

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 2009

All comparisons to period ending 31st December 2008

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HALF-YEAR CONSOLIDATED ACCOUNTS

LaserBond Limited ABN 24 057 636 692 and Controlled Entities Directors' Report Half-Year Financial Report

Your directors present their report on the consolidated entity for the half-year ended 31st December 2009

Directors

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

Mr Timothy McCauley
Mr Wayne Hooper
Mr Gregory Hooper
Mr Philip Suriano

Review of Operations

Consolidated Revenue

Consolidated revenue is up 87% over the corresponding period of 31 December 2008. Whilst much of this growth has been generated from the November 2008 purchase of Peachey's Engineering Pty Ltd in Gladstone, Queensland, sales from the Ingleburn, New South Wales division have also increased considerably.

Operations

The results for our Ingleburn (Head Office) operations have grown in line with expectations. Expected costs associated with additional staff, consumables and stock for the Weir Minerals contract announced in March 2009 have stabilised and profits are expected to increase to end June 2010. Refer to the Weir Minerals notes further below for more detail.

Ingleburn Sales to the Pumping Equipment sector have increased by 72% with the Mining sector increasing by a further 39% and the Energy Sector having the largest percentage growth of 251%. Continued marketing of the company's technology and expertise into these (and other new) sectors will ensure continued growth into the future.

Results for our Gladstone, Queensland division (Peachey's Engineering Pty Ltd) have been disappointing. This result can be attributed to the effect of the Global Financial Crisis within the Gladstone and the Central Queensland region, as well as some management issues following the acquisition. A number of changes have been put in place within the Gladstone division to increase revenue, reduce costs and ultimately improve this division's results, including the employment of new qualified and experienced staff. As the economy in the Central Queensland region continues to show signs of stabilising and improving, these changes will also provide a stronger position to take advantage of opportunities in Gladstone and surrounding areas (being the company's original reason for expanding to Gladstone).

LaserBond Limited

Half Yearly Report to 30th December 2009

Despite the effect of the global downturn in the economy and the teething issues surrounding the acquisition of Peachey's Engineering, the Board of LaserBond is encouraged with the Consolidated results to December 2009 and are looking forward to the increased revenue and profits for both divisions in the future.

Retrofitting for Climate Change Grant

As announced in November 2009, LaserBond has been awarded a \$500,000 grant under the Australian Federal Government's "Retrofitting of Climate Change" programme. With the support of this grant, LaserBond will be able to install new LaserBond cladding equipment which will reduce the company's energy usage and overall cost base. This will enhance the proposition of reduced environmental impact and make our unique laser cladding technology more attractive amongst our range of potential customers.

Weir Minerals

As announced in March 2009, LaserBond was awarded a 3 year contract with one of its major clients, Weir Minerals Australia. This contract commenced July 2009 and has assisted the Ingleburn division to increase its revenue compared to period ending December 2008. The next 6 to 12 months will see this revenue continue to grow, ensuring continued growth for LaserBond.

Future Developments

A number of opportunities are currently being investigated and developed to ensure LaserBond Ltd's consolidated results continue to grow. However, disclosure of information regarding these likely developments in the operations of the consolidated entity in the future and the expected operating results of those likely operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Tim McCauley's Role as Non-Executive Chairman

As from 1st February 2010, Tim McCauley relinquished his role as Chief Executive Officer of LaserBond Ltd. Tim has acquired a majority interest in another company in a completely unrelated industry. The Board has appointed Tim to the role of Non-Executive Chairman and the day to day management of the business remains with the Executive Directors Greg and Wayne Hooper.

June 2009 Financial Reports

In December 2009, the Board of LaserBond Ltd learned of an overstatement of sales and profits for the Queensland operations (Peachey's Engineering Pty Ltd) for the Financial Report to 30th June 2009. The overstatement related to premature invoicing by the local management for work that was not completed until this financial year.

Upon investigation of the circumstances by both the Board and the Auditor it has been agreed that if these invoices had been correctly allocated, the financial results would have been as follows:

LaserBond Limited
Half Yearly Report to 30th December 2009

1. Profit Before Income Tax Expense as at 30th June 2009 of \$605,319 compared to the \$750,610 reported in the 2009 Annual Report.
2. Profit Before Income Tax Expense as at 31st December 2009 of \$301,823 compared to the \$156,532 reported in this Half Yearly Financial Report.
3. Diluted Earnings Per Share as at 30th June 2009 of \$0.0025 Compared to the \$0.0041 reported in the 2009 Annual Report.
4. Diluted Earnings Per Share as at 31st December 2009 of \$0.0030 compared to the \$0.0016 reported in this Half Yearly Financial Report.

The Board has restructured the management of the Queensland Operations and is confident that these issues will not reoccur.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page five (5) for the half-year ended 31 December 2009.

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:



Timothy McCauley
Director



Wayne Hooper
Director

Sydney
Dated this 26th Day of February 2010

**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF LASERBOND LIMITED**

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2009, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

Robert Nielson Partners



Robert Nielson

Date 26 February 2010

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 17:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 31st December 2009 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Director
Timothy McCauley



Director
Wayne Hooper

Dated this 26th day of February 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
LASERBOND LIMITED AND CONTROLLED ENTITIES**

Report on the Half-Year Financial Report

We have reviewed the accompanying half year consolidated financial report of Laserbond Limited & controlled entities ('the consolidated company'), which comprises the condensed statement of financial position as at 31 December 2009, condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors' of Laserbond Limited ('the company') are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Laserbond Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

Prior Period Adjustment

Without qualification to the conclusion expressed above, attention is drawn to the following matter.

In the section of the Directors Report on Page 3 headed "June 2009 Financial Reports" the effect of an error in invoicing that occurred in June 2009 is set out. The comparative information presented in this financial report is not affected by this error and accordingly no restatement of comparative amounts has been made.

The impact of a restatement on the financial information reported at 30 June 2009 would be as follows:-

Revenue reduced by \$145,291 to \$8,941,473.

Profit before Income tax expense reduced by \$145,291 to \$605,319.

Robert Nielson Partners



Robert Nielson

Dated 26 February 2010

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended 31st December 2008)

	Up/Down	% movement	\$
Revenues from continuing operations	Up	87.4%	\$5,413,594
Net Profit after income tax from ordinary activities	Down	(5.1%)	\$109,113

Explanation of Results:

- The results for our Ingleburn, Sydney division (Head Office) operations have grown in line with expectations.
- Results for our Gladstone, Queensland division (Peachey's Engineering Pty Ltd) have been disappointing. This result can be attributed to the effect of the Global Financial Crisis within the Gladstone and the Central Queensland region, as well as some management / staff unrest following the acquisition.
- Please refer to the Director's Report on pages 2 to 4 of this Financial Report for further detail.

Dividend Information

No dividends will be payable for this reporting period.

1. Net Tangible Assets per Ordinary Share (NTA Backing)

As at December 2009	As at December 2008
\$0.0296	\$0.0351

2. Details of Subsidiaries

2.1 Control Gained Over Entities During the Period

During the period from 1st July to 31st December 2009, LaserBond Limited has not gained control over any entities

2.2 Loss of Control of Entities During the Period

During the period from 1st July to 31st December 2009, LaserBond Limited has not lost control over any Entities.

3. Details of Associates and Joint Venture Entities

3.1 Equity Accounted Associates and Joint Venture Activities

During the period from 1st July to 31st December 2009, LaserBond Limited has no interest in any Associates or Joint Venture Activities

3.2 Aggregate Share of Profits (Losses) of Associates and Joint Venture Activities

Not Applicable

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

4. Dividends

4.1 Dividends per Share

	Amount per Share	Franked Amount Per Share at 30% Tax	Amount per Share of Foreign Source
Final			
- Current Period	N/A	N/A	N/A
- previous corresponding period	N/A	N/A	N/A
Interim			
- Current Period	N/A	N/A	N/A
- previous corresponding period	N/A	N/A	N/A

4.2 Total Dividends

	Current Period	Previous Corresponding Period
Interim	N/A	N/A
Final	N/A	N/A
	N/A	N/A

4.3 Dividends Reinvestment Plans

During the period from 1st July to 31st December 2009, LaserBond Limited had no Dividend Reinvestment plans in operation

5. Accounting Standards

Australian Accounting Standards, including Australian equivalents to International Financial Reporting Standards (AIFRS) have been used in compiling the information contained in this Appendix 4D.

6. Audit Disputes or Qualifications

None

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Consolidated Statement of Comprehensive Income For the Half-Year Ended 31 December 2009

	Note	Dec 09	Dec 08
Revenue		5,413,594	2,888,276
Cost of Sales		(2,969,940)	(1,452,687)
Gross Profit		2,443,654	1,435,589
Other Income		6,262	97,786
Advertising & Promotional Expenses		(43,832)	(37,479)
Depreciation & Amortisation		(96,447)	(56,810)
Employment Expenses		(1,024,935)	(652,070)
Property Rental & Rates Expenses		(291,807)	(84,321)
Administration Expenses		(480,990)	(352,217)
R&D Expenditure		(34,561)	(2,580)
Repairs & Maintenance Expenses		(56,713)	(56,769)
Finance Lease Expenses		(259,970)	(154,257)
Borrowing Costs		(13,398)	(3,178)
Other Expenses		9,269	30,589
Profit before income tax expense		156,532	164,283
Income tax expense		(47,419)	(49,285)
Profit after tax from continuing operations		109,113	114,998
Other Comprehensive Income		-	-
Total Comprehensive Income for the Period		109,113	114,998
Net profit attributable to members of LaserBond Limited		109,113	114,998
Earnings per share		\$0.0016	\$0.0017
Diluted earnings per share		\$0.0016	\$0.0017

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

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Consolidated Statement of Financial Position for the Half-Year Ended 31 December 2009

	Note	Dec 09	Jun 09
CURRENT ASSETS			
Cash and cash equivalents		279,590	382,524
Trade and Other Receivables		2,145,002	2,106,336
Inventories		1,387,710	938,573
Total Current Assets		<u>3,812,302</u>	<u>3,427,433</u>
NON-CURRENT ASSETS			
Property, plant and equipment		598,899	665,598
Deferred tax assets		298,923	319,769
Investment in Subsidiary	2		
Intangible assets	2	<u>3,468,012</u>	<u>3,228,002</u>
Total Non-Current Assets		<u>4,365,834</u>	<u>4,213,369</u>
TOTAL ASSETS		<u>8,178,136</u>	<u>7,640,802</u>
CURRENT LIABILITIES			
Trade and Other Payables		1,259,896	939,582
Provisions		364,723	413,980
Interest-bearing liabilities		29,950	59,898
Current tax liabilities		599,927	428,174
Total Current Liabilities		<u>2,254,496</u>	<u>1,841,634</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		187,269	180,869
Provisions		217,507	187,752
Total Non-Current Liabilities		<u>404,776</u>	<u>368,621</u>
TOTAL LIABILITIES		<u>2,659,272</u>	<u>2,210,255</u>
NET ASSETS		<u>5,518,864</u>	<u>5,430,547</u>
EQUITY			
Issued Capital		2,840,090	2,861,164
Retained earnings		<u>2,678,774</u>	<u>2,569,383</u>
TOTAL EQUITY		<u>5,518,864</u>	<u>5,430,547</u>

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

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2009

	Consolidated Group	
	31 Dec 2009	31 Dec 2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,365,749	2,125,527
Payments to suppliers and employees	(5,119,982)	(1,284,254)
Interest paid	(26,573)	(49,285)
Interest received	(13,398)	(3,178)
Income taxes paid		109,507
Net cash provided by operating activities	<u>205,796</u>	<u>898,317</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(17,618)	(244,693)
Proceeds from sale of plant and equipment	-	-
Payment for subsidiary / business	(250,156)	(3,031,523)
Net cash (used in) / provided by investing activities	<u>(153,283)</u>	<u>(3,276,216)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	(21,073)	478,926
Payments from borrowings	(23,549)	(16,823)
Loans to employees	3,666	7,655
Dividends paid		-
Net cash used in financing activities	<u>(40,956)</u>	<u>469,758</u>
NET (DECREASE) / INCREASE IN CASH HELD	(102,934)	(1,908,141)
Cash at beginning of period	382,524	3,497,102
CASH AT END OF PERIOD	<u>279,590</u>	<u>1,588,961</u>

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

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2009

	Issued ordinary capital \$	Retained earnings \$	Total equity \$
At 1st July 2008	2,466,144	2,080,012	4,546,156
Profit attributable to members of parent entity	-	114,998	114,998
Issue of share capital during the period	500,000	-	500,000
Capital raising costs adjustments	(21,074)	128,393	107,319
At 31st December 2008	2,945,070	2,323,403	5,268,473
At 1st July 2009	2,861,164	2,569,383	5,430,547
Profit attributable to members of parent entity	-	109,113	109,113
Capital raising costs adjustments	(21,074)	278	(20,796)
At 31st December 2009	2,840,090	2,678,774	5,518,864

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

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

**Notes To The Consolidated Financial Statements
for the Half-Year Ended 31 December 2009**

Note 1: Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with the requirements of the Australian Accounting Standard AASB 134 "Interim Financial Reporting", Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made the LaserBond Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2009 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial asset and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Standards Not Previously Applied

The Company has adopted the following new and revised Australian Accounting Standards which are mandatory to apply to the current interim period.

AASB 101 Presentation of Financial Statements

Changes reflected in this financial report include:-

1. The replacement of the income statement with a statement of comprehensive income
2. The adoption of a single statement approach to the presentation of the statement of comprehensive income
3. Other financial statements are renamed in accordance with the Standard.

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Notes To The Consolidated Financial Statements for the Half-Year Ended 31 December 2009

AASB 8 Operating Segments

From 1 July 2009 the Company has identified its operating segments based on internal reports that are reviewed by the chief operating decision maker which, for the Company, is the Board.

Note 2: Intangible Assets

Consolidated Group 31 Dec 2009 31 Dec 2008

The Intangible Assets includes a value for the Goodwill in Consideration for the purchase of Peachey's Engineering Pty Ltd in November 2008. The parent entity shows this as an Investment in Subsidiaries.

Goodwill on consolidation	3,442,693	2,813,041
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Note 3: Segment Reporting

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management.

The Company operated in one business segment during the half year, being engineering and in two geographical areas, being Sydney NSW and Gladstone Queensland.

	LaserBond Limited (Sydney, NSW)		Peachey's Engineering Pty Ltd (Gladstone, Qld)		Consolidated	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
Revenue	2,724,551	2,478,112	2,689,043	410,165	5,413,594	2,888,276
Profit Before Income Tax	275,423	159,453	(118,891)	4,830	156,532	164,283
Profit after Income Tax	192,337	111,617	(83,224)	3,381	109,113	114,998

	31 Dec 09	30 Jun 09	31 Dec 09	30 Jun 09	31 Dec 09	30 Jun 09
Assets	7,084,078	6,233,604	1,094,058	2,690,291	8,178,136	7,640,802
Liabilities	1,642,979	976,274	1,016,293	2,517,074	2,659,272	2,210,255
Capital Expenditure	11,484	34,560	6,824	485,722	18,308	520,282
Business Purchases	-	3,192,537	-	-	-	3,192,537

There are no assets or liabilities that have not been allocated to a segment.

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Notes To The Consolidated Financial Statements for the Half-Year Ended 31 December 2009

Note 4: Contingent Liabilities

As announced in November 2008, the final purchase price of Peachey's Engineering is subject to "earn out" provisions, based on the multiple of 3.5 times average EBIT provided by that business. After taking into account previous payments, the Statement of Financial Position includes a provision for the liability of \$444,179, based on the calculated average EBIT for the financial years ended June 2008 and 2009. These calculations have been carried out by an independent accountant in accordance with the Share Sale Deed. However, the vendors have questioned some details in the calculation and have claimed \$811,437.

In the event that the claims by the vendors are found to be partially or fully substantiated, then the Company will incur an additional liability in respect of the "earn out" provisions up to a maximum of \$367,258.

The liability will be settled by cash and escrowed scrip.

Note 5: Subsequent Events

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Note 6: Company Details

Registered Office and Principal Place of Business:

LaserBond Ltd

28 York Road
INGLEBURN NSW 2565
Phone: 02 9829 3815
Fax: 02 9829 2417
www.laserbond.com.au

Subsidiaries:

Peachey's Engineering Pty Ltd

- Machine Shop 10 Blain Drive
GLADSTONE QLD 4680
- Fabrication Shop 5 George Mamalis Place
GLADSTONE QLD 4680

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

**Notes To The Consolidated Financial Statements
for the Half-Year Ended 31 December 2009**

Share Registry:

Registries Limited

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