Appendix 4E and Audited Financial Report

LaserBond Limited

ABN 24 057 636 692

For year ended 30th June 2011

All comparisons to year ending 30th June 2010

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1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	Year To 30th June 2011		Year To 30th June 2010
Revenues from continuing operations	$13,276,604	**Up 27.4%** from	$10,421,235
Net Profit from Ordinary Operating Activities after Tax Attributable to Members	$1,338,114	**Up 159%** from	$516,730
Net Profit Attributable to Members	$1,338,114	**Up 159%** from	$516,730
Earnings per Share	1.9c	**Up 154% from**	0.73c

Dividend Information

Dividends	Amount Per Share (cents)	Total	Franked Amount	Record Date	Payment Date
Interim	Nil	$0.00	N/A	N/A	N/A
Final	0.5	$360,498	100%	7th October 2011	21st October 2011
		$360,498			

The Board has resolved to pay a 0.5 cent per share fully franked dividend representing a payout ratio of approximately 27% of NPAT. The Board expects continuing growth and the ability to increase future dividends as well as the payout ratio.

Dividend Reinvestment Plans

During the period from 1st July 2010 to 30th June 2011, LaserBond Limited had no Dividend Reinvestment plans in operation. However a Dividend Reinvestment plan will be offered with these dividends, and at the discretion of the Board, for future dividends.

Brief Explanation of Results:

The Board is pleased with the 27.4% increase to consolidated revenue and 159% increase to Net Profit Attributable to Members for the year.

- The NSW division continues to achieve strong results with 38% increase in revenue, and a 78% increase in EBIT compared to FY 2010. The recent purchase of equipment from C&B Engineering and other planned investments for 2011-2012 will only strengthen the results of the business for the future. The Board expects continued growth from the NSW division for the 2012 and future financial years.

- The Queensland division after delivering profits for the second half has achieved an EBIT of $81,657 in comparison to the EBIT loss of <$484,936> for FY 2010. The improved results for the second half of FY 2011 indicate the strong return of economic activity in the Central Queensland region. The growth provided from the installation of LaserBond's core surface engineering technologies will improve these results further for the 2012 and future financial years.

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

As at June 2011	As at June 2010
$0.047	$0.035

Note: As at 30th June 2011 total number of shares issued were 72,099,638 compared to 71,043,734 as at 30th June 2010.

3. Details of Subsidiaries

During the period from 1st July 2010 to 30th June 2011, LaserBond Limited has not gained or lost control over any entities

4. Details of Associates and Joint Venture Entities

During the period from 1st July 2010 to 30th June 2011, LaserBond Limited has no interest in any Associates or Joint Venture Activities

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 4E.

6. Audit Disputes or Qualifications

This report is based on accounts which have been audited.

Chairman's Letter

Dear Shareholder,

On behalf of the Board I am pleased to present the annual Financial Report for the year ended 30th June 2011.

The consolidated business has achieved excellent results for the current fiscal year. This is most evident with the continued strong performance in NSW resulting in a \$2.1 million EBITDA and the turnaround of our Gladstone division from a loss last fiscal year of \$<484,936> to \$167,881 EBITDA. The consolidated divisions have produced revenue of \$13.3 million and \$2.3 million EBITDA for the year.

This fiscal year enabled LaserBond to revisit it's acquisition strategy with the purchase of assets in an engineering business, C & B Engineering in Minto NSW. The additional workshop and equipment will be fully utilised in the current fiscal year. LaserBond will be relocating the Ingleburn and C&B facilities into a larger and purpose built facility to capitalise on the current growth and to ensure we have a solid foundation to continue to grow both organically and via additional acquisitions.

The outlook for LaserBond for the next fiscal year will be one of consolidating the recent acquisition, continuing to grow and develop the Queensland division to its full capacity and the investment in new facilities for NSW to provide a solid foundation to grow in business over the next 3 – 5 years. The Company continues to review and monitor various opportunities with the intent to acquire additional businesses that fit within our strategy.

The Board of LaserBond has resolved to implement a dividend policy that will include a dividend reinvestment plan. The maiden dividend of 0.5c per share fully franked is announced in this report. The Board will review the dividend policy each 6 months with the intent of issuing a dividend twice per year.

I would like to thank our employees for the hard work and dedication in the making LaserBond what it is today. Our special thanks to all of our shareholders who have provided support and commitment over the past few years allowing us develop LaserBond and to add value for all stakeholders.

Yours sincerely

TMcCauley

Tim McCauley
Chairman
LaserBond Limited

Directors' Report

The Directors present their report on the consolidated entity for the financial year ended 30th June 2011.

Principal Activities

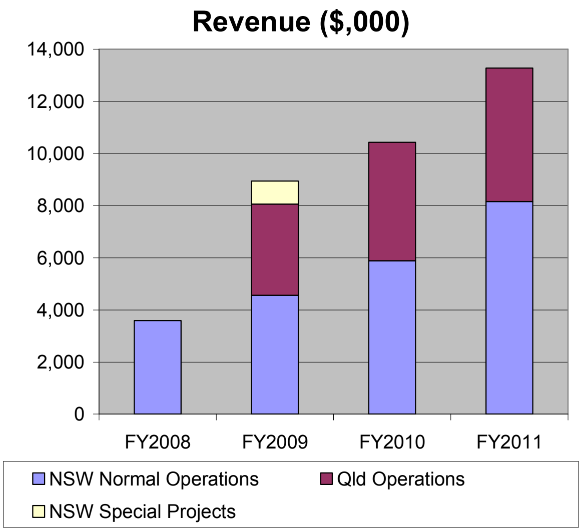
Laserbond specialises in the manufacture and reclamation of industrial components and assemblies used in a broad range of capital intensive industries and environments, such as mining, minerals processing, and primary metals manufacturing. Usually the components are for critical applications that require optimised surface properties to increase the working life and reduce maintenance costs for LaserBond's customers. The specialised and unique technologies used by LaserBond allow it to reclaim almost any industrial component, usually improving its inherent properties for longer service life. Alternatively, Laserbond manufactures new replacement components, incorporating surface enhancing technologies where longer service life is desired by its customers.

The Queensland division is focused on providing manufacturing and maintenance services to the Central Queensland region, providing a range of services including a large capacity CNC machine shop able to handle large and small quantity production. The Queensland division also includes a custom designed facility providing space and infrastructure to take on large scale assembly and disassembly work as well as fabrication. A complete portfolio of surfacing technologies is currently being added thereby replicating the capabilities that exist in NSW. These highly specialised technologies will support new and existing industrial customers in the Central Queensland region.

Review of Operations and Results

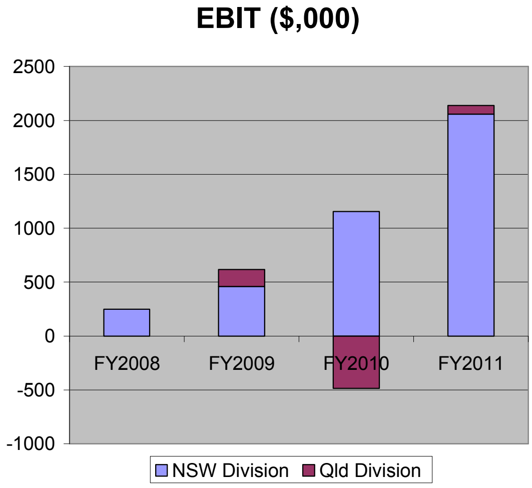
The Board is proud to recognise that through the exceptional efforts of the staff and management of LaserBond in the application of its specialised technology and know-how to a broad range of industries, outstanding organic growth continues to be achieved. This growth is demonstrated in all key financial measures of the business:

1. **Continued Revenue Growth**



The consolidated business continues to deliver organic growth in revenue, from $8.9 million for FY2009 to $13.3 million for FY2011 – a 48.4% increase over two years. The NSW Division's revenue has increased by 50% over the two years since FY2009. The Queensland division had improved revenue growth for the second half of the financial year in particular, providing $3.1 million of their $5.1 million revenue for this reporting period. The Queensland Division has achieved a 46% increase in revenue over the last two years.

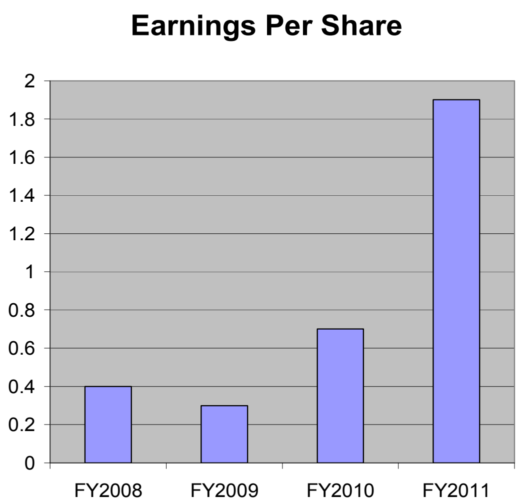
2. **Continued Profit Growth**



The consolidated business has provided solid growth in profits since listing on the ASX. Following is a summary of the increases in profits over the last two years :

- EBITDA increased 195% from $0.78 million for FY2009 to $2.30 million for FY2011.
- EBIT increased 245% from $0.62 million for FY2009 to $2.14 million for FY2011
- NPAT increased 680% from $0.17 million for FY2009 to $1.34 million for FY2011

3. **Continued Growth in Earnings per Share**



The continuing solid growth in Sales and Profits has translated to strong growth in Earnings per Share, which have increased by over 600% since FY2009 to 1.9c per share in FY2011.

Outlook

The continued growth in the Australian mining sector provides excellent opportunities for considerable growth of the business. Laserbond's largest customers are associated with resource extraction and processing. These industries are continually looking for services that provide increased production, reduced down-time and lower costs. Laserbond has well advanced development projects with several customers in these industries that will organically increase revenue and returns.

To further capitalise on the expanding resource sector, the Board is considering options for expansion of the business to Western Australia. Such expansion may include a suitable acquisition or a greenfield expansion which will provide increasing returns to shareholders.

The implementation of carbon pricing will grow Laserbond's market and increase the demand for its specialised services. Laserbond assists its customers to reduce their total carbon footprint through increased productivity and efficiency, reduced scrap, as well as lower maintenance costs. Close to 30GJ of energy is used to produce 1 tonne of steel, and depending on the amount of work required, a worn machine component made from this 1 tonne of steel may be reclaimed by Laserbond's processes using 1GJ of energy. Through improvement of the surface properties using Laserbond's specialised processes, the same component may last 4 or 5 times longer before needing repair or replacement next time. The "energy equation" is overwhelmingly in Laserbond's favour.

The pending Carbon Tax will have a minimal effect on the costs of the business. In FY 2011, direct energy costs were less than 2% of Laserbond's total costs. Mitigation of the increasing energy costs for the future has been achieved through the recent installation of a more efficient solid state laser, assisted by the Australian Federal Government under the Retooling for Climate Change program. Accordingly, the effect of the Carbon Tax on Laserbond's costs will be minimal.

For the existing business, 2012 will be a year of cash flow funded investment and continuing organic growth. Investment commenced with the recent purchase of Plant & Equipment from C&B Engineering Pty Ltd to assist Laserbond to grow its business with existing and new customers. Over the last two years the Board has restricted investment to ensure working capital was available to manage the 2010 loss from the Queensland division. With the Queensland division returning to growth measured investment will resume to ensure continued revenue and profit growth.

In the Market Update released in May the Board indicated the move of the Sydney operations to larger premises was imminent. The recent opportunistic purchase of the equipment from C&B Engineering and the immediate growth from this investment has resulted in the need for even larger premises to ensure the division's growth over the next 2 to 5 years is not further restricted due to insufficient space. Negotiations are currently under way for lease of new premises providing a minimum of 3,000m² initially with up to 5,000m² available for use within the first 2 to 4 years. Construction is due to be completed in June 2012 and until then the NSW division will remain at two nearby sites; the existing Ingleburn premises of approximately 1100m^2 and C&B Engineering's original 1400m^2 premises in Minto.

The Queensland division delivered the group a result of $81,657 EBIT in FY2011 which is a significant improvement to the FY2010 EBIT loss of <$484,936>. The turn around occurred in the second half of the financial year and can be directly attributed to:

1. strengthening relationships and increased spending by customers,
2. the installation of LaserBond® cladding technology,
3. a much stronger team of employees managing this division, and
4. efficiency and cost cutting measures put in place by the board.

The revenue and profit growth for the second half of the financial year for the Queensland division was significant, and continued growth throughout 2012 and the future is expected. It will be further enhanced by the installation of Laserbond's thermal spraying capabilities.

Directors

Details of the Company'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):

Wayne Hooper	Executive Director
Greg Hooper	Executive Director
Timothy McCauley	Non-Executive Chairman
Philip Suriano	Non-Executive Director

All current executive directors of the company 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 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.

Director's Remuneration

Amounts paid to directors during the financial year ending 30 June 11 were:

	Salaries and fees	Superannuation
Wayne Hooper	105,761	27,267
Greg Hooper	199,127	2,700
Timothy McCauley	30,000	-
Philip Suriano	25,000	-
	359,888	29,967

Director's Shareholding

As at 16th August 2011, the number of shares held by directors were:

	Holdings Type	Holdings
Wayne Hooper	Direct	7,728,395
Wayne Hooper	Indirect	762,766
Greg Hooper	Direct	4,611,175
Greg Hooper	Indirect	3,388,889
Timothy McCauley	Indirect	921,000
Philip Suriano	Direct	45,000

Information on Directors

Timothy McCauley – Non-Executive Chairman

Tim has extensive experience as a company director and senior executive with significant strengths in developing business channels, strategic development and finance. Tim began his career with KPMG accountants and has spent 25 years with multinational companies in executive roles developing and managing operations in Australia and International. Prior to joining LaserBond he held the position of Managing Director in the listed company Auto One Limited. Tim recently resigned as an Executive Director for LaserBond and is now the owner and Managing Director of Artiana Imports. Tim holds a Bachelor of Business (Accounting & Finance (Honours)) and an MBA.

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 a building products division of BTR Nylex. Wayne holds degrees in Science and Engineering (Honours Class 1) and an MBA. He is involved in technology development, engineering and administration of the Company.

Gregory Hooper – Executive Director

Greg is the founder of the Company. Greg 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, Greg founded the Company assisted by other members of the Hooper family in late 1992. Greg, utilising the in-house laboratory, developed the applications parameters for the H.V.O.F. and LaserBond® processes. Greg will focus on sales and the ongoing research and development of laser materials processing and Thermal spray technology, and the training of personnel in these technologies.

Philip Suriano – Non-Executive Director

Mr Suriano has been a Director since 2008. Other Directorships include Adavale Resources Limited and Resources, BBX Holdings Limited & Energy Group Limited. Mr Suriano began his career in corporate banking with the Commonwealth Bank. 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 (the subscription TV joint venture company between Austar and Foxtel) 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 Microview Limited (Australian Power Gas Limited). For the past 8 years Mr Suriano has been working with Arthur Phillip, a boutique investment house where he is Division Director, Equity Capital Markets.

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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 company (since March 2007), providing over 16 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 2011, 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	9	9
Gregory Hooper	9	9
Timothy McCauley	9	8
Philip Suriano	9	8

No committees have been formed up to the time of this report. Please refer to the Corporate Governance Statement on pages 12 to 15 for further information.

Debt

At the end of the financial year, the company maintains a strong Balance Sheet with minimal debt. The current ratio of the company is 2.2:1 indicating a high financial strength. With our cash flow projections for the next fiscal year, the company 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 company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid to shareholders during the financial year. However the Board has agreed (based on the consolidated profit results, the current ratio of 2.5:1 and future profit and cash flow forecasts) to issue a final dividend for 2011. This final dividend will be 0.5 cents per share fully franked and represents a payout ratio of approximately 27% of net profits attributable to members.

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

No options have been exercised during the year.

Options

	Date Granted	Expiry Date	Exercise Price	Number of Options
Issue of performance options to directors pursuant to the Prospectus	17 Dec 07	30 Aug 12	$0.25	6,000,000

The performance options are only exercisable upon the volume weighted average price of Share quotes on ASX remaining above $0.40 for a consecutive period of thirty (30) days.

Corporate Governance

The directors of the company 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 company'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 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.

Proceedings on behalf of the Company

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

The company 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 16.

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

Director
Wayne Hooper

Director
Greg Hooper

Dated this 26th day of August 2011

Corporate Governance Statement

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 2011.

Principle 1: Lay Solid Foundations for Management & Oversight.

1.1 – Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Company's Board is responsible for corporate governance of the Company. The Board develops strategies for the Company'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 Company's conduct and activities; and
c) To ensure compliance with the Company'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 Company 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 company, 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 Senior Executives.

1.2 – Companies should disclose the process for evaluating the performance 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.

Principle 2: Structure the Board to Add Value

The skills, experience and expertise relevant to the position of each Director who is in the office at the date of this annual report and their term of office are detailed in the Director's report.

The Directors monitor the business affairs of the company on behalf of Shareholders and focus their attention on accountability, risk management and ethical conduct.

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

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

b) The principal criterion for the appointment of new Directors is their ability to add value to the company and its business.

In accordance with its Corporate Governance policies, the board meets at least bi-monthly. It met on nine (9) occasions during financial year ended 30 June 2011.

2.1 – A majority of the board should be independent Directors.

The Board comprises a minority of independent Directors (which is not in accordance with the best practice recommendations). The Board is of the view that the overall number of Directors is 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.

2.2 – The Chair should be an independent Director

The chairperson, Mr. Tim McCauley, is an independent, non-executive, Director.

2.3 – The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual

The chairperson, Mr. Tim McCauley, does not hold the position of Chief Executive Officer.

2.4 – The Board should establish a Nomination Committee

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 company's professional advisors, has been committed to by the board.

2.5 – Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.

An annual performance evaluation of the board and all board members is undertaken on the anniversary of the first listing of the company. The next evaluation will occur December 2011.

Principle 3: Promote Ethical and Responsible Decision-Making

3.1 – Companies should establish a code of conduct and disclose the code or a summary of the code as to:

a) the practices necessary to maintain confidence in the company's integrity

b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and

c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices

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 company or its securities. Also, subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the company's expense, may obtain independent professional advice on issues arising in the course of their duties.

3.2 – Companies should establish a policy concerning trading in company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy

The company's policy regarding Directors and employees trading in securities is set by the board. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been allowed for this to be reflected in the Company's security prices

Principle 4: Safeguard Integrity in Financial Reporting

4.1 – The board should establish an audit committee

The role of the Audit Committee has been assumed by the full Board. Whilst not in accordance with the best practice recommendation, the Company 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 Company 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.

4.2 – The audit committee should be structured so that it:
a) consists of only non-executive Directors;
b) consists of a majority of independent Directors;
c) is chaired by an independent chair, who is not chair of the board; and
d) has at lease three members

The role of the Audit Committee has been assumed by the full Board, with reasoning for this detailed under Section 4.1 above.

4.3 – The audit committee should have a formal charter

No formal charter currently exists.

Principle 5: Make Timely and Balance Disclosure

5.1 – Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.

Both the Chief Executive Officer and Chief Financial Officer are responsible in ensuring that all disclosure requirements and full compliance is met.

Principle 6: Respect the Rights of Shareholders

6.1 – Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs by issuing announcements to ASX, thereby complying with its continuous disclosure obligations.

The Board recommends and requests the participation of all shareholders at general meetings by formal, written notice of meetings.

Principle 7: Recognise and Manage Risk

7.1 – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Board's collective experience will enable accurate identification of the principal risks that may affect the company's business. Key operational risks and their management are recurring items for consideration at Board meetings

7.2 – The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) are directly responsible for managing the company's material risk and implementing internal controls. Both parties are required to report at Board level on risks, results and recommendations.

7.3 – The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board will consider whether it is appropriate to require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to provide such a statement at the relevant time.

Principle 8: Remunerate Fairly and Responsibly

The Board is responsible for determining the remuneration of Directors and Senior Management. When establishing and reviewing the remuneration of Directors and Senior Management the Company will apply the broad principles of a fair and equitable standard of remuneration commensurate with the qualifications and experience each member brings to the Company. Directors that have a direct or vested interest in the establishment and review of remuneration will not be included in the process.

8.1 – The board should establish a remuneration committee.

The Company has not established a remuneration committee due to its size and structure.

8.2 – Companies should clearly distinguish the structure of non-executive Director's remuneration from that of executive Directors and senior executives.

Non-executive Directors will not receive performance based bonuses and will not participate in equity schemes of the Company, nor will they be entitled to retirement allowances.

The Company'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 Senior Executives is determined by the Board, based on the person's skills and experience, and current market rates for the roles and responsibilities.

robertnielsonpartners
ABN 65 141 087 768
chartered accountants
business advisors

Level 7 280 George Street
Sydney NSW 2000 Australia
Box R176 Royal Exchange
NSW 1225 Australia
T 61 2 9235 0299
F 61 2 9222 1065
E enq@robertnielsonpartners.com.au

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 year ended 30 June 2011, 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.

Robert Nielson Partners

Robert Nielson

Dated this 26 day of August 2011

robertnielsonpartners
ABN 65 141 087 768
chartered accountants
business advisors

rnp

Level 7 280 George Street
Sydney NSW 2000 Australia
Box R176 Royal Exchange
NSW 1225 Australia
T 61 2 9235 0299
F 61 2 9222 1065
E enq@robertnielsonpartners.com.au

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') and Laserbond Limited and Controlled Entities ('the consolidated entity') comprising the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended at that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances In Note 1 the directors also state, in accordance with Accounting Standard AASB 101; Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 Auditing 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 that 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*.

Audit Opinion

In our opinion,

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

  (i) giving a true and fair view of the company and the consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

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

(b) the 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 pages 5 to 11 of the report of the directors for the year ended 30 June 2011. 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.

In our opinion the Remuneration Report of Laserbond Limited for the year ended 30 June 2011, complies with s 300A of the *Corporations Act 2001*.

Robert Nielson Partners

Robert Nielson

Dated this 26 day of August 2011

DECLARATION BY DIRECTORS

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 20 to 44 are in accordance with the Corporations Act 2001 and:

   a. Comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. Give a true and fair view of the financial position as at 30th June 2011 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 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	Director
Wayne Hooper	Greg Hooper

Dated this 26th day of August 2011

Statement of Comprehensive Income
for the Year Ended 30th June 2011

		2011		2010	
	Note	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
		$	$	$	$
Revenue	2	13,276,604	8,159,668	10,421,235	5,888,613
Cost of Sales		(7,098,985)	(3,927,711)	(5,513,240)	(2,744,422)
Gross Profit		**6,177,619**	**4,231,957**	**4,907,995**	**3,144,191**
Other Income	3	207,851	56,955	19,880	4,447
Advertising & Promotional Expenses		(63,447)	(34,458)	(63,682)	(47,351)
Depreciation & Amortisation		(158,995)	(72,771)	(209,716)	(94,067)
Employment Expenses		(1,595,069)	(914,161)	(1,818,943)	(1,002,525)
Property Rental & Rates Expenses		(640,225)	(148,221)	(593,016)	(117,952)
Administration Expenses		(1,160,624)	(787,625)	(769,801)	(412,532)
R&D Expenditure		(15,310)	(15,310)	(72,755)	(72,755)
Repairs & Maintenance Expenses		(93,499)	(57,144)	(99,626)	(60,447)
Finance Lease Expenses		(471,931)	(151,440)	(487,422)	(152,373)
Borrowing Costs		(97,182)	(63,293)	(59,658)	(28,423)
Other Expenses		(46,656)	(49,725)	(143,012)	(33,798)
Profit before income tax expense	4	**2,042,532**	**1,994,764**	**610,244**	**1,126,415**
Income tax expense	5	(704,418)	(598,947)	(93,514)	(220,195)
Profit after tax from continuing operations		**1,338,114**	**1,395,817**	**516,730**	**906,220**
Total comprehensive income attributable to members of LaserBond Limited		**1,338,114**	**1,395,817**	**516,730**	**906,220**
Earnings per share (cents)	6	1.9		0.7	
Diluted earnings per share (cents)	6	1.9		0.7	

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

Statement of Financial Position
As at 30th June 2011

	Note	2011 Consolidated Entity	2011 Parent Entity	2010 Consolidated Entity	2010 Parent Entity
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	7	982,639	722,811	421,506	376,740
Trade and other receivables	8, 21	3,282,835	3,716,006	2,291,878	2,810,112
Inventories	9	1,546,127	1,027,481	1,606,621	961,955
Total current assets		**5,811,601**	**5,466,298**	**4,320,005**	**4,148,807**
NON-CURRENT ASSETS					
Property, plant and equipment	10	651,574	358,505	892,916	553,623
Deferred tax assets	13	250,787	171,389	269,085	195,143
Investment in subsidiary	12	-	3,598,927	-	3,448,927
Intangible assets	11, 12	3,610,973	11,491	3,464,265	14,227
Other non-current assets		14,900	14,400	-	-
Total non-current assets		**4,528,234**	**4,154,712**	**4,626,266**	**4,211,920**
TOTAL ASSETS		**10,339,835**	**9,621,010**	**8,946,271**	**8,360,727**
CURRENT LIABILITIES					
Trade and other payables	14	1,097,263	615,839	1,053,397	708,138
Provisions	16	653,772	526,727	286,994	158,925
Interest-bearing liabilities	15, 19	87,469	38,098	95,645	45,559
Current tax liabilities	18	819,334	522,943	730,873	523,403
Total current liabilities		**2,657,838**	**1,703,607**	**2,166,909**	**1,436,025**
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	15, 19	451,527	335,850	620,595	475,595
Provisions	16	236,625	180,940	216,290	145,065
Other non-current liabilities	17	12,500	-	-	-
Total non-current liabilities		**700,652**	**516,790**	**836,885**	**620,660**
TOTAL LIABILITIES		**3,358,490**	**2,220,397**	**3,003,794**	**2,056,685**
NET ASSETS		**6,981,345**	**7,400,613**	**5,942,477**	**6,304,042**
EQUITY					
Issued capital	19	3,062,907	3,062,907	3,001,655	3,001,655
Retained earnings		3,918,438	4,337,706	2,940,822	3,302,387
TOTAL EQUITY		**6,981,345**	**7,400,613**	**5,942,477**	**6,304,042**

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

Statement of Cash Flows
for the Year Ended 30th June 2011

	Note	2011 Consolidated Entity	2011 Parent Entity	2010 Consolidated Entity	2010 Parent Entity
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		12,568,156	7,553,641	10,092,857	5,389,163
Payments to suppliers and employees		(10,899,726)	(6,137,467)	(9,907,307)	(4,664,852)
Interest paid		(97,182)	(63,293)	(59,658)	(28,423)
Interest received		17,256	17,252	6,104	6,104
Income taxes paid		(686,120)	(575,193)	(42,830)	(197,681)
Net cash inflow from operating activities	25	**902,384**	**794,940**	**89,166**	**504,311**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(119,531)	(81,074)	(402,927)	(375,924)
Tranche 2 Payment for acquisition of subsidiary		(150,000)	(150,000)	(126,901)	(126,899)
Net cash inflow/(outflow) from investing activities		**(269,531)**	**(231,074)**	**(529,828)**	**(502,823)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of Convertible Notes		-	-	350,000	350,000
Payments to lessors		(67,243)	(37,205)	125,472	141,095
Loans to employees		(4,477)	(3,152)	4,172	4,172
Loans to Subsidiaries		-	(177,437)	-	(364,793)
Dividends paid		-	-	-	-
Net cash inflow/(outflow) from financing activities		**(71,720)**	**(217,794)**	**421,813**	**479,644**
NET INCREASE/(DECREASE) IN CASH HELD		561,133	346,071	38,982	131,962
Net cash at beginning of period		421,506	376,740	382,524	244,777
NET CASH AT END OF PERIOD	7	**982,639**	**722,811**	**421,506**	**376,740**

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

Statement of Changes in Equity
For the Year Ended 30th June 2011

a) Consolidated Entity	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2009	**2,861,164**	**2,424,092**	**5,285,256**
Profit for the Period	-	516,730	516,730
Issue of Share Capital	182,638		182,638
Deferred Tax Adjustment – Capitalisation of costs incurred for IPO	(42,147)		(42,147)
Closing Balance at 30th June 2010	**3,001,655**	**2,940,822**	**5,942,477**
Profit for the Period		1,338,114	1,338,114
Issue of Share Capital	103,400		103,400
Deferred Tax Adjustment – Capitalisation of costs incurred for IPO	(42,148)		(42,148)
2011 Final Dividend Payable		(360,498)	(360,498)
Closing Balance at 30th June 2011	**3,062,907**	**3,918,438**	**6,981,345**

a) Parent Entity	Issued capital $	Retained earnings $	Total equity $
Opening Balance at 1st July 2009	**2,861,164**	**2,396,167**	**5,257,331**
Profit for the Period	-	906,220	906,220
Issue of Share Capital	182,638	-	182,638
Deferred Tax Adjustment – Capitalisation of costs incurred for IPO	(42,147)	-	(42,147)
Closing Balance at 30th June 2010	**3,001,655**	**3,302,387**	**6,304,042**
Profit for the Period		1,395,817	1,398,817
Issue of Share Capital	103,400		103,400
Deferred Tax Adjustment – Capitalisation of costs incurred for IPO	(42,148)		(42,148)
2011 Final Dividend Payable		(360,498)	(360,498)
Closing Balance at 30th June 2011	**3,062,907**	**4,337,706**	**7,400,613**

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 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of LaserBond Limited for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 26th August 2011 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 is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on an accruals basis and is based on historical cost, except interest paid and received.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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 it’s 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 company obtains control and until such time as the company 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) Foreign Currency Translation

The functional and presentation currency of the Company 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.

d) Revenue Recognition

Revenue is recognised in the following manner:

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Other Income

Revenue from other income streams are recognised either at the date of receipt of the income, or the date of the issued tax invoice for the income, as appropriate.

e) Goodwill

Goodwill is carried at cost less accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Income Tax (cont'd)

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) Inventories

Raw materials 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.

h) 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% - 50%

- Motor Vehicles 18.75% - 25%

- Research & Development Equipment 20% - 50%

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

i) 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.

j) Leases

Leases of plant and equipment, where the Company 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 Company 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)

k) Financial Instruments

Classification

The Company 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 company commits itself to either the purchase or sale of the asset (ie 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 Company 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.

l) Intangibles

Patents and trademarks

Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life. The amortisation rate used is 7.5% per annum. The amortisation expense is included within administration expenses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) 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.

n) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition.

o) 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 Company 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.

p) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

q) 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.

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.

r) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave

The liability for long service leave 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 reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s) 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.

t) 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. Governments 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.

u) 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.

The entity makes estimates, assumptions and judgements concerning the future. The Directors are of the belief that these do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. No critical estimates have been made in the preparation of the financial statements.

v) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

(i) AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and de-recognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements. The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

(ii) AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements. The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Subject to AASB 1049, general government sectors of the Australian Government and state and territory governments would also apply Tier 1 reporting requirements. The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and state, territory and local governments.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

(iv) AASB 2009–12: Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS' by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

(v) AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This Standard is not expected to impact the Group.

(vi) AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

(vii) AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

(viii) AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets. This Standard is not expected to impact the Group.

(ix) AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9. As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

(x) AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112. The amendments are not expected to impact the Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(xi) AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards. The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time. This Standard is not expected to impact the Group.

(xii) AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010). The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date. [The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.] This Standard is not expected to impact the Group.

	2011		2010	
	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
NOTE 2: REVENUE	$	$	$	$
From continuing operations				
Sales Revenue				
Sales of Goods	13,276,604	8,159,668	10,421,235	5,888,613
NOTE 3: OTHER INCOME				
Interest Revenue	17,256	17,252	6,104	6,104
Other	190,595	39,703	13,776	(1,657)
	207,851	56,955	19,880	4,447

Consolidated Income includes $125,000 Rental Income for the sub-letting of premises at George Mamalis Place, Gladstone. The lease for the subletting expires August 2012.

NOTE 4: EXPENSES

Profit before Income Tax includes the following specific expenses				
Borrowing Costs:				
Interest Paid	97,182	63,293	59,658	28,423
Depreciation & Amortisation				
- Plant & Equipment	101,519	52,298	126,808	67,684
- Fixtures & Fittings	767	292	697	305
- Office Equipment	14,680	6,296	23,681	9,282
- R&D Equipment	1,224	1,224	2,005	2,005
- Motor Vehicles	23,617	9,925	10,977	10,039
- Leasehold Improvements	13,896	-	25,422	-
- Intangible Assets	3,292	2,736	20,126	4,752
	158,995	72,771	209,716	94,067

Rental Expenses relating to Operating Leases				
- Minimum Lease Payments	471,931	151,440	487,422	152,373
Auditors Remuneration				
- Audit Services – audit and review of Financial Reports	75,617	43,708	8,387	3,400
- Non-Audit Services – Due Diligence and Non-Audit advice	7,342	7,342	19,554	18,409
	82,959	51,050	27,941	21,809

Auditors services between 2010 and 2011 as stated above note a significant variance. This is due to the fact that June 2010 audit services were not provided as a provision in June 2010 accounts. Therefore June 2011 Audit services include the June 2010 Audit fees, December 2010 Review fees and a provision for the June 2011 Audit fees.

Actual Consolidated Audit Services fees for 2010 were $40,189 and 2011 is $43,815.

NOTE 5: INCOME TAX	2011 Consolidated Entity	2011 Parent Entity	2010 Consolidated Entity	2010 Parent Entity
	$	$	$	$
Reconciliation of Income Tax Expense				
Profit before Income Tax expense	2,042,532	1,994,764	610,244	1,126,415
Prima Facie Tax at the Australian tax rate of 30% (2010: 30%)	612,760	598,429	183,073	337,925
Less Deferred Tax Asset adjustments for Employee Entitlements and Expense Provisions	(10,867)	(16,672)	8,538	(19,633)
Less Adjustment to Prior Year Income Tax Provisions	102,525	17,190	(98,097)	(98,097)
Total Income Tax Expense:	704,418	598,947	93,514	220,195

NOTE 6: EARNINGS PER SHARE	2011	2010
Basic earnings per share (cents)	1.9	0.7
Diluted earnings per share (cents)	1.9	0.7

The options are not considered to be dilutive because they would result in the issue of ordinary shares for more than the average market price during the period.

(a) Weighted Average Shares on Issue	No. of Shares	Weighted No.
Opening Balance as at 1st July 2010	71,043,734	71,043,734
Shares issued as at 1st June 2011	1,055,904	83,894
Closing Balance as at 30th June 2011	72,099,638	71,127,628

NOTE 7: CASH AND CASH EQUIVALENTS	2011 Consolidated Entity	2011 Parent Entity	2010 Consolidated Entity	2010 Parent Entity
	$	$	$	$
Cash on Hand	1200	700	1,200	700
Cash at Bank	981,439	722,111	420,306	376,040
	982,639	722,811	421,506	376,740

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade Receivables	3,010,375	1,850,757	2,098,831	1,205,026
Loans – Key Management Personnel	60,500	60,500	60,500	60,500
Loans – Employees	6,801	5,476	2,884	2,808
Loans - Subsidiaries	-	1,643,045	-	1,465,609
Other Receivables	205,159	156,228	129,663	76,169
	3,282,835	3,716,006	2,291,878	2,810,112

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.

			Past due but not impaired (days overdue)				
Consolidated Entity	Gross Amount $000	Past due and impaired $000	<30 $000	31-60 $000	61-90 $000	>90 $000	Within initial trade terms $000
2011							
Trade and term receivables	3,026	16	859	359	12	6	1,774
Other receivables	272	-	-	-	-	2	270
	3,298	16	859	359	12	8	2,044
2010							
Trade and term receivables	2,099	-	790	34	2	29	1244
Other receivables	193	-	-	-	-	2	191
	2,292	-	790	34	2	31	1,435

			Past due but not impaired (days overdue)				
Parent Entity	Gross Amount $000	Past due and impaired $000	<30 $000	31-60 $000	61-90 $000	>90 $000	Within initial trade terms $000
2011							
Trade and term receivables	1,857	5	681	349	1	1	820
Other receivables	1,865	-	-	-	-	2	1,863
	3,722	5	681	349	1	3	2,683
2010							
Trade and term receivables	1,205	-	441	34	2	28	700
Other receivables	1,605	-	-	-	-	2	1,603
	2,810	-	441	34	2	30	2,303

	2011		2010	
NOTE 9: INVENTORIES	Consolidated Entity $	Parent Entity $	Consolidated Entity $	Parent Entity $
Stock on Hand – Raw Materials	527,124	392,693	507,425	389,614
Stock on Hand – Finished Goods	521,302	473,057	703,630	479,455
Work in Progress	497,701	161,731	395,566	95,886
	1,546,127	1,027,481	1,606,621	961,955

NOTE 10: PROPERTY, PLANT & EQUIPMENT

As at 30 June 2010, values for Plant & Equipment, Office Equipment, etc for both the Parent and Consolidated Entity included $205,570 in relation to progressive costs for the construction of our new LaserBond™ cladding equipment. This equipment is being subsidised under our Re-Tooling for Climate Change Grant. This amount has been re-classified, as per our 31 December 2010 Half Yearly report, to apply the progressive costs against the progressive receipts from the grant as net deferred revenue under Trade and Other Payables on the Balance Sheet (see Note 14)

	2011		2010	
	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
	$	$	$	$
Plant & Equipment, Office Equipment, etc				
At Cost	1,459,263	955,424	1,466,178	1,083,068
Less Accumulated Depreciation	(853,203)	(637,174)	(636,744)	(573,976)
	606,060	318,250	829,434	509,092
Motor Vehicles				
At Cost	147,804	127,277	140,931	120,404
Less Accumulated Depreciation	(104,337)	(89,069)	(80,720)	(79,144)
	43,467	38,208	60,211	41,260
Research & Development Equipment				
At Cost	24,027	24,027	24,027	24,027
Less Accumulated Depreciation	(21,980)	(21,980)	(20,756)	(20,756)
	2,047	2,047	3,271	3,271
TOTAL PLANT & EQUIPMENT	651,574	358,505	892,916	553,623

(a) Movements in Carrying Amounts

	Plant & Equipment, Office Equipment, etc	Motor Vehicles	Research & Development Equipment	Total
Consolidated Entity				
2011 Financial Year	$	$	$	$
Balance at the beginning of the year	829,434	60,211	3,271	892,916
Additions	113,057	6,873	-	119,930
Re-classification of asset	(205,570)	-	-	(205,570)
Depreciation Expense	(130,861)	(23,617)	(1,224)	155,702
Carrying Amount at the end of the year	606,060	43,467	2,047	651,574
2010 Financial Year	$	$	$	$
Balance at the beginning of the year	604,759	55,562	5,277	665,598
Additions	423,759	15,625		439,384
Net Disposals	(2,350)	-	-	(2,350)
Depreciation Expense	(196,734)	(10,976)	(2,006)	(209,716)
Carrying Amount at the end of the year	829,434	60,211	3,271	892,916

(a) Movements in Carrying Amounts (cont'd) **Parent Entity**	**Plant & Equipment, Office Equipment, etc**	**Motor Vehicles**	**Research & Development Equipment**	**Total**
2011 Financial Year	**$**	**$**	**$**	**$**
Balance at the beginning of the year	509,092	41,260	3,271	553,623
Additions	72,914	6,873	-	79,487
Net Disposals	(204,570)	-	-	(204,570)
Depreciation Expense	(58,886)	(9,925)	(1,224)	(70,035)
Carrying Amount at the end of the year	318,250	38,208	2,047	358,505
2010 Financial Year				
Balance at the beginning of the year	197,137	50,621	5,277	253,035
Additions	396,327	678	-	397,005
Net Disposals	(2,350)	-	-	(2,350)
Depreciation Expense	(82,022)	(10,039)	(2,006)	(94,067)
Carrying Amount at the end of the year	509,092	41,260	3,271	553,623

NOTE 11: INTANGIBLES

	Goodwill	**Patents and Trademarks**	**Other Intangible Assets**	**Total**
Consolidated Entity	$	$	$	$
2011 Financial Year				
Balance at the beginning of the year	3,448,927	10,278	5,061	3,464,266
Additions	150,000	-	-	150,000
Disposals	-	-	-	-
Amortisation Expense	-	(771)	(2,522)	(3,293)
Net Book Amount at 30th June 2011	3,598,927	9,507	2,539	3,610,973
2010 Financial Year	$	$	$	
Cost at the beginning of the year	3,192,537	11,111	24,354	3,228,002
Additions	256,390	-	-	256,390
Disposals	-	-	-	-
Accumulated Expense	-	(833)	(19,293)	(20,127)
Net Book Amount at 30th June 2010	3,448,927	10,278	5,061	3,464,265
Parent Entity	$	$	$	
2011 Financial Year				
Balance at the beginning of the year	-	10,278	3,949	14,227
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation Expense	-	(771)	(1,965)	(2,736)
Net Book Amount at 30th June 2011	-	9,507	1,984	11,491
2010 Financial Year	$	$	$	
Cost at the beginning of the year	-	11,111	7,868	18,979
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation Expense	-	(833)	(3,919)	(4,752)
Net Book Amount at 30th June 2010	-	10,278	3,949	14,227

NOTE 12: GOODWILL IN CONSIDERATION

For the purchase of Peachey's Engineering Pty Ltd, made up of the following:

	2011	2010
Initial Purchase Costs made up of the following:	$	$
Cash Payment	2,500,000	2,500,000
Scrip Payment – 3,333,334 shares	366,667	366,667
Broker Commission	55,000	55,000
Due Diligence and Audit / Review Costs	75,035	75,035
Miscellaneous Purchase Costs	4,812	4,812
	3,001,514	3,001,514
Tranche Two 08-09 Earn Out costs made up of the following:		
Cash Payment	448,275	298,275
Scrip Payment – 1,610,010 shares	149,138	149,138
	447,413	447,413
	3,598,927	3,448,927

a) An Impairment Test shows the present value of Cash Flows is in excess of the Goodwill carrying amount. No impairment is required as at 30 June 11. The principal assumptions for the Impairment test are annual growth rates of between 8% and 14% and an average discount rate of 15%.

NOTE 13: DEFERRED TAX ASSETS

	2011		2010	
	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
Deferred tax assets comprise temporary differences attributable to:	$	$	$	$
Employee Benefits	161,924	104,150	154,468	91,197
Expense Accruals	46,715	25,091	30,321	19,650
Capitalised IPO Costs	42,148	42,148	84,296	84,296
	250,787	171,389	269,085	195,143

NOTE 14: TRADE AND OTHER PAYABLES

Trade Payables	841,626	419,737	672,368	343,062
Deferred Revenue – Re-tooling for Climate Change Grant	156,769	156,769	250,000	250,000
Other Payables	98,868	39,343	131,029	115,076
	1,097,263	615,839	1,053,397	708,138

NOTE 15: BORROWINGS

CURRENT				
Hire Purchase Liabilities	87,469	38,098	95,645	45,559
NON-CURRENT				
Hire Purchase Liabilities	211,527	95,850	270,595	125,595
Convertible Notes	240,000	240,000	350,000	350,000
	451,527	335,850	620,595	475,595

In April 2010 unsecured convertible notes were issued with a face value of $350,000 to provide additional working capital for the group. The repayment date of the notes is 30 June 2012 convertible into ordinary fully paid shares at an issue price determined as the lesser of either 15 cents per share or the price that is 85% of the average market price of the company's ordinary fully paid shares over the last 5 days on which sales were recorded before the date of conversion and issue.

Shares issued upon conversion of any note will carry standard rights applicable to quoted ordinary shares in the company and will, from the date of issue, rank equally with fully paid ordinary shares currently on issue.

Interest is payable quarterly in arrears at 9.5% per annum. The notes shall not provide for any voting rights at shareholder meetings of the company.

Unless converted during the term, the notes will be repaid at the repayment date at the face value of the notes. These notes are unsecured and the note holders rank equally with all other unsecured creditors of the company.

In June 2011 an unsecured convertible note holder, holding notes with a face value of $110,000, converted to shares. This note holder was accordingly issued 1,055,904 shares.

	2011		2010	
NOTE 16 : PROVISIONS	**Consolidated Entity**	**Parent Entity**	**Consolidated Entity**	**Parent Entity**
	$	**$**	**$**	**$**
CURRENT				
Employee Benefits	293,274	166,229	286,994	158,925
Provision – Final 2011 Dividend Payable	360,498	360,498	-	-
	653,772	526,727	286,994	158,925
NON-CURRENT				
Employee Benefits	236,625	180,940	216,290	145,065
	236,625	180,940	216,290	145,065

NOTE 17: OTHER NON-CURRENT LIABILITIES

Rental Bond	12,500	-	-	-

This rental bond is in relation to the sub-letting of premises at George Mamalis Place, Gladstone. This lease expires August 2012 at which time it is expected for this bond to become payable.

NOTE 18: STATUTORY LIABILITIES

CURRENT				
Income Tax	409,473	383,881	38,812	193,663
BAS Statement (GST & PAYG Withheld)	308,644	77,812	592,328	267,288
Payroll Tax	15,044	9,335	(891)	8,652
Fringe Benefits Tax	360	360	16,800	1,201
Superannuation	85,813	51,555	83,824	52,599
	819,334	522,943	730,873	523,403

As at the date of this report both divisions are up to date with current statutory payments.

NOTE 19: CONTRIBUTED EQUITY

Issued and Paid Up Capital	3,062,907	3,062,907	3,001,655	3,001,655
Reconciliation of Issued and Paid Up Capital				
71,043,734 Existing Shares	3,001,655	3,001,655	2,861,164	2,861,164
1,055,904 Issued Shares	103,400	103,400	182,638	182,638
Deferred Tax Asset from Capitalised IPO Costs	(42,148)	(42,148)	(42,147)	(42,147)
	3,062,907	3,062,907	3,001,655	3,001,655

(a) Ordinary Shares	**2011**	**2010**
Reconciliation of Movement in Shares	**No.**	**No.**
Issued Shares at beginning of Year	71,043,734	68,833,734
Shares Issued during Year	1,055,904	2,210,000
Issued Shares at end of year	72,099,638	71,043,734

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the company 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.

(b) Capital Management

Management effectively manages the company's capital by assessing the company'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 company has no borrowings and no externally imposed capital requirements.

NOTE 20 : CAPITAL AND LEASING COMMITMENTS

	2011		2010	
(a) Hire Purchase Commitments	**Consolidated Entity**	**Parent Entity**	**Consolidated Entity**	**Parent Entity**
	$	**$**	**$**	**$**
Payable:				
Within one (1) year	87,469	38,098	95,645	45,559
Later than one (1) year but not later than five (5) years	280,532	142,388	368,001	180,486
Minimum Hire Purchase payments:	368,001	180,486	463,646	226,045
Less future finance charges	(69,005)	(46,538)	(97,406)	(54,891)
Total Hire Purchase Liability	298,996	133,948	366,240	171,154

The company's Hire Purchase commitments are in relation to Plant & Equipment and Motor Vehicles essential to the operations of the business. These are under Hire Purchase agreements expiring within 1 to 5 years. Under the Terms of Agreements, the Company 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

Payable:				
Within one (1) year	864,922	278,586	465,358	155,562
Later than one (1) year but not later than five (5) years	1,034,164	945,558	1,018,942	344,000
	1,899,086	1,224,144	1,484,300	499,562

(c) Property Lease

The company has the following property leases:

	Expiry
28 York Road Ingleburn NSW 2565	Oct 2011
10 Pembury Road, Minto NSW 2566	Dec 2011
10 Blain Drive, Gladstone QLD 4680	Nov 2013
5 George Mamalis Place, Gladstone QLD 4680	Feb 2014

Payable:	
Within one (1) year	711,882
Later than one (1) year but not later than five (5) years	720,764

The 28 York Road, Ingleburn premises Property Lease as noted expires October 2011. The current landlord has approved to remain on a month by month lease until July 2012. Lease payments to these premises in 2010-2011 were a related party transaction – Refer to Note 21: Related Party Transactions
The 10 Pembury Road, Minto premises Property Lease as noted expires December 2011. LaserBond is currently discussing with the landlord an extension of this lease until June 2012.

NOTE 21: CONTINGENT LIABILITIES

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

NOTE 22: 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.

	2011	2010
Property Lease		
Rent Paid	121,187	110,796

Rental of Ingleburn head office premises was to Hooper Unit Trust, a director related entity and one month in advance. These premises have been sold by the Hooper Unit Trust to another non-related party. Therefore from 13 July 2011 there will no longer be a Related Party Transaction related to Rent Paid.

Loans – Related Parties		
Director Loan	60,500	60,500
Employee Loans	6,801	2,324
Employee Personal Expenses	2,433	560
	69,734	63,384

All Loans to Related Parties are classified current, unsecured and interest free.

The Director Loan is receivable from Mr Greg Hooper, a director of the company.

The Employee Loans are receivable from seven (7) employees.

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

NOTE 23: KEY MANAGEMENT PERSONNEL

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

(a) Key Management Personnel

The key management personnel of the company for management of its affairs are Wayne Hooper and Greg Hooper, all current Executive Directors.

(b) Remuneration

Remuneration received or due and receivable by key management personnel of the company for management of its affairs is as follows:

	Salaries and fees	Superannuation	Consulting Fees
2011 Financial Year	$	$	
Wayne Hooper	105,761	27,267	-
Greg Hooper	199,127	2,700	-
			-
	304,888	29,967	-
2010 Financial Year			
Wayne Hooper	96,775	27,800	-
Greg Hooper	189,381	16,826	-
Tim McCauley (to resignation in Jan 10)	88,207	9,375	-
	374,363	54,001	-

(c) Options Held

The following performance options were issued to directors pursuant to the prospectus

	Opening Balance as at 30th June 2010	Exercised	Expired	Closing Balance as at 30th June 2011
Wayne Hooper	2,000,000	-	-	2,000,000
Greg Hooper	2,000,000	-	-	2,000,000
Timothy McCauley	3,000,000	-	(1,000,000)	2,000,000
	7,000,000	-	(1,000,000)	6,000,000

(d) Shares Held

	Interest	Shares Held as at 30th June 2010	Issued	Purchased / (Sold)	Shares Held as at 30th June 2011
Wayne Hooper	Direct	7,728,395	-	-	7,728,395
Wayne Hooper	In-Direct	243,213	-	519,815	763,028
Greg Hooper	Direct	8,000,064	-	(3,388,889)	4,611,175
Greg Hooper	In-Direct	-	-	3,388,889	3,388,889
		15,971,672	-	519,815	16,491,487

NOTE 24: DIVIDENDS

	2011 $	2010 $
Declared fully franked ordinary dividend of 0.5 (2010: Nil) cents per share franked at the tax rate of 30% (2010: 30%)	360,498	360,498
Balance of franking credits available for subsequent financial years based on a tax rate of 30% (2010: 30%)	1,549,409	1,310,960
Total dividends per share for the period	0.5 cents	-

NOTE 25: CASH FLOW INFORMATION

	2011		2010	
	Consolidated Entity	Parent Entity	Consolidated Entity	Parent Entity
	$	$	$	$
Reconciliation of profit after income tax to net cash flows from operating activities				
Profit after Income Tax for the year	1,338,114	1,395,817	516,730	906,220
Non-cash flows in operating surplus				
Depreciation & Amortisation	157,381	72,145	209,716	91,087
Changes in assets and liabilities				
(Increase) / Decrease in trade debtors	(911,543)	(645,731)	(342,155)	(497,793)
(Increase) / Decrease in other debtors	(74,938)	(79,575)	7,150	4,929
(Increase) / Decrease in inventories	60,495	(65,526)	(668,049)	(611,963)
(Increase) / Decrease in deferred tax assets	18,298	23,754	50,684	22,514
(Increase) / Decrease in no-current provisions	(14,900)	(14,400)	-	-
Increase / (Decrease) in trade creditors and accruals / current provisions	256,930	121,790	(16,148)	128,882
Increase / (Decrease) in statutory liabilities	88,461	(460)	302,698	431,491
Increase / (Decrease) in non-current provisions	(15,914)	(12,874)	28,538	28,943
Net cash provided by operating activities	902,384	794,940	89,166	504,311

NOTE 26: 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 company may expose the company to price risk, credit risk, liquidity risk and cash flow interest rate risk. The company's risk management policies and objectives are therefore reviewed to minimise the potential impacts of these risks on the results of the company.

a) Interest rate risk

30th June 2011	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total
			Within 1 Year	1 to 5 Years		
	%	$	$	$	$	$
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	4.8	717,008	-	-	264,431	981,439
Trade and other receivables		-	-	-	3,298,309	3,298,309
Total financial assets		717,008			3,563,940	4,280,948
Financial Liabilities						
Trade and other payables		-	-	-	1,112,738	1,112,738
Borrowings	9.0	-	87,469	280,532	-	368,001
Total financial liabilities		-	87,469	280,532	1,112,738	1,480,739

30th June 2010	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total
			Within 1 Year	1 to 5 Years		
	%	$	$	$	$	$
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	4.5	333,813	-	-	86,493	420,306
Trade and other receivables		-	-	-	2,270,877	2,270,877
Total financial assets		333,813	-	-	2,358,570	2,692,383
Financial Liabilities						
Trade and other payables		-	-	-	1,053,397	1,053,397
Borrowings	8.0	-	95,645	270,595	-	366,240
Total financial liabilities		-	95,645	270,595	1,053,397	1,419,637

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 company may encounter difficulties raising funds to meet commitments. The company 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 company is not exposed to any material price risk.

f) Sensitivity Analysis

The company 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 company as 30th June 2011 held a quantity of cash on hand in an Interest Bearing bank account. At 30th June 2011, 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:

		2011 $	2010 $
Change in profit			
-	Increase in interest rate by 7%	1,207	4,931
-	Decrease in interest rate by 7%	(1,207)	(4,931)
Change in equity			
-	Increase in interest rate by 7%	1,207	4,931
-	Decrease in interest rate by 7%	(1,207)	(4,931)

Foreign Currency Risk Sensitivity Analysis

The company purchases certain raw material from overseas due to non-availability in Australia or savings due to bulk buying power overseas. At 30th June 2011, 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:

		2011 $	2010 $
Change in profit			
-	Improvement in AUD to International currencies by 23%	108,889	52,792
-	Decline in AUD to International currencies by 23%	(108,889)	(52,792)
Change in equity			
-	Improvement in AUD to International currencies by 23%	108,889	52,792
-	Decline in AUD to International currencies by 23%	(108,889)	(52,792)
Change in profit			
-	Improvement in AUD to International currencies by 15%	71,095	34,429
-	Decline in AUD to International currencies by 15%	(71,095)	(34,429)
Change in equity			
-	Improvement in AUD to International currencies by 15%	71,095	34,429
-	Decline in AUD to International currencies by 15%	(71,095)	(34,429)

NOTE 27: CONTROLLED ENTITIES

Subsidiaries of LaserBond Limited

	Country of Incorporation	Percentage Owned	
		2011	2010
Peachey's Engineering Pty Ltd	Aust	100	100
Canedice Investments Pty Ltd	Aust	100	100
LaserBond (Qld) Pty Ltd	Aust	100	100

Note that Canedice Investments Pty Ltd and LaserBond (Qld) Pty Ltd are both non trading entities.

NOTE 28: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

a) In July 2011 LaserBond completed the purchase of the assets of C&B Engineering (CBE) which became available due to the planned retirement of the proprietor. This was an opportunistic purchase as the assets are items that LaserBond requires to meet existing growth targets. CBE's assets include large machining equipment and both general and CNC engineering equipment that allowed them to build a successful business, predominantly servicing the mining equipment sector. Some of the customers of CBE, particularly in the mining sector, are already customers of LaserBond. This will allow LaserBond to further strengthen its business with these existing customers while at the same time introduce the LaserBond technology to a new client base.

b) LaserBond's Workers' Compensation insurer has recently provided the estimated premium payable for the 2011 – 2012 period of insurance. Due to a musculature injury of one employee and the experience adjustment factor added to the premium by our insurer, the 2012 premiums have increased. Upon investigation by LaserBond's advisors it has been deemed that the insurers premium calculation may be excessive. An appeal in regards to the premium calculations has been lodged with WorkCover (NSW) dated 25 August 2011.

NOTE 29: SEGMENT REPORTING

The company 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 geographic locations.

	LaserBond Limited (Sydney, NSW)			Peachey's Engineering Pty Ltd (Gladstone, Qld)			Consolidated	
	2011	2010		2011	2010		2011	2010
Revenue	8,159,668	5,888,613		5,116,936	4,532,622		13,276,604	10,421,235
Profit Before Income Tax	1,994,764	1,126,415		47,768	(516,171)		2,042,532	610,244
Profit after Income Tax	1,395,817	906,220		(60,703)	(389,490)		1,338,114	516,730
Assets	9,626,810	8,360,727		2,359,046	2,051,153		10,355,310	8,946,271
Liabilities	2,226,197	2,056,685		2,778,313	2,412,718		3,373,965	3,003,794

NOTE 30: COMPANY DETAILS

Registered Office and Principal Place of Business:

LaserBond Ltd

28 Road York
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
Phone: 07 4972 5422
Fax: 07 4972 5411

Fabrication Shop

5 George Mamalis Place
GLADSTONE QLD 4680
Phone / Fax: 07 4972 7608

Share Registry:

Boardroom Pty Ltd

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

Shareholder Information

1. Substantial Shareholders at 16th August 2011

Holder Laserbond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	7,728,395	10.719
Mr Wayne Edward Hooper	7,728,395	10.719
Mr Wayne Edward Hooper (W&D Hooper Investments Pty Ltd)	763,028	1.058
Ms Lillian Hooper	7,712,395	10.697
Mr Rex Hooper	7,708,395	10.691
Mr Gregory John Hooper	4,611,175	6.396
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,388,889	4.700
Ms Loretta Mary Peachey	4,943,344	6.856

2. Distribution of Shareholders as at 16th August 2011

Holdings Ranges	Holders	Total Units	%
1-1,000	5	474	0.001
1,001-5,000	42	168,238	0.233
5,001-10,000	108	1,004,339	1.393
10,001-100,000	263	10,519,412	14.590
100,001-9,999,999,999	63	60,407,175	83.783
Totals	**481**	**72,099,638**	**100.000**
Holdings less than a marketable parcel	17	34,384	0.048

3. Twenty Largest Shareholders as at 16th August 2011

Holder Laserbond Limited	Number of Ordinary Fully Paid Shares Held	%
Ms Diane Constance Hooper	7,728,395	10.719
Mr Wayne Edward Hooper	7,728,395	10.719
Ms Lillian Hooper	7,712,395	10.697
Mr Rex Hooper	7,708,395	10.691
Ms Loretta Mary Peachey	4,943,344	6.856
Mr Gregory John Hooper	4,611,175	6.396
Mr Gregory John Hooper (Grendy Super Fund A/C)	3,388,889	4.700
Wantune Pty Ltd (Trumbull Super Fund A/C)	1,815,000	2.517
Mr Keith Knowles	1,385,476	1.922
Mr Antony Philip Plunkett	1,008,575	1.399
Alliance Business Group Pty Ltd (McCauley Super Fund A/C)	921,000	1.277
W&D Hooper Investments Pty Ltd	663,028	0.920
Fortitude Enterprises Pty Ltd	611,599	0.848
Mr David Webster & Mrs Janine Florence Webster	573,988	0.796
Mrs Edna Knowles	497,122	0.689
Mr Simon William Tritton (Investment A/C)	400,000	0.555
Fortitude Enterprises Pty Ltd (Fortitude Super Fund A/C)	395,000	0.548
Mr Michael Richard Hamm	393,200	0.545
Mr Nicholas Eaton Crocker Barham	360,000	0.499
Mr Oscar Joseph Horky	331,000	0.459
Totals for Top 20	53,175,976	73.753
Security Totals	**72,099,638**	