

## **Appendix 4E**

### **LaserBond Limited**

ABN 24 057 636 692

#### **Preliminary Final Report**

**For period ending 30<sup>th</sup> June 2009**  
**All comparisons to period ending 30<sup>th</sup> June 2008**

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## 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	Year To 30 <sup>th</sup> June 2009		Year To 30 <sup>th</sup> June 2008
Revenues from continuing operations	\$9,086,764	Up 153% from	\$3,591,258
Net Profit from Ordinary Operating Activities after Tax Attributable to Members	\$669,503	Up 177% from	\$241,160
Net Profit Attributable to Members	\$270,890	Up 1% from	\$241,160

### Brief Explanation of Results:

The increase in revenue and net profit after tax for the year end 30<sup>th</sup> June 2009 in comparison to the previous corresponding period is due to a combination of factors:

- The purchase of Peachey's Engineering Pty Ltd as at 24<sup>th</sup> November 2008 provided an increase of Revenue \$3,650,863 and Net Profit after Tax of \$294,787 for the seven months of trading with LaserBond Ltd.
- LaserBond's products and services, despite global financial market conditions, continued to be in strong demand by existing and new clients.
- The reduction in Net Profit after Tax from Ordinary Operating Activities of \$398,613 to Net Profit Attributable to Members of \$270,890 is in relation to a Profit Share arrangement as part of the Share Sale Deed Agreement for the purchase of Peachey's Engineering Pty Ltd. This is a one off event that impacts the net profits attributable to members.

### Dividend Information

No dividends will be payable for this reporting period.

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

As at June 2009	As at June 2008
\$0.0348	\$0.0766

*Note: As at 30<sup>th</sup> June 2009 total number of shares issued were 68,833,734 compared to 65,000,400 as at 30<sup>th</sup> June 2008.*

The proceeds from the listing of the Company in December 2007 were a tangible asset (Cash & Other Receivables) as at June 2008. Since the purchase of Peachey's Engineering this cash has been converted to an Intangible Asset (Goodwill in Consideration) therefore affecting the Net Tangible Assets per Ordinary Share result.

## 3. Details of Subsidiaries

### 3.1 Control Gained Over Entities During the Period

During the period from 1<sup>st</sup> July 2008 to 30<sup>th</sup> June 2009, LaserBond Limited gained control over the following entity:

Name of Entity	Date Gained Control	Revenue from 24 <sup>th</sup> Nov 08 to 30 <sup>th</sup> Jun 09	Net Profit After Tax – 24 <sup>th</sup> Nov 08 to 30 <sup>th</sup> Jun 09
Peachey's Engineering Pty Ltd	24 <sup>th</sup> November 2008	\$3,650,863	\$294,787

### 3.2 Loss of Control of Entities During the Period

During the period from 1<sup>st</sup> July 2008 to 30<sup>th</sup> June 2009, LaserBond Limited has not loss control over any Entities.

## 4. Details of Associates and Joint Venture Entities

### 4.1 Equity Accounted Associates and Joint Venture Activities

During the period from 1<sup>st</sup> July 2008 to 30<sup>th</sup> June 2009, LaserBond Limited has no interest in any Associates or Joint Venture Activities

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

Not Applicable

## 5. Dividends

### 5.1 Dividends per Share

	<b>Amount per Share</b>	<b>Franked Amount Per Share at 30% Tax</b>	<b>Amount per Share of Foreign Source</b>
Final - Current Period - previous corresponding period	N/A \$0.0028114	N/A \$0.000843	N/A N/A
Interim - Current Period - previous corresponding period	N/A N/A	N/A N/A	N/A N/A

### 5.2 Total Dividends

	<b>Current Period</b>	<b>Previous Corresponding Period</b>
Interim	N/A	N/A
Final	N/A	\$140,569
	N/A	\$140,569

### 5.3 Dividends Reinvestment Plans

During the period from 1<sup>st</sup> July 2008 to 30<sup>th</sup> June 2009, LaserBond Limited had no Dividend Reinvestment plans in operation

## 6. 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.

## 7. Audit Disputes or Qualifications

This report is based on accounts which are in the process of being audited.

## **Commentary to Preliminary Financial Report**

### **Review of Operations**

	<b><u>% Increase</u></b>	<b><u>2009</u></b>	<b><u>% Revenue</u></b>	<b><u>2008</u></b>	<b><u>% Revenue</u></b>
Revenue	153.02%	9,086,764	153.02%	3,591,258	
EBITDA	160.58%	923,995	10.17%	354,592	9.87%
EBIT	206.21%	762,704	8.39%	249,076	6.94%
NPAT (before significant items)	177.62%	669,503	7.37%	241,160	6.72%
Profit Share (Share Sale Deed Arrangement)		398,613	4.39%	0	0.00%
Reported Profit (after significant items)	12.33%	270,890	2.98%	241,160	6.72%

Continuing strong demand for the company's services have generated revenue of \$9.1m for the year ended 30 June 2009, up 153% from the previous year's level of \$3.6m. Our successful expansion into central QLD with the acquisition of Peachey's Engineering has contributed to our earnings, resulting in a higher profile in the market place for our unique services. Peachey's Engineering operates from 2 locations in Gladstone; a full engineering machine workshop and a recently built fabrication workshop. LaserBond will install HVOF and Laser technologies in the coming fiscal year to better serve our customers.

Growing customer acceptance in our unique technologies was also confirmed with the signing of a 3 year contract with Weir Mineral Australia to supply a range of machined and coated components. Weir has been a customer since 1993. This contract is worth approximately \$ 9.6 m over the next 3 years. The orders enable the company to operate with a solid base workload for the coming year.

Revenue for the financial year also included 7 months of contributions from Peachey's Engineering.

### **Results for the Financial Year**

Earnings before Interest, tax and depreciation (EBITDA) increased by 161% to \$924,000 up from \$355,000 in the previous financial year. Earnings before Interest and tax (EBIT) increased by 206% to \$763,000 up from \$249,000 in the previous financial year. The volume growth in EBITDA and EBIT followed the increased level of activity across operations in the year. With the consolidated revenue streams, the benefits were achieved through maintaining our margins and increased sales. The company invested in key roles in the previous financial year so that the efficiencies would show as the sales streams came on. This is also reflected in our NPAT which increased by 178% to \$669,000 up from \$241,000 in the previous financial year.

### **Profit Share – Share Sale Deed**

The reduction in our profits of \$398,613 was directly attributable to the acquisition of Peachey's Engineering in late 2008. The agreement required profits upon completion of all work in progress accounted for before takeover by LaserBond were to be shared with the vendor when the jobs were completed. This is a one off event that impacts the net profits attributable to members.

### **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 2:1 indicating a very strong financial strength. With our cash flow projections for the next fiscal year, the company is in a very solid position to capitalise on market opportunities as they become available.

### **Outlook**

The company enters the new financial year with markedly different business conditions from the same time last year. Whilst the global economic disturbances have affected many in the resources and engineering sectors, it has not affected LaserBond. Our activity level is up substantially over the similar period last year. We begin the year with a solid workload well into the 2010 calendar. As the economy shows signs of stabilising and improving, the company is well positioned to benefit.

## PRELIMINARY FINANCIAL REPORT

### LaserBond Limited

#### Preliminary Consolidated Income Statement for the Year Ended 30<sup>th</sup> June 2009

	Note	2009 \$	2008 \$
Revenue	2	9,086,764	3,591,258
Cost of Sales		<u>(4,636,074)</u>	<u>(1,547,326)</u>
<b>Gross Profit</b>		4,450,690	2,043,932
Other Income	3	122,971	500,018
Selling Expenses		(78,374)	(72,089)
Administration Expenses		(2,982,595)	(1,628,543)
R&D Expenditure		(17,108)	(272,292)
Repairs & Maintenance Expenses		(148,194)	(42,253)
Finance Lease Expenses		(428,869)	(171,962)
Borrowing Costs		(12,094)	(4,767)
Other Expenses		<u>(155,817)</u>	<u>(107,736)</u>
<b>Profit before income tax expense</b>	4	750,610	244,308
Income tax expense	5	(81,107)	(3,148)
<b>Profit after tax from continuing operations</b>		<u>669,503</u>	<u>241,160</u>
Share Sale Deed – Peachey's Engineering Pty Ltd	6	(398,613)	
<b>Net profit attributable to members of LaserBond Limited</b>		<u><u>270,890</u></u>	<u><u>241,160</u></u>

The above Preliminary Income Statement should be read in conjunction with the accompanying notes

## PRELIMINARY FINANCIAL REPORT

LaserBond Limited

### Preliminary Consolidated Balance Sheet

As at 30<sup>th</sup> June 2009

	Note	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	382,524	3,497,102
Trade and Other Receivables	9	2,106,336	737,261
Inventories	10	938,573	180,506
Total Current Assets		<u>3,427,433</u>	<u>4,414,869</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	665,598	314,088
Deferred tax assets	14	319,769	249,765
Intangible assets	12	3,036,979	27,698
Total Non-Current Assets		<u>4,022,346</u>	<u>591,551</u>
<b>TOTAL ASSETS</b>		<u><b>7,449,779</b></u>	<u><b>5,006,420</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	15, 17	1,162,539	283,344
Interest-bearing liabilities	16	59,898	18,390
Current tax liabilities	18	428,174	30,125
Total Current Liabilities		<u>1,650,611</u>	<u>331,859</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	16	180,869	36,611
Provisions	17	187,752	91,794
Total Non-Current Liabilities		<u>368,621</u>	<u>128,405</u>
<b>TOTAL LIABILITIES</b>		<u><b>2,019,232</b></u>	<u><b>460,264</b></u>
<b>NET ASSETS</b>		<u><b>5,430,547</b></u>	<u><b>4,546,156</b></u>
<b>EQUITY</b>			
Contributed equity	19	2,861,164	2,466,144
Retained earnings		2,569,383	2,080,012
<b>TOTAL EQUITY</b>		<u><b>5,430,547</b></u>	<u><b>4,546,156</b></u>

The above Preliminary Balance Sheet should be read in conjunction with the accompanying notes

## PRELIMINARY FINANCIAL REPORT

LaserBond Limited

### Preliminary Consolidated Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2009

	Note	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		7,853,374	3,971,635
Payments to suppliers and employees		(7,940,200)	(3,785,219)
Interest paid		(139,171)	(4,767)
Interest received		115,090	150,816
Income taxes paid		(12,094)	(212,626)
<b>Net cash inflow from operating activities</b>		<u>(123,001)</u>	<u>119,839</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		(411,876)	(4,754)
Goodwill in Consideration	13	<u>(3,001,514)</u>	<u>64,865</u>
<b>Net cash inflow/(outflow) from investing activities</b>		<u>(3,413,390)</u>	<u>60,111</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		302,020	2,466,132
Payments to lessors		107,690	(46,787)
Loans to employees		12,104	(18,600)
Dividends paid		<u>-</u>	<u>(140,568)</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<u>421,813</u>	<u>2,260,177</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		(3,114,578)	2,440,127
Net cash at beginning of period		3,497,102	1,056,975
<b>NET CASH AT END OF PERIOD</b>	8	<u>382,524</u>	<u>3,497,102</u>

The above Preliminary Statement of Cash Flows should be read in conjunction with the accompanying notes

## FINANCIAL REPORT

### LaserBond Limited

#### Preliminary Statement of Changes in Equity for the Year Ended 30<sup>th</sup> June 2009

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	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>At 30<sup>th</sup> June 2006</b>		<b>1,200</b>	<b>1,601,950</b>	<b>1,603,150</b>
Profit for the period		-	523,895	523,895
Dividends paid		-	(146,425)	(146,425)
Reverse formation costs		(1,188)	-	(1,188)
<b>At 30<sup>th</sup> June 2007</b>		<b>12</b>	<b>1,979,420</b>	<b>1,979,432</b>
Profit for the period		-	241,160	241,160
Dividends paid		-	(140,568)	(140,568)
Issue of share capital		3,000,000	-	3,000,000
Capitalisation of costs incurred for IPO (net of deferred tax)		(533,868)	-	(533,868)
<b>At 30<sup>th</sup> June 2008</b>		<b>2,466,144</b>	<b>2,080,012</b>	<b>4,546,156</b>
Profit for the Period			669,503	669,503
Issue of Share Capital		437,167		
Deferred Tax Adjustment – Capitalisation of costs incurred for IPO		(42,147)		
Asset Revaluation Reserve – purchase of Peachey’s Engineering Pty Ltd			218,481	218,481
Profit Share – Share Sale Deed Agreement – Peachey’s Engineering Pty Ltd			-398,613	-398,613
<b>At 30<sup>th</sup> June 2009</b>		<b>2,861,164</b>	<b>2,569,383</b>	<b>5,430,547</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 1: BASIS OF PREPARATION OF PRELIMINARY FINANCIAL REPORTS

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.

	2009 \$	2008 \$
<b>NOTE 2: REVENUE</b>		
From continuing operations		
<i>Sales Revenue</i>		
Sales of Goods	9,086,764	3,591,258
<b>NOTE 3: OTHER INCOME</b>		
Interest Revenue	115,090	150,816
Government Grant	-	113,703
Research & Development – Reimbursed Expenses	-	231,263
Other	7,881	4,236
	122,971	500,018
<b>NOTE 4: EXPENSES</b>		
Profit before Income Tax includes the following specific expenses		
<i>Borrowing Costs:</i>		
Interest Paid	147,496	4,767
<i>Depreciation &amp; Amortisation</i>		
- Plant & Equipment	21,830	42,431
- Office Equipment	19,434	3,490
- R&D Equipment	3,299	(4,872)
- Motor Vehicles	12,684	43,133
- Leasehold Improvements	19,675	-
- Intangible Assets	9,483	24,823
	86,405	109,005
<i>Net Loss on Disposal of Assets</i>		
- Motor Vehicles	-	26,464
<i>Rental Expenses relating to Operating Leases</i>		
- Minimum Lease Payments	428,869	171,962
<i>Auditors Remuneration</i>		
- Audit Services – audit and review of Financial Reports	39,310	58,156

<b>NOTE 5: INCOME TAX</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Reconciliation of Income Tax Expense		
Profit before Income Tax Expense	750,610	244,308
Tax at the Australian tax rate of 30% (2007: 30%)	225,183	73,292
Less 20% Write Off of Deferred Tax Asset from Capitalised IPO Costs (See Note 5a)	(42,147)	(42,147)
Less Deferred Tax Asset adjustments for Employee Entitlements and Expense Provisions	(92,073)	
Less Adjustment to Prior Year Income Tax Provisions	(9,856)	(27,997)
Total Income Tax Expense:	<u>81,107</u>	<u>3,148</u>

**Note 5a:** At the time of completion of the Initial Public Offer all costs of the IPO were capitalised over a five (5) year period. This tax adjustment is the second of the five (5) tax adjustments.

**NOTE 6: SHARE SALE DEED – PEACHEY’S ENGINEERING PTY LTD**

As part of the Share Sale Deed for the purchase of Peachey’s Engineering Pty Ltd, profits upon completion of all work in progress accounted for before takeover by LaserBond Ltd were to be shared with the Vendor. This is considered by the Director’s as a distribution of profits therefore is accounted for after Profit after Income Tax.

**NOTE 7: EARNINGS PER SHARE**

Basic earnings per share	0.0041	0.0042
Diluted earnings per share	<u>0.0041</u>	<u>0.0042</u>

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**

	<b>No. of Shares</b>	<b>Weighted No.</b>
Opening Balance as at 1 <sup>st</sup> July 2008	65,000,400	65,000,400
Shares Issued as at 25 <sup>th</sup> November 2008	3,333,334	1,342,466
Shares Issued as at 30 <sup>th</sup> June 2009	500,000	-
Closing Balance as at 30 <sup>th</sup> June 2008	<u>68,833,734</u>	<u>66,342,866</u>

<b>NOTE 8: CASH AND CASH EQUIVALENTS</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Cash on Hand	1,107	500
Cash at Bank	381,417	3,496,602
	<u>382,524</u>	<u>3,497,102</u>

**NOTE 9: TRADE AND OTHER RECEIVABLES**

Trade Receivables	1,901,967	574,099
Loans – Related Parties	66,996	79,507
Other Receivables	137,373	83,655
	<u>2,106,336</u>	<u>737,261</u>

**NOTE 10: INVENTORIES**

Stock on Hand – Raw Materials	573,549	152,236
Work in Progress	365,024	28,270
	<u>938,573</u>	<u>180,506</u>

**NOTE 11: PROPERTY, PLANT & EQUIPMENT**

	<b>2009</b>	<b>2008</b>
	\$	\$
<i>Plant &amp; Equipment</i>		
At Cost	1,150,180	771,122
Less Accumulated Depreciation	(545,421)	(527,822)
	<u>604,759</u>	<u>243,300</u>
<i>Motor Vehicles</i>		
At Cost	125,306	119,272
Less Accumulated Depreciation	(69,744)	(57,059)
	<u>55,562</u>	<u>62,213</u>
<i>Research &amp; Development Equipment</i>		
At Cost	24,027	24,027
Less Accumulated Depreciation	(18,750)	(15,452)
	<u>5,277</u>	<u>8,575</u>
<b>TOTAL PLANT &amp; EQUIPMENT</b>	<u>665,598</u>	<u>314,088</u>

**(a) Movements in Carrying Amounts**

	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Research &amp; Development Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2009 Financial Year</b>				
Balance at the beginning of the year	243,300	62,213	8,575	314,088
Additions	376,058	6,034	-	382,092
Net Disposals	-	-	-	-
Depreciation Expense	(14,599)	(12,685)	(3,298)	(30,582)
Carrying Amount at the end of the year	<u>604,759</u>	<u>55,562</u>	<u>5,277</u>	<u>665,598</u>

	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Research &amp; Development Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2008 Financial Year</b>				
Balance at the beginning of the year	267,200	131,810	23,703	422,713
Additions	38,065	-	-	38,065
Net Disposals	-	(26,464)	-	(26,464)
Net Transfer to Other Intangible Assets	(10,843)	-	(4,842)	(15,685)
Depreciation Expense	(51,122)	(43,133)	(10,286)	(104,541)
Carrying Amount at the end of the year	<u>243,300</u>	<u>62,213</u>	<u>8,575</u>	<u>314,088</u>

**NOTE 12: INTANGIBLES**

	<b>Goodwill in Consideration</b>	<b>Patents and Trademarks</b>	<b>Other Intangible Assets</b>
	\$	\$	\$
<b>2009 Financial Year</b>			
Balance at the beginning of the year	-	12,012	15,686
Additions	3,001,514	-	50,633
Disposals	-	-	-
Amortisation Expense	-	(901)	(41,965)
Net Book Amount at 30 <sup>th</sup> June 2009	<u>3,001,514</u>	<u>11,111</u>	<u>24,354</u>

	<b>Goodwill in Consideration</b>	<b>Patents and Trademarks</b>	<b>Other Intangible Assets</b>
	\$	\$	\$
<b>2008 Financial Year</b>			
Cost at the beginning of the year	-	15,177	-
Additions	-	-	-
Transfer of Assets from Plant & Equipment	-	-	39,534
Transfer of Accumulated Depreciation	-	-	(23,848)
Accumulated Amortisation	-	(3,165)	-
Formation costs written-off	-	-	-
Net Book Amount at 30 <sup>th</sup> June 2008	<u>-</u>	<u>12,012</u>	<u>15,686</u>

**NOTE 13: GOODWILL IN CONSIDERATION**

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

Cash Payment	2,500,000
Scrip Payment – 3,333,334 Shares	366,667
Broker Commission	55,000
Due Diligence and Audit / Review Costs	75,035
Miscellaneous Purchase Costs	4,812
	<hr/>
	3,001,514

**NOTE 14: DEFERRED TAX ASSETS**

<b>2009</b>	<b>2008</b>
<b>\$</b>	<b>\$</b>

Deferred tax assets comprise temporary differences attributable to:

Employee Benefits	180,520	73,069
Expense Accruals	12,806	8,106
Capitalised IPO Costs	126,443	168,590
	<hr/>	<hr/>
	319,769	249,765

**NOTE 15: TRADE AND OTHER PAYABLES**

Trade Payables	671,978	104,555
Other Payables	76,581	27,020
	<hr/>	<hr/>
	748,559	131,575

**NOTE 16: BORROWINGS****CURRENT**

Hire Purchase Liabilities	<hr/>	<hr/>
	59,898	18,390

**NON-CURRENT**

Hire Purchase Liabilities	<hr/>	<hr/>
	180,869	36,611

**NOTE 17 : PROVISIONS****CURRENT**

Employee Benefits	<hr/>	<hr/>
	413,980	151,769

**NON-CURRENT**

Employee Benefits	<hr/>	<hr/>
	187,752	91,794

**NOTE 18: STATUTORY LIABILITIES****CURRENT**

Income Tax	172,248	(55,054)
BAS Statement (GST & PAYG Withheld)	178,271	61,141
Payroll Tax	16,348	7,284
Fringe Benefits Tax	25,242	1,273
Superannuation	36,065	15,481
	<hr/>	<hr/>
	428,174	30,125

**NOTE 19: CONTRIBUTED EQUITY AND RESERVES**

Issued and Paid Up Capital	<hr/>	<hr/>
	2,861,164	2,466,144

**Reconciliation of Issued and Paid Up Capital**

65,000,400 Existing Shares	2,466,144	12
3,833,334 Issued Shares	437,167	3,000,000
Capitalised IPO Costs	-	(702,458)
Deferred Tax Asset from Capitalised IPO Costs	<hr/>	<hr/>
	(42,147)	168,590
	<hr/>	<hr/>
	2,861,164	2,466,144

**NOTE 19: CONTRIBUTED EQUITY AND RESERVES (Cont'd)**

	2009	2008
	\$	\$
<i>Reconciliation of Movement in Shares</i>		
Issued Shares at beginning of Year	65,000,400	50,000,400
Shares Issued during Year	3,833,334	15,000,000
	<hr/>	<hr/>
Issued Shares at end of year	68,833,334	65,000,400
	<hr/>	<hr/>

**(a) 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****(a) Hire Purchase Commitments**

<i>Payable:</i>		
Within one (1) year	59,899	18,391
Later than one (1) year but not later than five (5) years	237,742	43,716
	<hr/>	<hr/>
	297,641	62,107
<i>Minimum Hire Purchase payments:</i>		
Less future finance charges	(56,874)	(16,161)
	<hr/>	<hr/>
Total Hire Purchase Liability	240,767	45,946
	<hr/>	<hr/>

The company's Hire Purchase commitments are in relation to Motor Vehicles essential to the operations of the business. These are under Hire Purchase agreements expiring within 1 to 3 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**

<i>Payable:</i>		
Within one (1) year	199,659	201,638
Later than one (1) year but not later than five (5) years	1,259,265	203,749
	<hr/>	<hr/>
	1,458,924	405,387
	<hr/>	<hr/>

**(c) Property Lease**

The company has the following property leases:

28 York Road Ingleburn NSW 2565	<b>Expiry</b> June 2008	Currently Month to Month
10 Blain Drive, Gladstone QLD 4680	Nov 2013	
5 George Mamalis Place, Gladstone QLD 4680	Feb 2014	

**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.

<i>Property Lease</i>		
Rent Paid	92,796	92,796
	<hr/>	<hr/>

Rental of Ingleburn head office premises paid to Hooper Unit Trust, a director related entity. Rent is paid one month in advance.

<i>Loans – Related Parties</i>		
Director Loan	60,500	60,500
Employee Loans	6,496	18,600
Employee Personal Expenses	360	407
	<hr/>	<hr/>
	67,356	79,507
	<hr/>	<hr/>

**NOTE 22: RELATED PARTY TRANSACTIONS (Cont'd)**

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 nine (9) employees. Eight of these loans were provided to employees at the time of the IPO to purchase \$2,000 worth of shares each. One loan was a personal loan to the value of \$1,500.

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 22: 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, Greg Hooper and Timothy McCauley, 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
<b>2008 Financial Year</b>			
Wayne Hooper	96,508	40,617	-
Greg Hooper	181,938	16,200	-
Timothy McCauley	126,077	13,125	-
	404,523	69,942	-
<b>2008 Financial Year</b>			
Wayne Hooper	87,717	13,763	-
Greg Hooper	159,080	18,244	-
Timothy McCauley	47,051	4,610	74,950
	293,848	36,617	74,950

**(c) Options Held**

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

	Opening Balance As at 30 <sup>th</sup> June 2008	Exercised	Closing Balance As at 30 <sup>th</sup> June 2009	Balance Exercisable
Wayne Hooper	2,000,000	-	2,000,000	-
Greg Hooper	2,000,000	-	2,000,000	-
Timothy McCauley	3,000,000	-	3,000,000	-
	7,000,000	-	7,000,000	-

**(d) Shares Held**

	Shares Held as at 30 <sup>th</sup> June 2008	Issued	Shares Held as at 30 <sup>th</sup> June 2009
Wayne Hooper	7,728,395	-	7,728,395
Greg Hooper	8,000,064	-	8,000,064
Timothy McCauley	250,000	500,000	750,000
	15,978,459	500,000	16,478,459

**NOTE 23: DIVIDENDS**

	2009	2008
	\$	\$
Interim dividends paid – fully franked on tax paid at 30%	-	140,569

*Franked Dividends*

The franked portions of any final dividends recommended and paid after 30<sup>th</sup> June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30<sup>th</sup> June 2008.

Franking credits available for subsequent financial years based on a tax rate of 30% (2008 – 30%)	956,406	819,659
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**NOTE 23: CASH FLOW INFORMATION**

Reconciliation of profit after income tax to net cash flows from operating activities

Profit for the year	669,503	241,160
Non-cash flows in operating surplus		
Depreciation & Amortisation	52,598	33,803
Changes in assets and liabilities		
(Increase) / Decrease in trade debtors	(1,327,869)	31,176
(Increase) / Decrease in other debtors	(53,310)	168,728
(Increase) / Decrease in inventories	(758,066)	59,617
(Increase) / Decrease in deferred tax assets	(70,004)	(195,344)
Increase / (Decrease) in trade creditors and accruals	873,755	(24,056)
Increase / (Decrease) in statutory liabilities	394,434	(212,922)
Increase / (Decrease) in provisions	95,958	31,811
Increase / (Decrease) in deferred tax liabilities	-	(14,134)
Net cash provided by operating activities	(123,001)	119,839

**NOTE 24: FINANCIAL INSTRUMENTS**

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 disagreed 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		
	%	\$	\$	\$	\$	\$
<b>30<sup>th</sup> June 2008</b>						
<b>Financial Assets:</b>						
Cash on Hand		-	-	-	1,107	1107
Cash at Bank	4.0	381,417	-	-	-	381,417
Trade and other receivables		-	-	-	2,106,336	2,106,336
Total financial assets		381,417	-	-	2,107,443	2,488,860
<b>Financial Liabilities</b>						
Trade and other payables		-	-	-	1,162,539	1,162,539
Borrowings	7.0	-	59,898	180,869	-	240,767
Total financial liabilities		-	59,898	180,869	1,162,539	1,403,306

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non- Interest Bearing	Total	
			Within 1 Year	1 to 5 Years		
	%	\$	\$	\$	\$	\$
<b>30<sup>th</sup> June 2008</b>						
<b>Financial Assets:</b>						
Cash on Hand		-	-	-	400	400
Cash at Bank	5.5	3,496,701	-	-	-	3,496,702
Trade and other receivables		-	-	-	737,261	737,261
Total financial assets		3,496,602	-	-	737,661	4,234,263
<b>Financial Liabilities</b>						
Trade and other payables		-	-	-	292,400	292,400
Borrowings	7.0	-	18,391	27,555	-	45,946
Total financial liabilities	-	18,391	27,555	292,400	338,346	
Total financial liabilities		-	49,140	43,593	316,456	409,189

## 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 30<sup>th</sup> June 2009 held a quantity of cash on hand in an Interest Bearing bank account. At 30<sup>th</sup> June 2009, 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:

	2009 \$	2008 \$
Change in profit		
- Increase in interest rate by 2%	\$7,628	\$54,842
- Decrease in interest rate by 2%	(\$7,628)	(\$54,842)
Change in equity		
- Increase in interest rate by 2%	\$7,628	\$54,842
- Decrease in interest rate by 2%	(\$7,628)	(\$54,842)

### 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 30<sup>th</sup> June 2009, 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:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Change in profit		
- Improvement in AUD to International currencies by 5%	(\$23,993)	(\$9,937)
- Decline in AUD to International currencies by 5%	\$23,993	\$9,937
Change in equity		
- Improvement in AUD to International currencies by 5%	(\$23,993)	(\$9,937)
- Decline in AUD to International currencies by 5%	\$23,993	\$9,937

### NOTE 25: MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters to report subsequent to the end of the financial year

### NOTE 26: SEGMENT REPORTING

The company operates entirely within Australia in the surface engineering industry

### NOTE 27: 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](http://www.laserbond.com.au)

Subsidiaries:

**Peachey's Engineering Pty Ltd**

- Machine Shop

10 Blain Drive  
GLADSTONE QLD 4680

- Fabrication Shop

5 George Mamalis Place  
GLADSTONE QLD 4680