

Appendix 4D & Half-Yearly Financial Report

LaserBond Limited

ABN 24 057 636 692

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

For half-year ended 31st December 2010

All comparisons to period ending 31st December 2009

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HALF-YEAR CONSOLIDATED ACCOUNTS

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Directors' Report

Half-Year Financial Report

Your directors present their report on the consolidated entity for the half-year ended 31st December 2010

Directors

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

Mr Wayne Hooper
Mr Gregory Hooper

Mr Timothy McCauley
Mr Philip Suriano

Review of Operations

Summary

The Board is pleased to report that compared with the corresponding period of 31 December 2009:

- Consolidated revenue was up 10%.
- Consolidated profit before income tax was up 290%.
- Consolidated profit after tax was up 232%.

Revenue

The revenue growth for the Ingleburn, NSW (Head Office) operations exceeded expectations, achieving 40% growth over the corresponding period of 31 December 2009. There was significant growth in revenue from the surface engineering (LaserBond[®] and Thermal Spraying) sections. However, most of the growth was attributed to the burgeoning CNC section where the company provides manufacturing capabilities to supplement surface engineering expertise. This more complete product offering has allowed significant growth with both existing and new customers. The Board views this growing capability, coupled with proprietary surface and materials expertise, as a core competency that affords the Company enormous potential for continued growth.

Primarily as a consequence of a decline in contracts and increased competition in maintenance welding operations, revenue for the Gladstone, Qld operations declined over the corresponding period of 31 December 2009. However in comparison to results from January to June 2010, the period most effected by the downturn of the market in Central Queensland, revenue grew by 14% in line with expectations of the moderate recovery for the region. The Board expects revenue growth to continue at this pace with a minimum of 15% growth expected for the half year from January to June 2011 in comparison to the reported half year period of July to December 2010. This growth is already evident in the surge in orders received since January 2011. Orders received by the Gladstone division during the reporting period averaged approximately \$350,000 per month. By comparison, the Gladstone division has already received orders totalling more than \$1.3m in January and February 2011. With further orders expected to be received over the next few months for 2011 production, the Board is confident of this continued rate of revenue growth.

LaserBond Limited
Half Yearly Report to 31st December 2010

Operations

Consolidated profit before income tax is up 290% over the corresponding period of 31 December 2009, with consolidated profits after tax up 232%. At the AGM in November 2010, the Board advised that it expected at least a 200% increase of profit before tax. Both divisions had better than expected operational results for the months of November and December allowing for this additional increase to profit.

The results for the Ingleburn (Head Office) operations are in-line with expectations taking into account the increase in revenue of 40% and the focus over the last twelve to eighteen months on minimising fixed expenses. Results for Ingleburn show a profit before tax of \$804,370 to 31 December 2010 compared to \$275,423 to 31 December 2009.

The results for the Gladstone operations show a loss (before income tax adjustments) of <\$192,590>. In comparison, during January to June 2010 (the period most effected by the downturn in Central Queensland) our Gladstone division's results showed a <\$397,280> loss. There has been a significant improvement over the last six months.

The Gladstone division ended the half year period strongly, and this strength continues, as detailed in the Revenue section above. The recent increase in orders has provided evidence that the Gladstone (and Central Queensland) area has passed the recent downturn in its economy. The Board expects to see this division return to consistent profits during the next two to five months.

Future Developments

Due to the rapid growth of Ingleburn's sales and the future growth opportunities and commitments with new and existing clients, some investments need to be made over the next 6 months to both cope with demand and to ensure continued growth.

The Company has outgrown the leased premises it currently occupies in Ingleburn. It is currently making offers to lease a larger property that will provide up to 2.5 times the existing operational floor space for the Ingleburn division. Assuming agreement is shortly reached on a lease of a suitable property, the move to new premises is expected to occur by the end of this fiscal year. Along with this move investment in human resources and plant & equipment will be made to ensure that operational capacity grows in line with both the increased workspace and increased opportunities and commitments.

With the increasing revenue evident now in our Gladstone division, there will be an investment in human resources to bring the operational staff and capacity back up to pre-downturn levels. Existing premises and plant & equipment in Gladstone are currently sufficient for the expected growth.

The purpose of these investments is to increase capacity for subsequent growth in revenue. The aim also will be to continue to minimise increases in fixed expenses to ensure that profitability continues to grow. The Board expects to be able to fund these investments from cash flow and existing assets.

LaserBond Limited
Half Yearly Report to 31st December 2010

Dividends

There will be some cash outlays required to affect the expansion of capacity outlined above. Accordingly, the Board has decided not to declare an interim dividend following this reporting period. However, given the earnings attributable to members are increasing and the company holds significant franking credits, the Board is continually reviewing the prospect of paying dividends. It is actively considering the implementation of a Dividend Reinvestment Plan and is looking forward to declaring dividends in the future.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page five (5) for the half-year ended 31 December 2010.

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



Wayne Hooper
Director
Dated this 23rd Day of February 2011



Gregory Hooper
Director

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

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2010, there have been:

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

Robert Nielson Partners



Robert Nielson

Dated this 23 day of February 2011

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 16:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 31st December 2010 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Wayne Hooper
Director



Gregory Hooper
Director

Dated this 23rd Day of February 2011

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half year consolidated financial report of Laserbond Limited and controlled entities (the consolidated company'), which comprises the condensed statement of financial position as at 31 December 2010, condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, the accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Laserbond Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the consolidated entity for the half-year ended 31 December 2010 included on the website of Laserbond Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

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

Conclusion

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

- i. giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

Robert Nielson Partners



Robert Nielson

Dated this 23 day of February 2011

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended 31st December 2009)

	Up/Down	% movement	\$
Revenues from continuing operations	Up	10.2%	\$5,964,586
Net Profit after income tax from ordinary activities	Up	232.2%	\$362,568

Explanation of Results:

- Please refer to the Directors' Report on pages 2 to 4 of this half year financial report for detail on revenue and operating results, including future development plans to ensure continued growth.

Dividend Information

No dividends will be payable for this reporting period. Please refer to the Directors' Report on page 4 for further explanation.

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

As at December 2010	As at December 2009
\$0.0376	\$0.0358

2. Details of Subsidiaries

2.1 Control Gained Over Entities During the Period

During the period from 1st July to 31st December 2010, LaserBond Limited has not gained control over any entities

2.2 Loss of Control of Entities During the Period

During the period from 1st July to 31st December 2010, LaserBond Limited has not lost control over any Entities.

3. Details of Associates and Joint Venture Entities

3.1 Equity Accounted Associates and Joint Venture Activities

During the period from 1st July to 31st December 2010, LaserBond Limited has no interest in any Associates or Joint Venture Activities

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

Not Applicable

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

4. Dividends

4.1 Dividends per Share

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

4.2 Total Dividends

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

4.3 Dividends Reinvestment Plans

During the period from 1st July to 31st December 2010, LaserBond Limited had no Dividend Reinvestment plans in operation

5. Accounting Standards

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

6. Audit Disputes or Qualifications

None

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HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Consolidated Statement of Comprehensive Income For the Half-Year Ended 31 December 2010

	Note	Dec 10	Dec 09
Revenue		5,964,586	5,413,594
Cost of Sales		(3,105,757)	(2,969,940)
Gross Profit		2,858,829	2,443,654
Other Income	2	57,832	6,262
Advertising & Promotional Expenses		(41,472)	(43,832)
Depreciation & Amortisation		(80,452)	(96,447)
Employment Expenses		(883,101)	(1,024,935)
Property Rental & Rates Expenses		(317,554)	(291,807)
Administration Expenses		(594,794)	(480,990)
R&D Expenditure		(10,041)	(34,561)
Repairs & Maintenance Expenses		(56,552)	(56,713)
Finance Lease Expenses		(252,353)	(259,970)
Borrowing Costs		(51,020)	(13,398)
Other Expenses		(17,543)	9,269
Profit before income tax expense		611,779	156,532
Income tax expense		(249,211)	(47,419)
Profit after tax from continuing operations		362,568	109,113
Other Comprehensive Income		-	-
Net profit attributable to members of LaserBond Limited		362,568	109,113
Earnings per share		\$0.0051	\$0.0016
Diluted earnings per share		\$0.0051	\$0.0016

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

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Consolidated Statement of Financial Position for the Half-Year Ended 31 December 2010

	Note	Dec 10	Jun 10
CURRENT ASSETS			
Cash and cash equivalents		642,813	421,506
Trade and Other Receivables		2,503,162	2,291,878
Inventories		1,425,109	1,606,621
Total Current Assets		<u>4,571,084</u>	<u>4,320,005</u>
NON-CURRENT ASSETS			
Property, plant and equipment		617,726	892,916
Deferred tax assets		267,674	269,085
Other Non-Current Receivables		21,500	-
Intangible assets	3	3,612,606	3,464,265
Total Non-Current Assets		<u>4,519,506</u>	<u>4,626,266</u>
TOTAL ASSETS		<u>9,090,590</u>	<u>8,946,271</u>
CURRENT LIABILITIES			
Trade and Other Payables		896,464	1,053,397
Provisions		282,257	286,994
Interest-bearing liabilities		89,619	95,645
Current tax liabilities		727,988	730,873
Total Current Liabilities		<u>1,996,328</u>	<u>2,166,909</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		588,449	620,595
Provisions		221,842	216,290
Total Non-Current Liabilities		<u>810,291</u>	<u>836,885</u>
TOTAL LIABILITIES		<u>2,806,619</u>	<u>3,003,794</u>
NET ASSETS		<u>6,283,971</u>	<u>5,942,477</u>
EQUITY			
Issued Capital		2,980,581	3,001,655
Retained earnings		3,303,390	2,940,822
TOTAL EQUITY		<u>6,283,971</u>	<u>5,942,477</u>

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

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2010

	Consolidated Group	
	31 Dec 2010	31 Dec 2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,888,132	5,365,749
Payments to suppliers and employees	(5,128,023)	(5,141,055)
Interest paid	(247,800)	(26,573)
Interest received	(51,020)	(13,398)
Income taxes paid	7,009	-
Net cash provided by operating activities	468,298	184,723
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(7,558)	(17,618)
Payment for subsidiary / business	(150,000)	(250,156)
Net cash (used in) / provided by investing activities	(157,558)	(267,774)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments from borrowings	(38,172)	(23,549)
Loans to employees	(51,261)	3,666
Dividends paid	-	-
Net cash used in financing activities	(89,433)	(19,883)
NET (DECREASE) / INCREASE IN CASH HELD	221,307	(102,934)
Cash at beginning of period	421,506	382,524
CASH AT END OF PERIOD	642,813	279,590

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

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Consolidated Statement of Changes in Equity for the Half-Year Ended 31 December 2010

	Issued ordinary capital \$	Retained earnings \$	Total equity \$
At 1st July 2009	2,861,164	2,569,383	5,430,547
Profit attributable to members of parent entity	-	109,113	109,113
Capital raising costs adjustments	(21,074)	278	(20,796)
At 31st December 2009	2,840,090	2,678,774	5,518,864
At 1st July 2010	3,001,655	2,940,822	5,942,477
Profit attributable to members of parent entity	-	362,568	362,568
Capital raising costs adjustments	(21,074)		(21,074)
At 31st December 2010	2,980,581	3,303,390	6,283,971

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

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Notes To The Consolidated Financial Statements for the Half-Year Ended 31 December 2010

Note 1: Significant Accounting Policies

Statement of Compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 20 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*.

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current / non-current classification of convertible instruments, the classification of expenditures on unrecognized assets in the statement of cash flows and the classification of leases of land and buildings.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods.

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Notes To The Consolidated Financial Statements for the Half-Year Ended 31 December 2010

Note 2: Other Income

	Consolidated Group	
	31 Dec 2010	31 Dec 2009
Interest Received	7,009	
Rental Income	50,000	
Other Income	823	
	<u>57,832</u>	<u>6,262</u>

Rental income relates to the sub-letting of 50% of the premises at George Mamalis Place, Gladstone Qld to RTA Yarwun Pty Ltd. This lease commenced 1st September 2010 and expires 31st August 2012 with no options.

Note 3: Intangible Assets

The Intangible Assets includes a value for the Goodwill in Consideration for the purchase of Peachey's Engineering Pty Ltd in November 2008. The parent entity shows this as an Investment in Subsidiaries. The increase in value of Goodwill in Consideration relates to the final earn out provision payments.

	Consolidated Group	
	31 Dec 2010	31 Dec 2009
Goodwill in consolidation	<u>3,598,927</u>	<u>3,442,693</u>

Note 4: Segment Reporting

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management. The Company operated in one business segment during the half year, being engineering and in two geographical areas, being Sydney NSW and Gladstone Queensland.

	LaserBond Limited (Sydney, NSW)		Peachey's Engineering Pty Ltd (Gladstone, Qld)		Consolidated	
	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09	31 Dec 10	31 Dec 09
Revenue	3,869,131	2,724,551	2,095,455	2,689,043	5,964,586	5,413,594
Profit Before Income Tax	804,370	275,423	(192,591)	(118,891)	611,779	156,532
Assets	8,766,633	7,084,078	1,733,605	1,094,058	9,090,590	8,178,136
Liabilities	1,920,607	1,642,979	2,295,661	1,016,293	2,806,619	2,659,272
Capital Expenditure	7558	11,484	0	6,824	7558	18,308

HALF-YEAR FINANCIAL REPORT

LaserBond Limited ABN 24 057 636 692 and Controlled Entities

Notes To The Consolidated Financial Statements for the Half-Year Ended 31 December 2010

Note 4: Segment Reporting (cont'd)

Included in LaserBond Ltd (Sydney, NSW) Assets and Peachey's Engineering Pty Ltd Liabilities (Gladstone, Qld) are amounts related to Intercompany Loans. These are ignored for the Consolidated Asset & Liability values.

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

Please refer to the Directors' Report on Pages 2 to 4 of this half year financial report for further detail on segment results.

Note 5: Subsequent Events

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

Note 6: Company Details

Registered Office and Principal Place of Business:

LaserBond Ltd

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

Subsidiaries:

Peachey's Engineering Pty Ltd

- Machine Shop

10 Blain Drive
GLADSTONE QLD 4680
Phone: 07 4972 4522
Fax: 07 4972 5411

- LaserBond™ Cladding Shop

5 George Mamalis Place
GLADSTONE QLD 4680

Share Registry:

Registries Limited

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SYDNEY NSW 2000
Phone: 1300 737 760
www.registries.com.au