Appendix 4D & Half-Yearly Financial Report

LaserBond Limited
ABN 24 057 636 692

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

For half-year ended 31st December 2014

Contents **Page**

CHAIRMAN'S LETTER

Dear Shareholders,

In my letter incorporated within the 2014 Annual Report, we advised that LaserBond was pursuing strategies that focus and develop our core surface engineering 'DNA', whilst ensuring continuing operations and our Board performance remain strong. We are pleased to report herein considerable success on all accounts.

Ongoing operations have improved as a result of some excellent application of operational performance enhancements, including our Lean 5S program.

Against a background of significant declines in the capital-intensive industries we serve, LaserBond's revenue from continuing operations fell slightly by 4.1%. However, gross profit increased by 7.1% to 52.9% of revenue.

Resulting Profit before income tax from continuing operations was 99.5% of the comparable Dec-13 Half-Year.

In that Dec-13 period we carried a loss from discontinued operations so our Dec-14 Half Year results show a significant improvement;

- Net Profit Attributable to members is up 94.4% to $263,784;
- Earnings per Share is up 87.5% from $0.16 to $0.30

In parallel our Research & Development work has also been a large focus for the team.

We recently reported the results of independently supervised trials of a Down-the-Hole Drilling Hammer application of our new laser cladding technology for which we have two registered patent applications. The trials investigated and proved the operational performance of this technology in the production environment of an operating mine.

The wear-life extension is highly valued outcome in the international mining industry where there is sharp focus on reducing costs, improving productivity and delivering a green tick for the environment.

We believe that embedding our now proven technology into LaserBond products is the best strategy to protect and commercialise our R&D. Prototypes of our new range of LaserBond branded DTH Hammers are now in field testing with a number of drilling operators. We have also contracted test partners for another range of mining consumables where LaserBond's DNA can have a disruptive cost performance impact.

To support this work our SA based facility has become the centre for R&D. It is also considered an ideal location to establish an advanced manufacturing facility for these new products in Australia.

The strategy of investing in our DNA is delivering long-term dividends. It confirms LaserBond's reputation as the go-to company for innovation in surface engineering. This flows through to reinforce the quality of our remanufacturing and service offering.

To support the company's growth opportunities, your Board continues to improve our governance processes and is increasing Board capabilities.

I am also pleased to advise the Board has declared a 2015 interim dividend of 0.2 cents per share. This represents a 66% distribution of profits after income tax, the balance being available to support further business development activities.

We thank the management team and employees contribution to these results. Their enthusiasm for the future of LaserBond is appreciated.

Allan Morton
Chairman

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half Year To 31st December 2014		Half Year To 31st December 2013
Revenues from ordinary activities	$4,653,665	**Down 23.7% from**	$6,095,418
Net Profit / <Loss> from Ordinary Operating Activities after Tax Attributable to Members	$263,784	**Up 94.4% from**	$135,723
Net Profit / <Loss> Attributable to Members	$263,784	**Up 94.4% from**	$135,723
Earnings per share (cents) from profit attributable to members	0.30	**Up 87.5% from**	0.16
Net Tangible Assets per Ordinary Share (NTA Backing - cents)	6.80	**Up 0.6% from**	6.76

Ordinary activities is comprised of the following results:

From Continuing Operations			
Revenues from continuing operations	$4,653,665	**Down 4.1% from**	$4,851,589
Net Profit / <Loss> Attributable to Members from continuing operations	$263,784	**Down 3.9% from**	$274,516
Earnings per share (cents) from continuing operations	0.30	**Down 6.3% from**	0.32
From Discontinued Operations			
Revenues from discontinued operations	$0.00	**Down 100.0% from**	$1,243,829
Net Profit / <Loss> Attributable to Members from continuing operations	$0.00	**Up 100.0% from**	<$138,793>

Dividend Information

Dividends	Amount Per Share (cents)	Total	Franked Amount	Record Date	Payment Date
2014 Final	0.2	$174,795	100%	12 September 14	26 September 14
2015 Interim	0.2	$175,217	100%	20 March 15	2 April 15

The Board has resolved to pay a 0.2 cent per share fully franked interim dividend. With the forecasted continued growth, the Board expects to be able to continue to pay dividends. As the Board resolution regarding dividends was made after 31st December 2014, the dividend will be paid from retained earnings but is not recognized as a liability in the half-year financial statements.

Dividend Reinvestment Plans

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

The Board has resolved to not offer the DRP for the 2015 Interim Dividend.

Brief Explanation of Results:

For commentary on our half yearly results please refer to the Directors' Report on pages 5 to 7.

Details of Subsidiaries

During the period from 1st July 2014 to 31st December 2014, LaserBond Limited has not gained or lost control over any entities.

Details of Associates and Joint Venture Entities

During the period from 1st July 2014 to 31st December 2014, LaserBond Limited has no interest in any Associates or Joint Venture Activities.

Accounting Standards

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

Audit Modified Opinion, Emphasis of Matter or other matter

None.

Directors' Report

Your directors present their report on the consolidated entity for the half-year ended 31st December 2014.

Directors

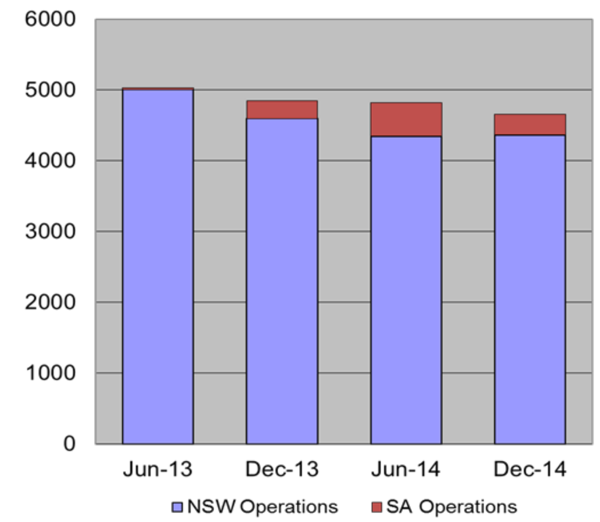
The names of directors who held office during or since the end of the half-year:

Mr Wayne Hooper	Mr Allan Morton
Mr Gregory Hooper	Mr Philip Suriano

Results for the Half Year Ending December 2014

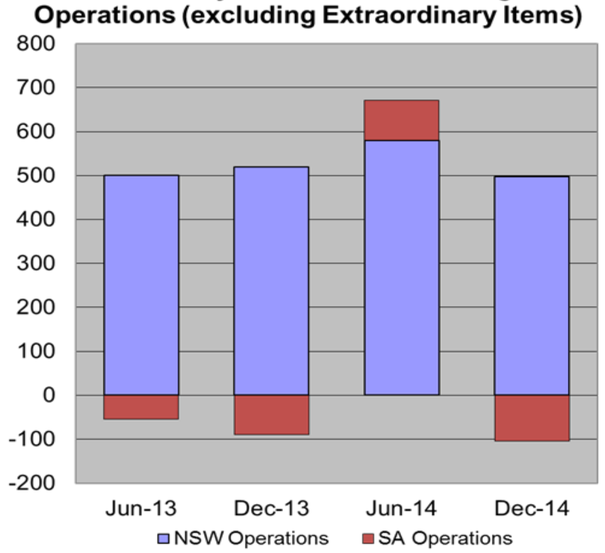
In previous announcements LaserBond predicted that revenue would be relatively stable and gross margins would improve for the half year to December 2014. However, these improved margins would be negated by higher fixed costs, primarily associated with business development and marketing activities to develop new customers and commercialise an R&D project. Results from the New South Wales and South Australia operations for the half year to December 2014 are described below.

6 Monthly Revenue from Continuing Operations



- Revenue from continuing operations was $4.653 million, down by 4% in comparison to the previous corresponding period.
- LaserBond (NSW) achieved revenue of $4.365 million which despite being 5% under the previous corresponding period was a slight increase from the January to June 2014 period.
- LaserBond (SA) achieved revenue of $288,467 which provided growth of 12% over the previous corresponding period, however a decline in revenue in comparison to the January to June 2014 period.

6 Monthly EBIT from Continuing Operations (excluding Extraordinary Items)



- Underlying half year EBIT from continuing operations down 0.5% over the previous corresponding period to $392,300.
- LaserBond (NSW) underlying half year EBIT down 3% in comparison to the previous corresponding period to $497,274, however a decrease of 14% compared to the January to June 2014 period, essentially related to increased fixed costs, primarily associated with Lean Manufacturing training, R&D and its commercialisation.
- LaserBond (SA) half year EBIT represented a loss of <$104,975>

Explanation of Results for Continuing Operations

LaserBond has traditionally gained a significant proportion of its revenue from resource extraction and processing industries, and as a result of declining commodity prices and the strong currency, these industries have remained challenging. LaserBond's services allow industry to reduce their operating and maintenance costs, but many in the resource sector have been looking for short term gains by reducing their spending on maintenance activities. This has had an effect on revenue from some major customers over recent reporting periods. However, the company has been focussed on expanding the applications for its technology and improving operational productivity to enhance revenue and increase longer term profitability.

LaserBond (NSW)

The New South Wales division achieved revenue for the December 14 half year of $4.365 million, representing a 5% decline over the previous corresponding period, but a 0.5% increase in comparison to the January to June 2014 period. The stable revenue results between the two six month periods of the 2014 calendar year were as expected despite the challenges of major customers reducing orders and many mining service companies suffering major declines.

Despite the lack of growth in sales, the New South Wales division has achieved an increase in Gross Profit to 53.2% of revenue for the July to December 2014 period, in comparison to 49.3% for July to December 2013 and 49.4% for January to June 2014. The improvement in gross profit can be directly related to efficiency improvements achieved as a result of the Lean Manufacturing techniques implemented throughout the December 2014 half-year period. Lean Manufacturing implementation is an ongoing process and becomes part of the way we operate. It is expected to at least retain the gross margin improvements achieved to December 2014.

New South Wales half year earnings before interest and tax however has resulted in a 3% decline to the previous corresponding period to December 2013, and a 14% decline when comparing results to the January to June 2014 period. This is a direct result of planned increases in fixed costs, including some one off costs, such as:

- Proactive research and development activity for the business again after the hiring of a trainee Material Scientist in March 2014. This has resulted in additional $43,169 expenditure for the December 14 half-year period with projects specifically related to research and / or development of new surface engineering applications and techniques.
- An increase in training costs relative to the Lean Manufacturing techniques implemented, costing the business $34,270, however this cost has assisted in providing the approximate 8% improvement to Gross Profit results.
- An increase in extraordinary consultants fees of $48,002 relative to investigation of further opportunities for growth for the business. As plans are put in place for any of these opportunities the market will be advised accordingly.

If the above mentioned additional expenses had not been incurred the LaserBond (NSW) division would have achieved a further 25% profit to that reported, however these expenses are necessary for the continuing development of new markets, products, applications and techniques. They represent investment in both the business development staff and activities which are expected to provide a return throughout the 2015 calendar year and beyond.

For the balance of the 2014-2015 fiscal year, the New South Wales division is expecting a return to revenue growth based on both recent and continuing business development and R&D activities, along with the retention of the recent improvements to gross margins.

LaserBond (SA)

The South Australian division has achieved revenue for the December 14 half year of $288,467 which represents growth from the previous corresponding period of 12%, however a decline in revenue when compared to the January to June 14 six month period.

The establishment of our facility in South Australia was originally based on a commitment from one client for LaserBond to provide local services in Adelaide. This client is within the oil and gas exploration industry, which is suffering due to oil prices declining by more than 50% since June 2014.

This decline in activity created a timely opportunity for increased attention into research and development. Initial results from R&D activities in South Australia have resulted in the lodgement of a patent application related to a new and advanced methodology of laser processing. This methodology has also resulted in a second patent application related to a new, improved design of Down the Hole (DTH) hammers incorporating the methodology of laser processing (forming the first patent).

As recently announced, development trials held in particularly abrasive conditions has proven that both the methodology of laser processing and LaserBond's design of DTH Hammers overcomes premature failure due to high wear rates, providing substantial overall savings for companies utilising these consumables. Further trials are currently underway with a limited number of development partners, offering a wider sample of ground conditions and mine economics.

Upon completion of the continuing trials of the DTH Hammers, LaserBond intends to offer a limited range of LaserBond DTH hammers and associated parts, with a return on this investment occurring from late 2013-2014 and growing throughout the latter half of 2015 calendar year. Further announcements will be made to the market as and when results and intentions are firm.

Further to the DTH Hammers design, the new, advanced methodology of laser processing is expected to provide increased opportunities in research and development and other advanced applications in the near future.

The Board believes that our South Australian facility is well placed to become an advanced manufacturing facility of DTH hammers (and associated parts) and other high performance consumable products embedded with our technology. The results from the R&D and field trials of DTH Hammers have promised a major opportunity for the company. The stage 2 field trials are expected to confirm this opportunity and the commercialisation is expected to increase revenue and profit substantially in FY2016 and beyond.

Dividends

Dividends details are discussed in the Results for Announcement to Market on page 3 of this report

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page eight (8) for the half-year ended 31 December 2014.

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

Wayne Hooper
Director
Dated this 23rd Day of February 2015

Gregory Hooper
Director

LNP Audit and Assurance

Lachlan Nielson Partners Pty Limited
ABN 65 155 188 837
Level 11, 60 Castlereagh St
Sydney NSW 2000
Australia

T +61 416 176 303

23 February 2015

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 half-year ended 31 December 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 review; 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.

LNP Audit and Assurance

Tony Rose
Director

DIRECTORS' DECLARATION

The directors of the group declare that:

1. The financial statements and notes, as set out on pages 12 to 20:

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

    b. give a true and fair view of the consolidated entity's financial position as at 31st December 2014 and of its performance for the half year ended on that date.

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

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

Wayne Hooper
Director

Gregory Hooper
Director

Dated this 23rd Day of February 2015

LNP Audit and Assurance

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Australia

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23 February 2015

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.

Auditor's Responsibility (continued)

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.

Independence

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

Conclusion

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

(i) giving a true and fair view of LaserBond Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

LNP Audit and Assurance

Tony Rose
Director

Consolidated Statement Profits or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2014

	Note	31 Dec 14 $	31 Dec 13 $
Revenue from continuing operations		4,653,665	4,851,589
Cost of Sales		(2,191,124)	(2,454,756)
Gross Profit from continuing operations		**2,462,541**	**2,396,833**
Other Income		55,629	35,346
Advertising & Promotion		(52,739)	(20,843)
Depreciation & Amortisation		(196,440)	(203,224)
Employment Expenses		(830,085)	(641,777)
Property Rental & Rates Expenses		(318,927)	(313,964)
Administration Expenses		(464,051)	(599,566)
Operating Lease Expenses		(60,717)	(87,301)
Repairs & Maintenance		(44,837)	(88,207)
Borrowing Costs		(48,652)	(57,538)
Research & development Costs		(58,579)	-
Other Expenses		(50,843)	(25,605)
Profit before income tax from continuing operations		**392,300**	**394,154**
Income tax expense		(128,516)	(119,638)
Profit from continuing operations	2	**263,784**	**274,516**
Profit from discontinued operations		**-**	**(138,793)**
Total comprehensive income for the period		-	-
Net profit attributable to members of LaserBond Limited		**263,784**	**135,723**

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

Earnings per share (cents)	0.30	0.32
Diluted earnings per share (cents)	0.30	0.32

Earnings per share for profit attributable to members:

Earnings per share (cents)	0.30	0.16
Diluted earnings per share (cents)	0.30	0.16

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

Consolidated Statement of Financial Position
for the Half-Year Ended 31 December 2014

	Note	31 Dec 14 $	30 Jun 14 $
CURRENT ASSETS			
Cash and cash equivalents		2,338,730	2,559,454
Trade and Other Receivables		2,154,766	2,652,188
Current Tax Assets		84,614	-
Inventories		1,372,779	1,141,587
Assets Held for Sale		40,000	-
Total Current Assets		**5,990,889**	**6,353,229**
NON-CURRENT ASSETS			
Property, plant and equipment		2,044,162	2,120,993
Deferred tax assets		209,542	220,368
Intangible Assets	3	399,360	212,798
Assets Held for Sale		-	40,000
Total Non-Current Assets		**2,653,064**	**2,594,159**
TOTAL ASSETS		**8,643,953**	**8,947,388**
CURRENT LIABILITIES			
Trade and Other Payables		572,184	756,361
Provisions		527,484	540,253
Interest-bearing liabilities		325,298	407,225
Current Tax Liabilities		-	100,199
Total Current Liabilities		**1,424,966**	**1,804,038**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		692,264	837,166
Deferred Tax Liabilities	4	117,554	-
Provisions		54,384	42,901
Total Non-Current Liabilities		**864,202**	**880,067**
TOTAL LIABILITIES		**2,289,168**	**2,684,105**
NET ASSETS		**6,354,785**	**6,263,283**
EQUITY			
Issued Capital	5	5,820,966	5,818,453
Retained earnings		533,819	444,830
TOTAL EQUITY		**6,354,785**	**6,263,283**

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

Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2014

	31 Dec 2014	31 Dec 2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,628,218	6,645,715
Payments to suppliers and employees	(5,098,956)	(6,678,799)
Interest paid	(48,652)	(63,473)
Interest received	30,994	21,738
Income taxes paid	(35,032)	-
Net cash provided by operating activities	**476,572**	**(74,819)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds – sale of property, plant & equipment	-	608,263
Proceeds – disposal of other assets	-	250,000
Payments for plant and equipment	(120,139)	(27,909)
Payments for intangible assets	(186,962)	-
Loans to employees	-	(5,593)
Repayments of loans to employees	5,034	-
Net cash (used in) / provided by investing activities	**(302,067)**	**824,761**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	(226,828)	(625,557)
Dividends paid	(168,401)	(118,834)
Net cash used in financing activities	**(395,229)**	**(744,391)**
NET (DECREASE) / INCREASE IN CASH HELD	(220,724)	5,551
Cash at beginning of period	2,559,454	1,989,096
CASH AT END OF PERIOD	**2,338,730**	**1,994,647**

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

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2014

	Issued ordinary capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2013	**5,701,090**	**146,603**	**5,847,693**
Profit attributable to members of parent entity	-	135,723	135,723
Dividends provided for or paid	-	(172,130)	(172,130)
Issue of Share Capital (net of transaction costs)	52,400	-	52,400
Closing Balance at 31st December 2013	**5,753,490**	**110,196**	**5,863,686**
Opening Balance at 1st July 2014	**5,818,453**	**444,830**	**6,263,283**
Profit attributable to members of parent entity	-	263,784	263,784
Dividends provided for or paid	-	(174,795)	(174,795)
Issue of Share Capital (net of transaction costs)	2,513	-	2,513
Closing Balance at 31st December 2014	**5,820,966**	**533,819**	**6,354,785**

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Note 1: Significant Accounting Policies

a) Summary of Significant Accounting Policies

The condensed consolidated financial report does not include notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and activities of the consolidated entity as the full financial report. It is recommended this condensed consolidated financial report be read in conjunction with the most recent annual financial report.

It is also recommended that the condensed consolidated financial report be considered together with any public announcements made during the half year to 31 December 2014 in accordance with the continuous disclosure obligations within the *Corporations Act 2001*.

b) Basis of Preparation

The condensed consolidated financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001,* applicable Accounting Standards (including AASB 134 *Interim Financial Reporting)* and other mandatory professional reporting requirements.

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

c) New and Amended Standards Adopted

A number of new or amended standards became applicable for the current reporting period however there are no changes to accounting policies or retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

d) Impact of Standards Issued but not yet Applied

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 2017 but is available for early adoption. When adopted the standard will affect accounting for 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 will therefore have to be recognized directly in profit or loss.

There will be no impact on the group's accounting for financial liabilities as the new requirements only affect the accounting of financial liabilities that are designated at fair value through profit or loss and there are no such liabilities. The de-recognition rules have been transferred from AASB *139 Financial Instrument: Recognition and Measurement* and have not been changed.

e) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent LaserBond Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealized gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Note 2: Expenses (from continuing operations)

	31 Dec 2014 $	31 Dec 2013 $
Advertising & Promotion	52,739	20,843

Advertising costs has included three exhibitions or conferences related to existing industry sectors, or those deemed to have opportunities based on business development plans.

Employment Expenses:		
Wages – General	700,248	515,092
Wages – On-Costs	129,837	126,685
	830,085	641,777

Employment expenses relate to in-direct wages and associated on-costs, and increases during the December 2014 reporting period include additional staff (Material Scientist and Business Development Manager), additional wage costs due to annual wage reviews at CPI, and the addition to LaserBond payroll of an Executive Directors fees (previously reported as Consultants fees under Administration Expenses).

Administration Expenses:		
Consultants & Casual Staff	102,069	223,415

Consultant's fees previously included an Executive Director's fees.

Staff Training	41,419	3,655

Training includes the costs to date for the Lean / 5S implementation discussed within the Directors' Report.

Repairs & Maintenance	44,837	88,207

December 2013 repairs and maintenance expenditure included planned servicing of the laser cladding equipment.

Research & Development Costs	58,579	-

This expense relates to the renewed efforts in research and development of applications and techniques which ensures LaserBond remains at the forefront of the surface engineering industry. This expense is after the capitalisation of development costs related to the recently announced Down the Hole Hammer components.

Note 3: Intangible Assets

	399,360	212,798

The movement in Intangible Assets is the additional costs from July to December 2014 for the development phase of the Down the Hole Hammer components. As at 31 December 2014 this asset remains undepreciable due to the development phase being incomplete at this reporting date.

Note 4: Deferred Tax Liability

	117,554	-

The deferred tax liability is related to the capitalised development costs in which the company is entitled to a tax deduction in full in the year of expenditure, rather than the term of amortisation. We expect to realise this in the near future.

Note 5: Contributed Equity

	31 Dec 2014 $	30 Jun 2014 $
Issued and Paid Up Capital	5,820,966	5,818,453

	31 Dec 2014 Shares	31 Dec 2014 $	30 Jun 2014 Shares	30 Jun 14 $
Existing Shares	87,397,357	5,818,453	86,090,776	5,701,090
Issued Shares	211,109	2,513	1,306,581	117,363
	87,608,466	5,820,966	87,397,357	5,818,453

(a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1st July 2014	Opening Balance	87,397,357		
15th December 2014	Employee Share Plan	211,109	9.0	2,513
31st December 2014	Closing Balance	87,608,466		2,513

Note 6: Dividends

	31 Dec 2014 $	31 Dec 2013 $
Declared fully franked 2014 final dividend of 0.2 cents per share (2013: 0.2)	174,795	172,182
Declared fully franked 2015 interim dividend of Nil cents per share (2013: 0.2)	-	-

(a) Dividends not recognised during reporting period

Since 31 December 2014, the Directors have recommended the payment of an interim 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 2 April 2014 out of retained earnings at 31 December 2014, but not recognized as a liability, is $175,217.

Note 7: Contingent Liabilities

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

Note 8: 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.

Labour Hire		
Labour – Payroll Staff	162,196	110,366
Labour – Contract Staff	9,041	18,880
	171,237	129,246

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 administration staff.

Consultants	21,650	11,400

Hawkesdale Group, a director related entity, provided consulting services in relation to sales and marketing activities and growth strategies..

Loans – Related Parties	**31 Dec 2014**	**31 Dec 2013**
	$	**$**
Director Loan (a)	50,174	50,174
Employee Loans (b)	95	6,255
	50,269	56,429

All loans to related parties are classified current, unsecured and interest free.

a) The director loan is receivable from Mr. Greg Hooper.

b) The employee loans are receivable from one (1) employee.

Note 9: Subsequent Events

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

Note 10: 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.

	LaserBond Limited (NSW Division)		LaserBond Limited (SA Division)		Total (for Continuing Operations)	
	Dec 2014	Dec 2013	Dec 2014	Dec 2013	Dec 2014	Dec 2013
Revenue	4,365,197	4,594,245	288,467	257,344	4,653,665	4,851,589
EBITDA	695,628	696,352	(89,230)	(63,173)	606,398	633,179
Interest	(17,658)	(35,810)	-	-	(17,658)	(35,801)
Depreciation & Amortisation	(180,696)	(177,104)	(15,744)	(26,120)	(196,440)	(203,224)
Profit Before Income Tax	497,274	483,447	(104,974)	(89,293)	392,300	394,154
Income tax expense	(160,008)	(146,426)	31,492	26,788	(128,516)	(119,638)
Profit after Income Tax	337,266	337,021	(73,482)	(62,505)	263,784	274,516
Assets	7,703,403	9,746,824	855,936	400,668	8,559,339	10,147,492
Liabilities	2,143,683	2,548,707	71,696	68,673	2,215,379	2,617,380

Note 11: Group's Details

Registered Office and Principal Place of Business:

LaserBond Ltd

Principal Place of Business / NSW Division

2/57 Anderson Road
SMEATON GRANGE NSW 2565
Phone: 02 4631 4500
Fax: 02 4631 4555

www.laserbond.com.au

Divisions of Head Office:

South Australia Division

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

Share Registry:

Boardroom Pty Ltd

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