

Appendix 4E / Preliminary Financial Report

LaserBond Limited

ABN 24 057 636 692

For year ended 30th June 2012
All comparisons to year ending 30th June 2011

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	Year To 30 th June 2012		Year To 30 th June 2011
Revenues from continuing operations	\$14,386,311	Up 8% from	\$13,276,604
Net Profit from Ordinary Operating Activities after Tax Attributable to Members	\$1,119,439	Down 16% from	\$1,338,114
Net Profit Attributable to Members	\$1,119,439	Down 16% from	\$1,338,114
Earnings per Share	1.50	Down 20% from	1.88c

Dividend Information

Dividends	Amount Per Share (cents)	Total	Franked Amount	Record Date	Payment Date
Interim	0.3	\$222,140	100%	23 March 12	5 April 12
Final	0.2	\$169,452	100%	28 September 12	12 October 12
		\$391,592			

Since year end the Board has considered the company's needs for cash to fund growth and resolved to continue the same level of total dividends as last year with the payment of a final dividend of 0.2 cents per share, fully franked based on tax paid at 30%. As the Board resolution regarding dividends was made after 30 June 2012, the dividend will be paid from retained earnings but is not recognised as a liability in the financial statements at year end.

Dividend Reinvestment Plans

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

The Board has resolved to offer the DRP for the 2012 Final Dividend. The discount applied to determine the Market Price in accordance with the DRP Terms and Conditions will be 5%.

In order to participate in the DRP for this dividend, shareholders that have not already done so must return a completed DRP Application Form to arrive at the share registry (Boardroom Pty Ltd) by 28 September 2012. The form will be mailed shortly to all shareholders that have not already submitted a completed form. The form is also available on our website: www.laserbond.com.au. Shareholders that have already returned the form need not complete another, unless a change in the level of participation is being requested.

Brief Explanation of Results:

In the 2011 Annual report the company stated that 2012 would be a year of cash flow funded investment and continued organic growth. The company has invested in a number of growth initiatives, including the opportunistic purchase of the assets of C&B Engineering, new equipment, lease of additional premises and the recent strengthening of the sales teams in each state (see below).

Continued organic growth has been demonstrated by the increase in revenue in the face of difficult market conditions.

Whilst the investments have increased the fixed costs of the business, they position the company well for continuing growth into 2013 and beyond. On 9 May 2012, LaserBond provided guidance that EBIT would be between \$1.5 and \$1.7m. At \$1.67m, the actual EBIT was towards the upper end of this range.

The growth of the company over the last 2 years combined with the goal of continuing high rates of growth has required a company restructuring of the sales team. The restructure essentially doubles the consolidated sales team and incorporates the following staff:

- National Sales Manager
- Sales Engineers x 3
- Estimators x 3

The company continues to develop and market applications for its technologies and recent investment in equipment, facilities and human resources provides the expanding capacity to allow ongoing organic growth.

Our clients and the industry sectors we deal with continue to be focused on services that will provide them increased efficiencies through increased production, reduced down-time and lower costs. With the doubling of the consolidated sales team, LaserBond has the ability to present the value of our technologies and techniques to more clients and industry sectors.

From discussions with most of our customers over the past few months, revenue growth is expected to continue to be strong.

Further, with the recent installation of thermal spraying capabilities in Queensland, focus will continue on growing the advanced surface engineering capabilities throughout Central Queensland. As these applications are adopted by Queensland customers, gross margins will continue to improve to be more in line with the NSW division margins.

2. Preliminary Statement of Comprehensive Income

Refer to page 5 and accompanying notes from page 9 of this report.

3. Preliminary Statement of Financial Position

Refer to page 6 and accompanying notes from page 9 of this report.

4. Preliminary Statement of Cash Flows

Refer to page 7 and accompanying notes from page 9 of this report.

5. Preliminary Statement of Retained Earnings

Refer to page 8 and accompanying notes from page 9 of this report.

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

As at June 2012	As at June 2011
\$0.122	\$0.047

Note: As at 30th June 2012 total number of shares issued were 84,059,543 compared to 72,099,638 as at 30th June, 2011.

7. Details of Subsidiaries

During the period from 1st July 2011 to 30th June 2012, LaserBond Limited has not gained or lost control over any entities

8. Details of Associates and Joint Venture Entities

During the period from 1st July 2011 to 30th June 2012, LaserBond Limited has no interest in any Associates or Joint Venture Activities

9. 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.

10. Audit Disputes or Qualifications

This report is based on accounts which have not yet been audited. Please refer to Note 1 of the Financial Report on Page 9 for details.

**Preliminary Statement of Comprehensive Income
for the Year Ended 30th June 2012**

		<u>2012</u>	<u>2011</u>
	Note		
		\$	\$
Revenue	2	14,386,311	13,276,604
Cost of Sales		(7,856,176)	(7,098,985)
Gross Profit		6,530,135	6,177,619
Other Income	3	264,797	207,851
Advertising & Promotional Expenses		(28,548)	(63,447)
Depreciation & Amortisation		(363,183)	(158,995)
Employment Expenses		(1,751,145)	(1,595,069)
Property Rental & Rates Expenses		(857,042)	(640,225)
Administration Expenses		(1,346,194)	(1,160,624)
R&D Expenditure		(424)	(15,310)
Repairs & Maintenance Expenses		(199,153)	(93,499)
Finance Lease Expenses		(417,770)	(471,931)
Borrowing Costs		(136,537)	(97,182)
Other Expenses		(102,910)	(46,656)
Profit before income tax expense	4	1,592,026	2,042,532
Income tax expense	5	(472,587)	(704,418)
Profit after tax from continuing operations		1,119,439	1,338,114
Total comprehensive income attributable to members of LaserBond Limited		1,119,439	516,730
Earnings per share (cents)	6	1.50	1.88
Diluted earnings per share (cents)	6	1.32	1.86

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

Preliminary Statement of Financial Position
As at 30th June 2012

		<u>2012</u>	<u>2011</u>
	<u>Note</u>	<u>\$</u>	<u>\$</u>
CURRENT ASSETS			
Cash and cash equivalents	7	2,782,949	982,639
Trade and other receivables	8, 21	3,614,430	3,282,835
Inventories	9	1,770,561	1,546,127
Total current assets		<u>8,167,940</u>	<u>5,811,601</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,804,590	651,574
Deferred tax assets	13	237,174	250,787
Investment in subsidiary	12	-	-
Intangible assets	11, 12	3,611,014	3,610,973
Other non-current assets		500	14,900
Total non-current assets		<u>5,653,278</u>	<u>4,528,234</u>
TOTAL ASSETS		<u>13,821,218</u>	<u>10,339,835</u>
CURRENT LIABILITIES			
Trade and other payables	14	1,407,579	1,507,124
Provisions	16	506,842	815,066
Interest-bearing liabilities	15, 19	424,651	87,469
Current tax liabilities	18	158,885	409,473
Total current liabilities		<u>2,497,957</u>	<u>2,819,132</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	15, 19	987,470	451,527
Provisions	16	98,265	75,331
Other non-current liabilities	17	12,500	12,500
Total non-current liabilities		<u>1,098,235</u>	<u>539,358</u>
TOTAL LIABILITIES		<u>3,596,192</u>	<u>3,358,490</u>
NET ASSETS		<u>10,225,026</u>	<u>6,981,345</u>
EQUITY			
Issued capital	19	5,410,011	3,062,907
Retained earnings		4,815,015	3,918,438
TOTAL EQUITY		<u>10,225,026</u>	<u>6,981,345</u>

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

Statement of Cash Flows
for the Year Ended 30th June 2012

		<u>2012</u>	<u>2011</u>
	<u>Note</u>	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,359,172	12,568,156
Payments to suppliers and employees		(13,147,119)	(10,904,203)
Interest paid		(136,537)	(97,182)
Interest received		56,198	17,256
Income taxes paid		(458,974)	(686,120)
Net cash inflow from operating activities	25	<u>672,740</u>	<u>897,907</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(1,517,064)	(119,531)
Proceeds from sale of plant and equipment		10,489	-
Tranche 2 Payment for acquisition of subsidiary		-	(150,000)
Net cash inflow/(outflow) from investing activities		<u>(1,506,575)</u>	<u>(269,531)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Shares		1,909,690	-
Payments to lessors		1,013,124	(67,243)
Loans to Subsidiaries		-	-
Dividends paid		(288,669)	-
Net cash inflow/(outflow) from financing activities		<u>2,634,145</u>	<u>(67,243)</u>
NET INCREASE/(DECREASE) IN CASH HELD		1,800,310	561,133
Net cash at beginning of period		982,639	421,506
NET CASH AT END OF PERIOD	7	<u><u>2,782,949</u></u>	<u><u>982,639</u></u>

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

**Statement of Changes in Equity
For the Year Ended 30th June 2012**

	Issued capital \$	Retained earnings \$	Total equity \$
Opening 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)
Dividends paid during period		(360,498)	(360,498)
Closing Balance at 30th June 2011	3,062,907	3,918,438	6,981,345
Profit for the Period		1,119,439	1,119,439
Issue of Share Capital	2,347,104		2,347,104
Dividends Paid during period		(222,862)	(222,862)
Closing Balance at 30th June 2012	5,410,011	4,815,015	10,225,026

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

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: PRELIMINARY FINANCIAL REPORT SUBJECT TO AUDIT COMPLETION

This preliminary financial report for LaserBond Ltd for the year ended 30 June 2012 is provided subject to audit completion. The audit will require finalisation of the impairment test for the goodwill on the company's statement of financial position. The auditors have requested supporting information prior to finalising the audit for year ended June 2012.

The final financial report will be issued prior to the 30 September 2012.

NOTE 2: REVENUE

	2012		2011
From continuing operations		\$	
<i>Sales Revenue</i>			
Sales of Goods	14,386,311		13,276,604

NOTE 3: OTHER INCOME

Interest Revenue	56,198		17,256
Other	208,599		190,595
	<u>264,797</u>		<u>207,851</u>

Consolidated Other Income includes \$151,750 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	136,537		97,182
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Depreciation & Amortisation

- Plant & Equipment	308,491		101,519
- Fixtures & Fittings	502		767
- Office Equipment	11,146		14,680
- R&D Equipment	751		1,224
- Motor Vehicles	30,018		23,617
- Leasehold Improvements	8,930		13,896
- Intangible Assets	3,343		3,292
	<u>363,183</u>		<u>158,995</u>

Rental Expenses relating to Operating Leases

- Minimum Lease Payments	417,770		471,931
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*Auditors Remuneration**a) Robert Nielson Partners*

- Audit Services – audit and review of Financial Reports	41,085		75,617
- Non-Audit Services – Due Diligence and Non-Audit advice	-		-
	<u>41,085</u>		<u>75,617</u>

*Auditors Remuneration**a) Non-Robert Nielson Partners Audit Firms*

- Audit Services – independent review of Financial Reports	2,800		-
- Non-Audit Services – Due Diligence and Non-Audit advice	2,050		7,342
	<u>4,850</u>		<u>7,342</u>

NOTE 5: INCOME TAX

	2012	2011
Reconciliation of Income Tax Expense	\$	\$
Profit before Income Tax expense	1,592,026	2,042,532
Prima Facie Tax at the Australian tax rate of 30% (2011: 30%)	477,608	612,760
Less Deferred Tax Asset adjustments for Employee Entitlements and Expense Provisions	(5,804)	(10,867)
Less Adjustment to Prior Year Income Tax Provisions	783	102,525
Total Income Tax Expense:	472,587	704,418

NOTE 6: EARNINGS PER SHARE

	2012	2011
Basic earnings per share (cents)	1.50	1.88
Diluted earnings per share (cents)	1.32	1.86

Performance options issued to directors pursuant to the Prospectus expired 30th August 2012. There are no current options to affect diluted earnings per share.

(a) Weighted Average Shares on Issue

	No. of Shares	Weighted No.
Opening Balance as at 1 st July 2011	72,099,638	72,099,638
Shares issued as at 29 th September 2011	144,443	108,827
Shares issued as at 21 st October 2011	1,164,446	807,137
Shares issued as at 13 th December 2011	104,764	57,405
Shares issued as at 24 th January 2012	200,000	86,575
Shares issued as at 9 th February 2012	333,333	129,680
Shares issued as at 29 th February 2012	266,667	89,133
Shares issued as at 22 nd May 2012	9,100,000	972,329
Shares issued as at 5 th April 2012	512,919	120,852
Shares issued as at 28 th June 2012	133,333	731
Closing Balance as at 30 th June 2011	84,059,543	74,472,306

NOTE 7: CASH AND CASH EQUIVALENTS

	2012	2011
Cash on Hand	\$ 1,200	\$ 1,200
Cash at Bank	2,781,748	981,439
	2,782,949	982,639

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade Receivables	3,235,743	3,010,375
Loans – Key Management Personnel	50,174	60,500
Loans – Employees	5,899	6,801
Loans - Subsidiaries	-	-
Other Receivables	322,614	205,159
	3,614,430	3,282,835

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

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

	Gross Amount \$000	Past due and impaired \$000	Past due but not impaired (days overdue)				Within initial trade terms \$000
			<30 \$000	31-60 \$000	61-90 \$000	>90 \$000	
2012							
Trade and term receivables	3,236	-	1,477	1,233	508	18	2,710
Other receivables	378	-	378	-	-	-	378
	<u>3,614</u>	<u>-</u>	<u>1,855</u>	<u>1,233</u>	<u>508</u>	<u>18</u>	<u>3,088</u>
2011							
Trade and term receivables	3,026	16	859	359	12	6	1,218
Other receivables	272	-	270	-	-	2	270
	<u>3,298</u>	<u>16</u>	<u>1,129</u>	<u>359</u>	<u>12</u>	<u>8</u>	<u>1,488</u>

2012

2011

NOTE 9: INVENTORIES

	\$	\$
Stock on Hand – Raw Materials	635,757	527,124
Stock on Hand – Finished Goods	638,786	521,302
Work in Progress	496,018	497,701
	<u>1,770,561</u>	<u>1,546,127</u>

NOTE 10: PROPERTY, PLANT & EQUIPMENT

Plant & Equipment, Office Equipment, etc

At Cost	2,829,140	1,459,263
Less Accumulated Depreciation	(1,175,608)	(853,203)
	<u>1,653,532</u>	<u>606,060</u>

Motor Vehicles

At Cost	281,118	147,804
Less Accumulated Depreciation	(131,356)	(104,337)
	<u>149,762</u>	<u>43,467</u>

Research & Development Equipment

At Cost	24,027	24,027
Less Accumulated Depreciation	(22,731)	(21,980)
	<u>1,296</u>	<u>2,047</u>

TOTAL PLANT & EQUIPMENT

	<u>1,804,590</u>	<u>651,574</u>
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(a) Movements in Carrying Amounts

	Plant & Equipment, Office Equipment, etc	Motor Vehicles	Research & Development Equipment	Total
2012 Financial Year	\$	\$	\$	\$
Balance at the beginning of the year	606,060	43,467	2,047	651,574
Additions	1,380,366	136,314	-	1,516,680
Sales of Asset	(10,489)	-	-	(10,489)
Depreciation Expense	(322,406)	(30,018)	(751)	(353,175)
Carrying Amount at the end of the year	1,653,531	149,763	1,296	1,804,590
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

NOTE 11: INTANGIBLES

	Goodwill	Patents and Trademarks	Other Intangible Assets	Total
	\$	\$	\$	\$
2012 Financial Year				
Balance at the beginning of the year	3,598,927	9,507	2,539	3,610,973
Additions	-	-	3,383	3,383
Disposals	-	-	-	-
Amortisation Expense	-	(713)	(2,629)	(3,342)
Net Book Amount at 30 th June 2012	3,598,927	8,794	3,293	3,611,014
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 30 th June 2011	3,598,927	9,507	2,539	3,610,973

NOTE 12: GOODWILL IN CONSIDERATION

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

	2012	2011
	\$	\$
<i>Initial Purchase Costs made up of the following:</i>		
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
<i>Tranche Two 08-09 Earn Out costs made up of the following:</i>		
Cash Payment	448,275	448,275
Scrip Payment – 1,610,010 shares	149,138	149,138
	447,413	447,413
	3,598,927	3,598,927

a) As detailed in Note 1 to these financials on page 9, justification to the impairment test to 30 June 2012 is pending with the auditor.

NOTE 13: DEFERRED TAX ASSETS

	2012	2011
	\$	\$
Deferred tax assets comprise temporary differences attributable to:		
Employee Benefits	181,431	161,924
Expense Accruals	55,743	46,715
Capitalised IPO Costs	-	42,148
	237,174	250,787

NOTE 14: TRADE AND OTHER PAYABLES

Trade Payables	841,073	841,626
Deferred Revenue – Re-tooling for Climate Change Grant	-	156,769
BAS Statement (GST & PAYG Withheld)	471,360	308,644
Payroll Tax	8,131	15,044
Fringe Benefits Tax	1,750	360
Superannuation	119,402	85,813
Other Payables	85,265	98,868
	1,407,579	1,507,124

NOTE 15: BORROWINGS

CURRENT

Hire Purchase Liabilities	324,651	87,469
Convertible Notes	100,000	-
	424,651	87,469

NON-CURRENT

Hire Purchase Liabilities	987,470	211,527
Convertible Notes	-	240,000
	987,470	451,527

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 was 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.

As at 30th June 2012 all remaining Convertible Note holders, holding notes with a face value of \$100,000, had provided the company with Conversion Notices to convert these notes to shares. Accordingly, 666,667 shares were issued on 6th July 2012, completing the conversion of all outstanding notes.

NOTE 16 : PROVISIONS

	2012	2011
	\$	\$
CURRENT		
Employee Benefits	499,222	454,568
Provision – Dividends Payable	7,620	360,498
	506,842	815,066
NON-CURRENT		
Employee Benefits	98,265	75,331
	98,265	75,331

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

	2012	2011
	\$	\$
Leave obligations expected to be settled after 12 months	112,845	161,294

NOTE 17: OTHER NON-CURRENT LIABILITIES

Rental Bond	12,500	12,500
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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	158,885	409,473
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NOTE 19: CONTRIBUTED EQUITY

Issued and Paid Up Capital	5,410,011	3,062,907
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Reconciliation of Issued and Paid Up Capital

72,099,638 Existing Shares	3,062,907	3,001,655
11,959,905 Issued Shares	2,389,252	103,400
Deferred Tax Asset from Capitalised IPO Costs	(42,148)	(42,148)
	5,410,011	3,062,907

(a) Ordinary Shares

	2012	2011
	No.	No.
Reconciliation of Movement in Shares		
Issued Shares at beginning of Year	72,099,638	71,043,734
Shares Issued during Year	11,959,905	1,055,904
Issued Shares at end of year	84,059,543	72,099,638

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

	2012	2011
	\$	\$
Payable:		
Within one (1) year	324,651	87,469
Later than one (1) year but not later than five (5) years	1,336,246	280,532
Minimum Hire Purchase / Finance Lease payments:	1,660,897	368,001

	2012	2011
	\$	\$
Less future finance charges	(348,776)	(69,005)
Total Hire Purchase / Finance Lease Liability	1,312,121	298,996

The company's Hire Purchase and Finance Lease commitments are in relation to Plant & Equipment and Motor Vehicles essential to the operations of the business. These are under agreements expiring within 1 to 5 years. Under the Terms of Agreements, the 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	608,004	864,922
Later than one (1) year but not later than five (5) years	860,145	1,034,164
	1,468,149	1,899,086

(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	Jun 2012
10 Blain Drive, Gladstone QLD 4680	Nov 2013
5 George Mamalis Place, Gladstone QLD 4680	Feb 2014

Payable:

Within one (1) year	375,417
Later than one (1) year but not later than five (5) years	508,333

The 28 York Road, Ingleburn premises Property Lease as noted expired October 2011. The current landlord has approved to remain on a month by month lease until October 2012.

The 10 Pembury Road, Minto premises Property Lease as noted expired December 2011. The current landlord has approved a month by month lease until LaserBond moves to its new premises.

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.

	2012	2011
	\$	\$
<i>Property Lease</i>		
Rent Paid	-	121,187

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 is no longer a Related Party Transaction related to Rent Paid.

Sale of Assets

Plant & Equipment	10,489	-
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The overhead cranes of 28 York Road, Ingleburn premises were sold to Hooper Unit Trust. The cranes were considered to be part of the building and of little value to LaserBond when it relocates to new premises. The value of the sale was the asset written down value at the time of the sale.

Labour Hire

Direct Labour – Casual Shop Floor Staff	337,207	-
-----------------------------------------	---------	---

Basin Enterprises, a director related entity, provided casual shop floor staff. When staff performed and passed any probation periods, employment was transferred to LaserBond directly.

	2012	2011
	\$	\$
<i>Loans – Related Parties</i>		
Director Loan	50,174	60,500
Employee Loans	5,899	6,801
Employee Personal Expenses	7,760	2,433
	63,833	69,734

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 four (4) 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
	\$	\$	
2012 Financial Year			
Wayne Hooper	100,086	44,487	-
Greg Hooper	251,186	-	-
	351,272	44,487	-
2011 Financial Year			
Wayne Hooper	105,761	27,267	-
Greg Hooper	199,127	2,700	-
	304,888	29,967	-

(c) Options Held

The following performance options were issued to directors pursuant to the prospectus. These options expire 31st August 2012.

	Opening Balance as at 30 th June 2011	Exercised	Expired	Closing Balance as at 30 th June 2012
Wayne Hooper	2,000,000	-	-	2,000,000
Greg Hooper	2,000,000	-	-	2,000,000
Timothy McCauley	2,000,000	-	-	2,000,000
	6,000,000	-	-	6,000,000

(d) Shares Held

	Interest	Shares Held as at 30 th June 2011	Issued	Purchased / (Sold)	Shares Held as at 30 th June 2012
Wayne Hooper	Direct	7,728,395	381,196	-	8,109,591
Wayne Hooper	In-Direct	763,028	38,108	60,000	861,136
Greg Hooper	Direct	4,611,175	227,442	-	4,838,617
Greg Hooper	In-Direct	3,388,889	167,154	-	3,556,043
		16,491,487	813,900	60,000	17,363,387

NOTE 24: DIVIDENDS

	2012 \$	2011 \$
Declared fully franked interim ordinary dividend of 0.3 (2011: Nil) cents per share franked at the tax rate of 30% (2011: 30%)	222,862	-
Declared fully franked final ordinary dividend of Nil (2011: 0.5) cents per share franked at the tax rate of 30% (2011: 30%)	-	360,498
Balance of franking credits available for subsequent financial years based on a tax rate of 30% (2011: 30%)	1,949,477	1,549,409
Total dividends per share for the period	0.3 cents	0.5 cents

a) Dividends not recognised during the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 0.2 cents per fully-paid ordinary share (2011: 0.5), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 12 October 2012 out of retained earnings at 30 June 2012, but not recognised as a liability at year end is:

169,452	-
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	2012 \$	2011 \$
NOTE 25: CASH FLOW INFORMATION		
Reconciliation of profit after income tax to net cash flows from operating activities		
Profit after Income Tax for the year	1,119,439	1,338,114
Non-cash flows in operating surplus		
Depreciation & Amortisation	353,493	157,381
Changes in assets and liabilities		
(Increase) / Decrease in trade debtors	(225,369)	(911,543)
(Increase) / Decrease in other debtors	(106,226)	(74,938)
(Increase) / Decrease in inventories	(224,435)	60,495
(Increase) / Decrease in deferred tax assets	13,613	18,298
(Increase) / Decrease in non-current provisions	14,400	(14,900)
Increase / (Decrease) in trade creditors and accruals / current provisions	(217,006)	256,930
Increase / (Decrease) in statutory liabilities	(59,806)	88,461
Increase / (Decrease) in non-current provisions	4,637	(15,914)
Net cash provided by operating activities	672,740	902,384

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

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total
			Within 1 Year	1 to 5 Years		
	%	\$	\$	\$	\$	\$
30th June 2012						
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	3.5	2,519,890	-	-	261,859	2,781,749
Trade and other receivables		-	-	-	3,614,430	3,614,430
Total financial assets		2,519,890	-	-	3,877,489	6,397,379
Financial Liabilities						
Trade and other payables		-	-	-	1,407,579	1,407,579
Hire Purchase / Finance Lease	9.0	-	324,651	987,470	-	1,312,121
Total financial liabilities		-	324,651	987,470	1,407,579	2,719,700

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total
			Within 1 Year	1 to 5 Years		
	%	\$	\$	\$	\$	\$
30th June 2011						
Financial Assets:						
Cash on Hand		-	-	-	1,200	1,200
Cash at Bank	4.8	717,008	-	-	264,431	981,439
Trade and other receivables		-	-	-	3,282,835	3,282,835
Total financial assets		717,008	-	-	3,548,466	4,265,474
Financial Liabilities						
Trade and other payables		-	-	-	1,507,124	1,507,124
Hire Purchase / Finance Lease	9.0	-	87,469	211,527	-	298,996
Total financial liabilities		-	87,469	211,527	1,507,124	1,806,120

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 2012 held a quantity of cash on hand in an Interest Bearing bank account. The effect on profit and equity as a result of changes in the interest rate on Cash on Hand, with all other variables remaining constant would be as follows:

	2012	2011
	\$	\$
Change in profit		
- Increase in interest rate by 1.4%	1,235	1,207
- Decrease in interest rate by 1.4%	(1,235)	(1,207)
Change in equity		
- Increase in interest rate by 1.4%	1,235	1,207
- Decrease in interest rate by 1.4%	(1,235)	(1,207)

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 2012, 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:

	2012	2011
	\$	\$
Change in profit		
- Improvement in AUD to International currencies by 15%	227	108,889
- Decline in AUD to International currencies by 15%	(227)	(108,889)
Change in equity		
- Improvement in AUD to International currencies by 15%	227	108,889
- Decline in AUD to International currencies by 15%	(227)	(108,889)

NOTE 27: PARENT ENTITY FINANCIAL INFORMATION**a) Summary Financial Information**

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

	2012	2011
	\$	\$
Balance Sheet		
<i>Assets:</i>		
Current Assets	8,343,462	5,466,298
Total Assets	13,652,857	9,621,010
<i>Liabilities:</i>		
Current Liabilities	1,665,489	1,703,607
Total Liabilities	2,735,671	2,220,397
<i>Shareholders' Equity</i>		
Issued Capital	5,410,011	3,062,907
Retained Earnings	5,507,175	4,337,706
	<u>10,917,186</u>	<u>7,400,613</u>
Profit before income tax expense	<u>1,990,165</u>	<u>1,994,764</u>
Profit after tax from continuing operations	<u>1,392,332</u>	<u>1,395,817</u>
Total comprehensive income attributable to members	<u>1,392,332</u>	<u>1,395,817</u>

b) Finance Facilities of the Parent Entity

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

- (i) for the parent entity with a balance outstanding of \$438,180 (2011: \$1,224,144)
- (ii) for subsidiaries with a balance outstanding of \$72,775. (2011: \$187,585)

A liability has been recognized in relations to these liabilities as per Note 15 of this financial report.

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

- (i) for the parent entity with a balance outstanding of \$399,417 (2011: \$180,486)
- (ii) for subsidiaries with a balance outstanding of \$307,209 (2011: \$674,942)

The parent entity has given unsecured guarantees in respect of Rental Bonds for subsidiaries totalling \$78,925

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

- (i) Trade finance facility with unused limit of \$470,000 (2011: \$470,000).
- (ii) Bank Guarantee Line unused with limit of \$200,000 (2011: \$200,000).

NOTE 28: CONTROLLED ENTITIES

Subsidiaries of LaserBond Limited

	Country of Incorporation	Percentage Owned	
		2012	2011
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 29: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

c) Conversion of Convertible Notes

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 was 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.

As at 30th June 2012 all remaining Convertible Note holders, holding notes with a face value of \$100,000, had provided the company with Conversion Notices to convert these notes to shares. Accordingly, 666,667 shares were issued on 6th July 2012, completing the conversion of all outstanding notes.

NOTE 30: 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	
	2012	2011	2012	2011	2012	2011
Revenue	9,792,742	8,159,668	4,593,569	5,116,936	14,386,311	13,276,604
Profit Before Income Tax	1,990,165	1,994,764	(398,139)	47,768	1,592,026	2,042,532
Profit after Income Tax	1,392,332	1,395,817	(272,893)	(60,703)	1,119,439	1,338,114
Assets	13,652,857	9,626,810	1,892,758	2,359,046	13,821,218	10,355,310
Liabilities	2,735,671	2,226,197	2,584,918	2,778,313	3,596,192	3,373,965

NOTE 31: COMPANY DETAILS

Registered Office and Principal Place of Business:

LaserBond Ltd

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

Subsidiaries:

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Machine Shop

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 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