. There were no options issued during the financial year.

(d) Shares Held

	Interest	Shares Held as at 30th June 2013	Issued	Purchased / (Sold)	Shares Held as at 30th June 2014
Wayne Hooper	Direct	8,329,710	212,099	-	8,541,809
Wayne Hooper	In-Direct	899,736	36,183	-	935,919
Greg Hooper	Direct	4,969,952	-	-	4,969,952
Greg Hooper	In-Direct	3,652,564	-	-	3,652,564
Philip Suriano	In-Direct	31,827	1,280	-	33,107
Allan Morton	In-Direct	-	5,405	250,000	255,405
		17,883,789	254,967	250,000	18,388,756

	Interest	Shares Held as at 30th June 2012	Issued	Purchased / (Sold)	Shares Held as at 30th June 2013
Wayne Hooper	Direct	8,109,591	220,119	-	8,329,710
Wayne Hooper	In-Direct	861,136	23,600	15,000	899,736
Greg Hooper	Direct	4,838,617	131,335	-	4,969,952
Greg Hooper	In-Direct	3,556,043	96,521	-	3,652,564
Philip Suriano	In-Direct	30,986	841	-	31,827
Allan Morton	In-Direct	-	-	-	-
		17,396,373	472,416	15,000	17,883,789

NOTE 25: DIVIDENDS

	2014 $	2013 $
Declared 2014 fully franked interim ordinary dividend of 0.2 (2013: 0.2) cents per share franked at the tax rate of 30% (2013: 30%)	172,130	170,706
Declared 2013 fully franked final ordinary dividend of 0.2 (2012: 0.2) cents per share franked at the tax rate of 30% (2011: 30%)	173,418	169,452
Total dividends per share for the period	0.4 cents	0.4 cents
Dividends paid in cash or satisfied by the issues of shares under the dividend reinvestment plan during the year were as follows:		
Paid in cash	228,566	146,169
Satisfied by the issue of shares	116,982	193,989
	345,548	340,158

a) Dividends not recognised during the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 0.2 cents per fully-paid ordinary share (2013: 0.2) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 26 September 2014 out of retained earnings at 30 June 2014, but not recognised as a liability at year end is $174,795.

The debit expected to franking account arising from this dividend is $74,912.

b) Franking credits

	2014	2013
Franking credits available for subsequent periods based on a tax rate of 30% (2013: 30%)	1,658,033	2,014,494

NOTE 26: CASH FLOW INFORMATION

	2014	2013
	$	$
Reconciliation of profit after income tax to net cash flows from operating activities		
Profit / (Loss) after Income Tax for the year	638,149	(4,322,703)
Non-cash flows in operating surplus		
Depreciation, Amortisation & Impairment	471,244	3,958,888
(Profit) / loss on disposal of property, plant & equipment	(362,522)	-
Changes in assets and liabilities		
(Increase) / Decrease in trade and other receivables	263,132	699,111
(Increase) / Decrease in inventories	356,178	272,796
(Increase) / Decrease in deferred tax assets	329,418	(312,612)
(Increase) / Decrease in assets held for sale	(40,000)	-
(Increase) / Decrease in non-current prepayments	500	-
Increase / (Decrease) in trade and other payables	(631,279)	(120,920)
Increase / (Decrease) in current provisions	(24,619)	-
Increase / (Decrease) in current tax liabilities	100,199	-
Increase / (Decrease) in non-current provisions	(5,949)	(61,914)
Net cash provided by operating activities	1,094,451	112,646

NOTE 27: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Board of Directors monitors and manages financial risk exposures of the Group. The Board reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, financing risk and interest rate risk. The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance, including the review of credit risk policies and future cash flow requirements. Activities undertaken by the group may expose the group to price risk, credit risk, liquidity risk and cash flow interest rate risk. The group's risk management policies and objectives are therefore reviewed to minimise the potential impacts of these risks on the results of the group.

a) Interest rate risk

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total
			Within 1 Year	1 to 5 Years		
	%	$	$	$	$	$
30th June 2014						
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	2.75	2,523,236	-	-	35,018	2,558,254
Trade and other receivables		-	-	-	2,652,188	2,652,188
Inventories		-	-	-	1,141,587	1,141,587
Total financial assets		2,523,236	-	-	3,829,993	6,353,229
Financial Liabilities						
Trade and other payables		-	-	-	746,209	746,209
Hire Purchase / Finance Lease	8.0	-	407,225	837,166	-	1,244,391
Total financial liabilities		-	407,225	837,166	746,209	1,990,600

30th June 2013	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate 1 to 5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
Financial Assets:						
Cash on Hand		-	-	-	1,700	1,700
Cash at Bank	2.75	1,787,179	-	-	200,217	1,987,396
Trade and other receivables		-	-	-	2,915,320	2,915,320
Inventories		-	-	-	1,497,765	1,497,765
Total financial assets		1,787,179	-	-	4,615,002	6,402,181
Financial Liabilities						
Trade and other payables		-	-	-	1,377,956	1,377,956
Hire Purchase / Finance Lease	8.0	-	518,420	1,279,252	-	1,797,672
Total financial liabilities		-	518,420	1,279,252	1,377,956	3,172,628

b) Credit Risk Exposure

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

c) Liquidity Risk

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

d) Net fair value of financial assets and liabilities

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

e) Price Risk

The group is not exposed to any material price risk.

f) Sensitivity Analysis

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

Interest Rate Sensitivity Analysis

The group as 30th June 2014 held a quantity of cash on hand in an Interest Bearing bank account. The effect on profit and equity as a result of changes in the interest rate on Cash on Hand, with all other variables remaining constant would be as follows:

	2014 $	2013 $
Change in profit		
- Increase in interest rate by 2.0%	895	454
- Decrease in interest rate by 2.0%	(895)	(454)
Change in equity		
- Increase in interest rate by 2.0%	895	454
- Decrease in interest rate by 2.0%	(895)	(454)

Foreign Currency Risk Sensitivity Analysis

The group purchases certain raw material from overseas due to non-availability in Australia or savings due to bulk buying power overseas. The group continues to expand its operation and has some overseas customers. At 30th June 2014, the effect on profit and equity as a result of changes in the Australian Dollar to other International currencies, with all other variables remaining constant would be as follows:

	2014	2013
Change in profit	$	$
- Improvement in AUD to International currencies by 15%	37,908	34,946
- Decline in AUD to International currencies by %	(37,908)	(34,946)
Change in equity		
- Improvement in AUD to International currencies by %	37,908	34,946
- Decline in AUD to International currencies by %	(37,908)	(34,946)

NOTE 28: SHARE BASED PAYMENTS

a) Employee Share Plan

A scheme under which shares may be issued by the group to employees for no cash consideration was approved by shareholders through the prospectus. All Australian resident full-time employees (excluding directors and their related parties) who have been continuously employed by the group (including any 100% owned subsidiaries) for a period of at least three years are eligible to participate.

Eligibility to participate is based on an employee being a full-time employee of the group (or any of its 100% owned subsidiaries), the employee is an Australian resident for income tax purposes and the employees has been directly employed by the group (or any of its 100% owned subsidiaries) for at least as period of 36 continuous months in a permanent position.

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

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

Number of shares issued under the plan to participating employees: (refer to Note 19 a) for detail of date of issue and issue price)	133,083	55,050

b) Expense arising from share based payment transactions

Shares Issued under employee share plan	8,149	7,590

NOTE 29: PARENT ENTITY FINANCIAL INFORMATION

a) Summary Financial Information

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

Balance Sheet

Assets:		
Current Assets	6,353,229	8,008,818
Total Assets	8,947,388	10,236,423
Liabilities:		
Current Liabilities	1,804,038	2,709,380
Total Liabilities	2,684,105	2,791,408
Shareholders' Equity		
Issued Capital	5,818,453	5,701,090
Retained Earnings	444,830	1,743,925
	6,263,283	7,445,015
Profit before income tax expense	1,061,369	(3,347,877)

	2014	2013
Profit after tax from continuing operations	763,420	(3,423,191)
Total comprehensive income attributable to members	763,420	(3,423,191)

b) Finance Facilities of the Parent Entity

The parent entity has given secured guarantees in respect of finance leases and hire purchase agreements:

(i) for the parent entity with a balance outstanding of $1,244,391 (2013: $1,414,626)
(ii) for subsidiaries with a balance outstanding of nil. (2013: $383,046)

A liability has been recognised in relation to these liabilities as per Note 16 of this financial report.

The parent entity has given secured guarantees in respect of operating lease agreements:

(i) for the parent entity with a balance outstanding of $488,348 (2013: $769,435)
(ii) for subsidiaries with a balance outstanding of nil (2013: $90,410)

The parent entity has given unsecured guarantees in respect of Rental Bonds:

(i) for the parent entity with totaling of $181,885 (2013: $181,885)
(ii) for subsidiaries with a balance outstanding of nil. (2013: $78,925)

The parent entity has unsecured and unused finance facilities in place in respect of:

(i) Trade finance facility with unused limit of $868,783 (2013: $470,000).
(ii) Bank Guarantee Line unused with limit of $18,115 (2013: $18,115).

The trade finance facility is subject to annual review which last occurred February 2014.

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

The parent entity had no current contractual commitments for the acquisition of property plant or equipment as at 30 June 2014 or 30 June 2013.

NOTE 30: CONTROLLED ENTITIES

Subsidiaries of LaserBond Limited

	Country of Incorporation	Percentage Owned 2014	Percentage Owned 2013
Peachey's Engineering Pty Ltd	Aust.	100%	100%
Canedice Investments Pty Ltd	Aust.	100%	100%
LaserBond (Qld) Pty Ltd	Aust.	100%	100%

Note that Peachey's Engineering Pty Ltd, Canedice Investments Pty Ltd and LaserBond (Qld) Pty Ltd are all non trading entities.

NOTE 31: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters to report subsequent to the end of the financial year that have not been detailed elsewhere in this report.

NOTE 32: SEGMENT REPORTING

The group operates entirely within Australia.

Identification of reportable segments

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

Discontinued operations relates to the Gladstone, Queensland subsidiary, Peachey's Engineering Pty Ltd. Trading formally ceased in October 2013 after the signing of an Asset Sale Agreement for part of the assets. Since cessation of operations all remaining assets were incorporated into the New South Wales and South Australian operations or sold by other means.

	LaserBond Limited (NSW Division) 2014	2013	LaserBond Limited (SA Division) 2014	2013	Total (for Continuing Operations) 2014	2013
Revenue	8,940,844	9,366,613	729,116	26,044	9,669,960	9,392,657
EBITDA	1,540,369	660,696	55,533	(49,449)	1,595,902	611,247
Interest	(102,143)	(24,956)	-	-	(102,143)	(24,956)
Goodwill Impairment	-	(3,598,927)	-	-	-	(3,598,927)
Depreciation & Amortisation	(374,794)	(329,863)	(53,204)	(5,378)	(427,998)	(335,241)
Profit Before Income Tax	1,063,432	(3,293,050)	2,329	(54,827)	1,065,761	(3,347,877)
Income tax expense	(324,250)	(128,719)	(699)	16,448	(324,949)	(112,271)
Profit after Income Tax	739,182	(3,421,769)	1,630	(38,379)	740,812	(3,460,148)
Assets	8,129,883	10,058,511	817,505	177,913	8,947,388	10,236,424
Liabilities	2,576,851	2,729,674	107,254	61,734	2,684,105	2,791,408

Revenues of $4,176,919 (2013 - $4,017,297) are derived from a single external customer. These revenues are attributed to the NSW segment.

NOTE 33: COMPANY DETAILS

Registered Office and Principal Place of Business:

LaserBond Ltd

NSW Division

2 / 57 Anderson Road
SMEATON GRANGE NSW 2567
Phone: 02 4631 4500
Fax: 02 4631 4555
www.laserbond.com.au

Divisions of Head Office:

SA Division

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

1. Substantial Shareholders at 6th August 2014

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	8,541,809	9.774
Mr Wayne Edward Hooper	8,541,809	9.774
Mr Wayne Edward Hooper (W&D Hooper Investments Pty Ltd)	935,919	1.071
Mr Rex Hooper	7,283,916	8.334
Ms Lillian Hooper	7,137,590	8.167
Mr Gregory John Hooper	4,969,952	5.687
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,652,564	4.179
Mrs Loretta Mary Peachey	2,693,344	3.082
Mrs Loretta Mary Peachey & Mr Nathan Charles Peachey <WK & LM Peachey S/Fund A/C>	2,250,000	2.574

2. Distribution of Shareholders as at 6th August 2014

Holdings Ranges	Holders	Total Units	%
1-1,000	24	4,630	0.005
1,001-5,000	51	179,992	0.206
5,001-10,000	75	597,958	0.684
10,001-100,000	281	9,872,944	11.297
100,001-9,999,999,999	88	76,741,833	87.808
Totals	**519**	**87,397,357**	**100.000**
Holdings less than a marketable parcel	19	662	0.0008

3. Twenty Largest Shareholders as at 6th August 2014

Holder LaserBond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	8,541,809	9.774
Mr Wayne Edward Hooper	8,541,809	9.774
Ms Rex Hooper	7,283,916	8.334
Mr Lillian Hooper	7,137,590	8.167
Mr Gregory John Hooper	4,969,952	5.687
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,652,564	4.179
Deveth Drilling Pty Ltd	3,035,488	3.473
Mrs Loretta Mary Peachey	2,693,344	3.082
Mrs Loretta Mary Peachey & Mr Nathan Charles Peachey <WK & LM Peachey S/Fund A/C>	2,250,000	2.574
Mr Keith Knowles	2,074,232	2.373
Wantune Pty Ltd <Trumbull Super Fund A/C>	1,831,427	2.096
Parks Australia Pty Ltd	1,786,666	2.044
Mr James Gordon Moffatt	1,248,289	1.428
Fortitude Enterprises Pty Ltd	1,050,000	1.201
Alliance Business Group Pty Limited <McCauley Super Fund A/C>	1,032,578	1.181
Myall Resources Pty Ltd <Myall Group Super Fund A/C>	1,000,000	1.144
W&D Hooper Investments Pty Ltd <W&D Hooper Unit A/C>	935,919	1.071
Dixson Trust Pty Limited	869,560	0.995
Mr Andrew James Shannon	868,488	0.994
UBS Wealth Management Australia Nominees Pty Ltd	652,170	0.747
Totals for Top 20	61,455,801	70.318
Security Totals	**87,397,357**	

4. Voting Rights

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

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

5. Restricted Securities

The group has no restricted securities.

6. Securities subject to voluntary escrow

Total number of shares held in escrow	Escrow Release Date 1	Escrow Release Date 2	Escrow Release Date 3
17,468	23 Nov 2014 – 17,468 shares		
60,214	5 Feb 2015 – 30,114 shares	5 Feb 2016 – 30,100 shares	
168,416	14 Feb 2015 – 56,144 shares	14 Feb 2016 – 56,144 shares	14 Feb 2017 – 56,128 shares

Notes

Notes

LaserBond®

EXTENDING MACHINERY LIFE WITH
ADVANCED SURFACE ENGINEERING

LaserBond Limited

Unit 2, 57 Anderson Road
Smeaton Grange NSW 2567

Telephone	02 4631 4500
International	+612 4631 4500
Fax	02 4631 4555
International	+612 4631 4555
Email	info@laserbond.com.au

LaserBond (SA)

112 Levels Road
Cavan SA 5094

Telephone:	08 8262 2289
International:	+618 8262 2289
Fax:	08 8260 2238
International:	+618 8260 2238
Email:	info@laserbond.com.au

www.laserbond.com.au

QAS INTERNATIONAL
ISO 9001:2008
REGISTERED FIRM

LISTED
ASX