HRL Holdings Limited
Appendix 4E 2018 Final Report
Results for Announcement to the Market

2 August 2018

1. Company Details and Reporting Period

Name of Entity:	HRL Holdings Limited
ABN:	99 120 896 371
Reporting Period:	30 June 2018
Previous Corresponding Period:	30 June 2017

2. Results for Announcement to the Market	**$**
Revenue from ordinary activities up 100% to:	27,327,530
Underlying net profit/(loss) for the period up 264% to:	2,873,877
Net profit/(loss) for the period attributable to members down to:	(1,503,797)

No dividends were paid or payable during the period.

Refer to pages 9 to 13 of the Financial Statements for the operational and financial review of the Entity.

3. Statement of Comprehensive income with Notes to the Statement

Refer to Page 27 of the 2016 Financial Statements and accompanying Notes.

4. Balance Sheet with Notes to the Statement

Refer to Page 28 of the 2017 Financial Statements and accompanying Notes.

5. Statement of Cash Flows with Notes to the Statement

Refer to Page 30 of the 2017 Financial Statements and accompanying Notes.

6. Dividends

No dividends were paid or payable during the period.

7. Statement of Changes in Equity

Refer to Page 29 of the 2017 Financial Statements and accompanying Notes.

8. Net Tangible Assets per Security

2018 $0.022

2017 $0.014

9. Entities over which Control has been Gained or Lost during the Period.

Refer to Page 57 of the 2018 Financial Statements.

10. Associates and Joint Venture Entities

Not applicable.

11. Other Significant Information

Not applicable.

12. Accounting Standards used for Foreign Entities

Not applicable.

13. Commentary on the Results for the Period

Refer to pages 9 to 13 of the Financial Statements for the operational and financial review of the Entity.

14. Status of Audit

The attached 2018 Financial Statements have been audited.

15. Dispute or Qualifications if not yet audited

Not applicable.

16. Dispute or Qualifications if audited

Not applicable.

Paul Marshall
Company Secretary
2 August 2018

HRL HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2018

Index

CEO'S LETTER

Dear Shareholders,

Your Directors and I have much pleasure in presenting the 2018 Annual Financial Statements for the HRL Group.

Introduction and the past year in review

FY2018, the third full financial year for HRL as an environmental services business, was transformative in services, group structure and financial performance. The business is now enjoying rapid growth centred around high value, high throughput commercial laboratory testing. In last year's annual report I wrote about the strategic objectives for this past year and which I am pleased to report have been fulfilled including:

1. **Expanding our laboratory service lines to leverage the existing branch network**
   - HRL now offers a range of testing services across the HAZMAT/Occupational Hygiene, Geotech, Environmental, Food and Agriculture sectors, increasing our addressable market significantly.
2. **Moving into higher value chemistry laboratory testing**
   - Chemistry testing services attract much higher margins due to the more technical nature and increased cost of entry and this year contributed to 30% of turnover.
3. **Investing in high throughput techniques to offer a better level of service to our customers and grow our businesses profitability.**
   - Our business invested $2.5m in FY2018 in new equipment, and with net cash $4.3m and undrawn equipment facilities of $2.7M, HRL is well poised to take advantage of emerging opportunities.

HRL's core HAZMAT division has continued to grow over the past year - leveraging contracts and panel arrangements to increase market share. Joint bidding with the Geotechnic division has seen pleasing growth in the contaminated land division which performed exceptionally well this year.

The Geotechnic division, operating in South East Queensland, had a tough start to the second half of the financial year enduring poor weather conditions which hampered site access. These weather conditions largely eased by May and June and the business is poised for a recovery into FY2019.

The newly acquired Analytica Laboratories forms the core of our chemistry services business for food, agriculture and environmental testing. We have worked hard on integrating this business which has delivered exciting growth into the areas of food quality and safety testing through fast moving responses to customer demands and innovative science. The recently developed environmental testing service lines continue to increase market share and are expected to be a source of growth in FY2019.

The underlying EBITDA of $5.8m represents an increase of 382% on FY2017 $1.5m driven by strong performance in the HAZMAT division and the newly acquired Analytica business.

Business scale has improved substantially with corporate costs as a percentage of revenue decreasing to just 4.8% (FY2017 11%, FY2016 15%).

Cashflows from operations (excluding acquisition costs) were very strong at $4.6m and will be used to fund the earnout payment obligations to the Analytica vendors, as well as to support capital spending on new equipment and staff in line with our growth strategy.

Outlook for FY2019

The Group will continue to focus on growing its core business of providing laboratory, consulting and information services to its customers through:

- Leveraging off Analytica intellectual property and know how to enter new service lines in both Australia and New Zealand;
- Utilising new equipment, technology and software platforms to improve efficiencies and margins;
- Focussed business development plans to target new customers and protect the existing customer base;
- Continued focus on cross selling opportunities across all business units;
- Geographical expansion into new markets when justified; and
- Using the OCTFOLIO software platform to target new customers and provide enhanced service offerings to existing customers of the other business units.

CEO'S LETTER

The Group will continue to evaluate acquisition opportunities of high quality businesses both within the environmental services sector and across other complimentary industries.

In closing, I would like to take this opportunity to thank our Chairman and Board for their guidance over the past year and also thank all of the HRL Group's employees for their dedication and hard work. My thanks also to you, our shareholders for your ongoing support in FY2018.

FY2018 has been highly successful and I look forward to keeping you updated on our progress in FY2019 and the ongoing transformation of HRL into one of Australia's and New Zealand's leading environmental services groups.

Steven Dabelstein
CEO

DIRECTORS’ REPORT

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity consisting of HRL Holdings Limited (“HRL” or “Company”) and the entities it controlled (together referred to as the “Consolidated Entity”) at the end of, or during, the year ended 30 June 2018.

DIRECTORS

The following persons were directors of HRL Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Position	Period of Directorship
Kevin Maloney	Non-Executive Chairman	Appointed 15 September 2014
Darren Anderson	Executive Director	Appointed 15 September 2014
John Taylor	Non-Executive Director	Appointed 25 November 2014
Steve Howse	Executive Director	Appointed 1 March 2018
James Todd	Non-Executive Director	Appointed 1 March 2018
Mark Elliott	Non-Executive Director	Appointed 11 August 2006, Retired 23 November 2017
Frederick Kempson	Alternate Non-Executive Director	Appointed 15 September 2014, Retired 22 December 2017

Kevin Maloney
Non-Executive Chairman

Mr Kevin Maloney is the founder and Chairman of the Australian investment entity Tulla Group and has built an extensive career in retail banking, finance and resources.

One of Kevin's many career highlights was as founder and Executive Chairman of The MAC Services Group (The MAC), which was sold to Oil States International in 2010 for $651 million. Kevin was heavily involved in all stages of The MAC’s growth, including its move into mining services accommodation in 1996.

Kevin has been involved with numerous public companies as both an executive and director. After spending 20 years with ANZ Bank, Kevin joined Elders Resources Finance Limited in 1981, progressing to Chief Executive Officer before moving on to his own business enterprises.

Mr Maloney was formerly a director of the following other ASX listed company:

- Altona Mining Limited (appointed July 2009, resigned 18 April 2018)

Darren Anderson
Executive Director

Mr Darren Anderson was formerly the Executive Director and Chief Operating Officer of Diversified Mining Services Ltd, an unlisted public company that at its peak in mid-2012 had consolidated revenue in excess of $200 million and 850 personnel.

Previous career highlights include 15 years spent as founder and Executive Director of the Anderson Group of Companies, which grew from a single person operation in Mackay to a company with in excess of 300 employees and 12 operating divisions across both Queensland and New South Wales that serviced the Australian and international coal industries.

He has not been a Director of any other Australian listed company in the last three years.

John Taylor
Non-Executive Director

LLB, Grad Dip ACG, MAICD

Mr Taylor is the founding partner of Taylors Solicitors, Mackay, a member and has over 40 years' experience in commercial and property transactions and litigation. Mr Taylor holds a Bachelor of Law degree, a post Graduate Diploma in Applied Corporate Governance and is a member of the Australian Institute of Company Directors.

MR Taylor was, from 2006 and 2010, a director of ASX listed The MAC Services Group Limited, where he was Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee. He is also a former Chair of the Mackay Port Authority and a Board member of Tourism Mackay and Mackay Regional Economic Bureau.

He has not been a Director of any other Australian listed company in the last three years.

Steve Howse
Executive Director

B Agr Sci Honours

Mr Howse was a former shareholder and director of the recently acquired Analytica Laboratories Limited. He continues his role with Analytica as a General Manager with a particular responsibility for strategy, customers, and business development.

Mr Howse has an honours degree in Agricultural Science from Massey University, and has over 25 years' executive experience working in NZ science and technology businesses, with a focus on agribusiness and commercial analytical testing. He was a director of Synlait Farms Ltd leading up to its sale in 2014, and until recently has been the deputy chair of Waikato Institute of Technology in New Zealand. He is a member of the New Zealand Institute of Directors.

He has not been a Director of any other Australian listed company in the last three years.

James Todd
Non-Executive Director

B Comm, Grad Dip FINSIA, AICD, FINSIA

Mr Todd is an experienced company director, corporate adviser and investor. He commenced his career in investment banking, and has taken active roles with, and invested in, a range of public and private companies. He was until recently managing director of Wolseley Private Equity, an independent private equity firm he co-founded in 1999.

Mr Todd holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales, and a Graduate Diploma from the Financial Services Institute of Australia (FINSIA), where he is a Fellow. He is a member of the Australian Institute of Company Directors.

Mr Todd is currently a director of the following other ASX listed company:

- IVE Group Limited (appointed June 2015)

Mark Elliott (retired 23 November 2017)
Former Non-Executive Director

Dip App Geol., PhD, FAICD, FAusIMM(CP), FAIG

Dr Elliott is a Chartered Professional (CP) geologist with over 40 years' experience in economic geology, exploration, mining, project development and corporate management. He has extensive experience in managing companies and exploration/mining operations in a wide range of commodities including energy.

Dr Elliott was a director of the following other ASX listed companies:

- Nexus Minerals Ltd (Oct 2006 – present)
- Aruma Resources Ltd (July 2017 – present)

Frederick Kempson (retired 22 December 2017)
Former Alternate Non-Executive Director

BComm

Fred Kempson has held a range of senior executive positions within the international investment banking arena including a significant period as Managing Director of ANZ's investment bank AIFC Limited, and Vice President of Security Pacific Limited.

Mr Kempson was a director of the following other ASX listed company:

- Victor Group Holdings (Jan 2014 – July 2015)

DIRECTOR INTERESTS IN THE SHARES AND OPTIONS OF THE CONSOLIDATED ENTITY

As at the date of this report, the interests of the Directors in the shares and options of HRL Holdings Limited are shown in the table below:

Director	Fully Paid Ordinary Shares
Kevin Maloney	61,320,900
Darren Anderson	21,283,806
John Taylor	1,784,486
Steve Howse	12,190,297
James Todd	-

There are no options or performance rights held by Directors.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2018 and the number of meetings attended by each Director.

	Directors Meetings		Audit and Risk Committee Meetings		Remuneration and Nomination Committee Meetings	
	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend
Kevin Maloney	6	6	1	1	1	1
Darren Anderson	6	6	-	-	1	1
John Taylor	6	6	1	1	1	1
Steve Howse	2	2	-	-	-	-
James Todd	2	2	1	1	1	1
Mark Elliott	2	2	-	-	-	-
Frederick Kempson	2	3	-	-	-	-

COMMITTEE MEMBERSHIP

As at the date of this report, the Group has an Audit and Risk Committee and a Remuneration and Nomination Committee. Members acting on the Committees of the Board at the date of this report were:

Audit and Risk Committee	Remuneration and Nomination Committee
James Todd (Chair)	John Taylor (Chair)
John Taylor	James Todd
Kevin Maloney	Darren Anderson

SENIOR MANAGEMENT

Paul Marshall
Company Secretary

LLB, ACA

Mr Marshall holds a Bachelor of Law degree, a post Graduate Diploma in Accounting and is a Chartered Accountant. He has more than thirty years' experience initially with Ernst & Young and subsequently twenty years spent in commercial roles as Company Secretary and CFO for a number of listed and unlisted companies mainly in the resources sector. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

Steven Dabelstein
Chief Executive Officer

BComm, CPA

Mr Dabelstein has a strong financial and operational background in various roles, including most recently as General Manager Commercial and QLD Mining/Maintenance Services with Diversified Mining Services Limited.

Mr Dabelstein's experience includes public practice accounting, manufacturing, service and the construction industries. Previous roles have provided exposure to large-scale international businesses reporting through and working with companies in the US, Asia and Europe.

Michael Harvey
Chief Finance Officer

BBus, B AppSci, Grad Dip ICAA, Grad Dip CSA, CA, GAIA

Mr Harvey is a Chartered Accountant and Chartered Secretary. Mr Harvey holds Bachelor degrees in Business and Property Economics and post Graduate Diplomas in Accounting and Corporate Governance.

He has more than 15 years in the accountancy profession in Australia, having worked for eight years in audit, and subsequently over five years in commercial roles as financial controller for a number of listed companies mainly in the property and resources sector. Mr Harvey has experience in all aspects of company financial reporting, internal control, corporate regulatory and governance areas, business acquisition and disposal, due diligence, and company secretarial responsibilities.

PRINCIPAL ACTIVITIES

The HRL Group is a diversified environmental and laboratory service provider with offices and laboratory facilities across Australia and New Zealand.

The Group offers services including:

- analytical chemistry laboratory testing specialising in mass spectroscopy analysis to the milk, honey, drugs of abuse and environmental markets;
- industrial hygiene, with a focus on asbestos and hazardous materials management;
- geotechnical testing and engineering services;
- property contamination testing and work place drug testing;
- environmental services (air, water and soil including contaminated land);
- environmental and property management software solutions; and
- specialised NATA/IANZ - accredited laboratory analysis and on-site testing and monitoring.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulations in relation to its consulting and laboratory activities. The Directors are not aware of any breaches during the period covered by this report.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Over the last year HRL Holdings Limited has grown significantly and achieved a number of key milestones:

- Acquisition of Analytica Laboratories (Analytica), a leading analytical chemistry laboratory business based in New Zealand;
- Raised $16m in new equity through an institutional placement and shareholder purchase plan to fund the Analytica acquisition. Both the institutional placement and shareholder purchase plan were oversubscribed; and
- Expanded service capability of OCTIEF in Australia with the development of 3 new service lines:
  - Acid sulphate soils;
  - Gravimetric dust; and
  - Crystalline silica.

Below are the key highlights:

Analytica Acquisition

On 30 November 2017, HRL NZ (a 100% owned subsidiary of HRL Holdings) acquired all of the issued capital in Analytica Laboratories Limited ("Analytica"). Analytica is a New Zealand-based analytical chemistry laboratory business specialising in mass spectroscopy analysis to the milk, honey, drugs of abuse and environmental markets.

Analytica has a strong competitive position in high-end environmental and food/agricultural testing markets with industry leading customers/partners. Key features include:

- ✓ Market leader in honey testing in New Zealand, both among industry organisations and producers/distributors
- ✓ Dominant position in the liquid milk analysis and food origin testing, via strategic alliance with market leading partners
- ✓ Strong and growing exposure to the environmental testing and methamphetamine property screening market with the recent launch of innovative testing services

Analytica has highly skilled technical and operational laboratory staff.

HRL will pay a purchase price of up to NZ$30m to the vendors of Analytica.

- initial payment of NZ$13,300,000 cash (paid);
- upfront HRL scrip consideration, representing 60,951,485 HRL shares, subject to a 2-year escrow period (transferred); and
- Up to NZ$11m cash earn-out consideration, based on the following criteria (not yet paid):
  - Analytica business to achieve 12-month post-settlement EBITDA in excess of NZ$3m;
  - Analytica Vendors to receive a 6x multiple on each NZ$1 of EBITDA greater than NZ$3m, up to a maximum earn-out consideration of NZ$11m; and
  - 50% of earn-out is payable 12 months post-settlement, and 50% in 12 equal monthly instalments thereafter.

Strategic Rationale

The acquisition has been transformational and positions HRL for its next stage of growth by expanding the business' capabilities and expertise in new markets.

- ✓ Highly complementary acquisition adding scale and enhancing competitive position
  - Provides rapid entry into the high value environmental and food/agriculture testing market, building on HRL's strategy to focus on more sophisticated and advanced analysis with higher barriers to entry
  - Leverages highly skilled technical and operational staff across a broader operational base
  - Provides ability to leverage strong existing brand and reputation when entering new markets
  - Complements existing operations through advanced technology and equipment

- ✓ CAIQtest (Pacific) provides a unique opportunity to support the growing export market to China
  - Incorporated joint venture led by Analytica (26% interest) and supported by the Chinese Academy of Inspection and Quarantine
  - New Zealand based laboratory, providing pre-shipment testing services for clients exporting goods from Australasia to China assisting greatly with supply chain bottlenecks – a key concern for exporters
  - Currently services the dairy export market, with a focus on infant milk formula
  - CAIQtest (Pacific) developed a first mover advantage by achieving its initial accreditation with the Chinese National Accreditation Service (August 2017) for a broad dairy testing scope – can now provide services to commercial dairy exporters

Institutional Placement and SPP

Institutional Placement

To fund the upfront cash consideration of the Analytica acquisition price, HRL undertook a share placement raising A$15m, issuing 176,500,000 shares at a price of A$0.085.

The Placement was strongly supported by domestic and international sophisticated and institutional investors. Following shareholder approval of the Placement at the AGM 23 November 2017 the Placement was settled on 28 November 2017.

Securities Purchase Plan

The Company also offered eligible shareholders the opportunity to participate in the Securities Purchase Plan. The SPP Offer was strongly supported reaching the $1m limit within a week of opening. Shares issued under the SPP were issued on 16 November 2017.

Trading Review

Food and environmental laboratory services

The Food and Environmental Laboratory division is a new addition to the Group which incorporates the Analytica business unit. Analytica's trading since acquisition has gone from strength to strength and has exceeded initial expectations.

Dairy and milk testing, underpinned by strategic alliance with MilkTest NZ was very strong throughout the spring and summer. Analytica also saw strong growth in its A1/A2 beta-casein testing services and expects this to continue in the coming year.

In late May 2018 the New Zealand Government announced an outbreak of the cattle disease Mycoplasma bovis. Mycoplasma bovis is a bacterium that can cause a range of quite serious conditions in cattle including mastitis that doesn't respond to treatment, pneumonia, arthritis and late-term abortions. The New Zealand Government has announced a plan to eradicate the disease through culling of cattle and ongoing herd management. Analytica in conjunction with its strategic alliance partner MilkTestNZ, have developed specialized high throughput testing programs for dairy cow diseases such as Mycoplasma bovis using DNA testing techniques. MilkTestNZ and Analytica provide laboratory testing and ongoing comfort over herd welfare in a timely and cost-effective manner.

Revenues from honey testing was very pleasing despite a lower levels of honey production during the season. The New Zealand Ministry of Primary Industries recently released revised guidelines for the definition of Manuka Honey which led to short-term demand to test Manuka honey samples under the new guidelines. Analytica is the market leader of honey testing in New Zealand and benefited well from this regulation change.

Laboratory testing for drugs of abuse has grown significantly since its inception 2 years ago with FY2018 seeing a record number of samples for laboratory analysis. In late May 2018 the NZ Office of the Prime Minister's Chief Science Advisor released a report on the management of methamphetamine testing and decontamination. The report made a number of findings and recommendations about the health risks from methamphetamine use in houses. The report concluded that the current thresholds for contamination as published by Standards New Zealand (mostly 1.5 µg/100 cm2) relating to methamphetamine use are too low and recommends a new threshold of 15 µg/100 cm2. Testing is recommended when meth lab activity or where very heavy use is suspected.

Analytica provides laboratory testing at both the initial baseline inspection phase and if remediation is required at a subsequent clearance testing phase. The majority of laboratory test services occur at the initial baseline inspection phase. It is only through laboratory testing that landlords and insurance companies can reliably ascertain methamphetamine contamination levels. Whilst at this early stage there is a fair degree of uncertainty, Analytica expects to see a reduction in ongoing demand for methamphetamine testing back to 2017 levels.

DIRECTORS' REPORT

The recently launched environmental service line which incorporates laboratory testing on air, water, soil including organic and inorganics continues to grow. A number of key clients have already been secured and there is a continual focus on further business development. Testing methods have been accredited and the laboratory instruments and workflows are set up to handle substantial testing volumes.

Analytica's other service lines such as Timber and Food Origin Testing have been performing in line with expectation.

Analytica also hold a 26% interest in CAIQTest (Pacific) Limited, a New Zealand based laboratory, providing pre-shipment testing services for clients exporting goods from Australasia to China assisting greatly with supply chain bottlenecks. Trading results since the new infant formula regulations came into effect have been encouraging. CAIQTest (Pacific) Limited is currently going through the final round of certification with CNAS and once approved will be able to offer a full suite of testing services for infant formula exporters. Final certification is expected around October 2018.

HAZMAT

The HAZMAT division, which incorporates the OCTIEF and Precise businesses, continued performing with operating profits increasing 12% over last year.

New Zealand operations were the primary contributors to this growth. Precise Consulting continues its strong performance providing a range of services with government agencies, councils, corporate and commercial clients. The performance of the regional branches (Palmerston North and Dunedin) was particularly impressive backed up by solid results across the major cities (Auckland, Wellington and Christchurch). Leading up to, and after the release of the Prime Minister's Chief Science Advisor methamphetamine report, Precise experienced a decline in property contamination testing revenue. Initial indications are that property contamination inspections will be around 50% lower moving forward. Precise staff are cross skilled across a range of disciplines and any extra resources will be refocused on the range of other HAZMAT services Precise provide.

Australian operations saw solid results during the year. The Queensland market remains strong. OCTIEF has secured a direct contract with the QLD state government (it previously acted as a subcontractor) and has seen volumes of works increase from the previous few years. The environmental engineering/sciences service line continued its recent growth securing a number of large contaminated land projects during the period, several of which were direct referral from or joint bids with Morrison Geotechnic.

The Northern Territory Department of Housing and Community Development asbestos survey program was successfully completed in May 2018.

The NSW loose-fill asbestos insulation program remains on hold by the NSW government. After a strong start to the year activity in the ACT branch consequently fell back to its normal operating level, with excess staff redeployed to Queensland and the Northern Territory.

Geotechnical

Morrison Geotechnic results were hampered by large rain events across south-east Queensland during October through early December and then again during February through April. Sites were shut down for prolonged periods which in turn affected the number of soil tests and engineering assessment Morrison Geotechnic could conduct. Trading returned to historical levels in May and June giving Morrison momentum leading into FY2019. The earn-out mechanism negotiated as part of acquisition has afforded HRL downside protection from such weather events.

Morrison Geotechnic are currently investigating new equipment and technologies to automate components of the geotechnical test process and improve margins. Other construction material laboratory testing opportunities are being investigated which would not be weather impacted.

Underlying civil infrastructure and large scale commercial development activity remains strong and Morrison Geotechnic is seeing a consistent project pipeline.

Software

The OCTFOLIO business focussed on business development and software enhancement during the period. A number of new opportunities across both the HAZMAT sector and other new markets are well advanced. OCTFOLIO also focused on scoping and designing software improvements tailored to the needs of potential customers in new market segments.

These include items such as:

- Improved mobile applications;
- Easily customisable client portals;
- Streamlined customer onboarding and data migration; and
- Back end software improvements which will reduce third party data hosting costs.

Development of these improvements is nearing completion with full commercial release expected at the end of August 2018.

FINANCIAL REVIEW

Key financial headlines of the HRL Group's 30 June 2018 results are:

- Statutory loss after tax of $1,503,797
- Underlying profit after tax of $2,873,877 [1]
- Cashflow from operations of $4,409,162
- Revenues of $27,327,530
- Net cash/(borrowings) of $4,277,782
- Working capital of $3,229,225

[1] Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with AICD/Finsia principles of recording underlying profit. Underlying profit has not been audited.

The following table summarises key reconciling items between the Group's statutory profit and underlying profit after tax:

	June 2018 $	June 2017 $
Underlying EBITDA	5,774,562	1,509,017
Operating depreciation and amortisation	(1,477,840)	(337,216)
Borrowing costs (net of interest income)	(53,125)	(99,278)
Operating tax	(1,369,720)	(282,739)
Underlying profit after tax	**2,873,877**	**789,784**
Non-operating adjustments		
Acquisition related expenses	(158,222)	(86,633)
Amortisation of intangible assets arising from acquisitions	(1,941,073)	(528,975)
Earn-out expenses/adjustments	(2,692,615)	(62,500)
Management performance shares and broker options	(35,181)	(203,636)
Geothermal costs	-	(16,885)
Equity accounted share of loss – CAIQTest Pacific Limited	(28,477)	-
Non-operating tax	477,894	239,265
Statutory profit/(loss) after income tax	**(1,503,797)**	**130,420**

In the opinion of the Directors, the Group's underlying profit reflects the results generated from ongoing operating activities and is calculated in accordance with AICD/Finsia principles. The non-operating adjustments outlined above are considered to be non-cash or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result.

Comparison with the Prior Period

Underlying profit after tax for the year increased by $2,084,093 compared with the prior period. The key reasons for the movement were:

- Earnings attributable to new businesses acquired in the prior 18 months – Analytica, Morrison Geotechnic and OCTFOLIO;
- Increased profitability from the HAZMAT division, primarily due to increased activity in New Zealand and Queensland; and
- Reduction in corporate and borrowing costs.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes occurred during the year:

- Acquisition of Analytica Laboratories Limited (November 2017);
- Issue of 188,264,736 ordinary shares at $0.085 per share via a share placement and share purchase plan;
- Issue of 60,951,485 ordinary shares to the vendors of Analytica at a deemed price of $0.105 per share.

LIKELY DEVELOPMENTS AND FUTURE OPERATIONS

During FY2019, the Group will continue to focus on growing its core business of providing laboratory, consulting and information services to its customers:

- Leveraging off Analytica intellectual property and know how to enter new service lines in both Australia and New Zealand;
- Utilising new equipment technology and software platforms to improve efficiencies and margins;
- Focussed business development plans to target new customers and protect the existing customer base;
- Continued focus on cross selling opportunities across all business units;
- Geographical expansion into new markets when justified; and
- Using the OCTFOLIO software platform to target new customers and provide enhanced service offerings to existing customers of the other business units.

In addition, the Group will continue to evaluate acquisition opportunities of high quality businesses both within the environmental services sector and across other complimentary industries.

INDEMNIFICATION OF OFFICERS OR AUDITOR

Each of the Directors and the Secretary of the Company has entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company and certain indemnification to those Directors and Secretary.

The Company has insured all of the Directors of HRL Holdings Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. *The Corporations Act 2001* does not require disclosure of the information in these circumstances.

The Company has not indemnified its auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

SHARE OPTIONS AND PERFORMANCE SHARES

Details of options are set out below:

Expiry Date	Exercise Price	Movements 1 July 2017	Issued	Exercised	Expired	30 June 2018
31 December 2019	$0.18	1,600,000	-	-	-	1,600,000
31 December 2019	$0.20	1,600,000	-	-	-	1,600,000
31 December 2019	$0.23	1,600,000	-	-	-	1,600,000
		4,800,000	-	-	-	4,800,000

Details of performance shares issued, exercised and expired during the financial year are set out below:

Expiry Date	Exercise Price	Vesting Price [1]	Movements 1 July 2017	Issued	Exercised	Expired / Forfeited	30 June 2018
30 June 2019	$Nil	$0.156	1,029,556	-	-	(227,134)	802,422
30 June 2019	$Nil	$0.194	1,029,556	-	-	(227,134)	802,422
30 June 2019	$Nil	$0.234	1,029,555	-	-	(227,134)	802,421
			3,088,667	-	-	(681,402)	2,407,265

[1] **Vesting Conditions**

Primary Vesting Condition

From the 30 day VWAP of HRL's share price at 1 July 2016, any of the following increases occur:

- HRL share price increases 33% within 1 year; or
- HRL share price increases 66% within 2 years; or
- HRL share price increases 100% within 3 years.

The HRL share price must remain above the nominated target for the relevant period for 14 consecutive trading days.

Secondary Vesting Condition

The Performance Shares will vest in proportion to the number of years' service after the plan is implemented:

- First 33% of the performance shares vest after 1 year of service from plan commencement;
- Next 33% performance shares vest after 2 years of service from plan commencement;
- Final 34% performance shares vest after 3 years of service from plan commencement.

The Performance Shares will lapse if none of the pricing conditions are met or the participant does not meet the service conditions.

AFTER BALANCE DATE EVENTS

There have been no other events since 30 June 2018 that impact upon the financial report.

REMUNERATION REPORT

The Remuneration Report set out on pages 16 to 24 provides details of the remuneration and equity holdings of the Directors and Key Management Personnel, including details of equity instruments issued or exercised during the financial year, or outstanding at the date of this report, and forms part of the Directors' Report.

DIVIDENDS

No dividends were paid or declared during the financial year.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor (BDO Audit Pty Ltd and its associated entities) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Taxation services – income tax return preparation and tax services	$68,238

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 25 forms part of the Directors' Report.

Signed in accordance with a resolution of the board of directors of HRL Holdings.

Darren Anderson
Director
Brisbane, 2 August 2018

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for Directors and Key Management Personnel of the Company.

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

Remuneration Committee

The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Officers are given the opportunity to receive their base emoluments in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the company.

Remuneration structure

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions.

To assist in achieving this objective, the Board considers the nature and amount of Executive Directors' and Officers' emoluments alongside the company's financial and operational performance. The expected outcomes of the remuneration structure are the retention and motivation of key Executives, the attraction of quality management to the Company and performance incentives which allow Executives to share the rewards of the success of the company.

In accordance with best practice corporate governance, the structure of Executive and Non-Executive Director remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

The Constitution of HRL Holdings Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in a General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for Directors' fees is for a total of $250,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Directors or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of Non-Executive Directors for the year ended 30 June 2018 is detailed in this Remuneration Report.

Executive Director and Senior Management Remuneration

The Company aims to reward Executive Director and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward Executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Director and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short-term and long-term incentives.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board, and the process consists of a review of company wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the year.

The remuneration of the Executive Directors and Senior Management for the period ended 30 June 2018 is detailed in this Remuneration Report.

Employment contracts

It is the Board's policy that employment agreements are entered into with all Directors, Executives and employees. The current employment agreement with the Executive Director and CEO has a three month notice period. All other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have contracts of employment. None of these contracts have termination benefits.

<u>Non-Executive Chairman Arrangements</u>

The Company entered into a service arrangement with Mr Kevin Maloney as Non-Executive Chairman of the Company commencing from 15 September 2014. The key terms of the arrangement during the financial year were:

- Ongoing contract – no fixed term;
- Fee of $75,000 per annum, inclusive of statutory superannuation contributions;
- No notice period.

<u>Non-Executive Director Arrangements</u>

The Company has entered into a service arrangement with Mr James Todd and Mr John Taylor as Non-Executive Directors of the Company. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $40,000 per annum;
- No notice period.

<u>Executive Director Arrangements</u>

The Company entered into an employment contract with Mr Darren Anderson as Executive Director of the Company commencing from 15 September 2014. The key terms of the contract are:

- Ongoing contract – no fixed term;
- Salary of $257,500 per annum, inclusive of statutory superannuation contributions;
- 6 weeks annual leave;
- Motor vehicle allowance;
- Annual bonus at the Board's discretion;
- 3 month notice period.

The Company entered into an employment contract with Mr Steve Howse as Executive Director of the Company commencing from 1 December 2017. The key terms of the contract are:

- Ongoing contract – no fixed term;
- Salary of NZ$161,216 per annum, inclusive of superannuation contributions;
- 5 weeks annual leave;
- 1 month notice period.

Chief Executive Officer Arrangements

The Company entered into an employment contract with Mr Steven Dabelstein as Chief Executive Officer of the Company commencing from 1 January 2015. The key terms of the contract are:

- Ongoing contract – no fixed term;
- Salary of $257,500 per annum, inclusive of statutory superannuation contributions;
- 4 weeks annual leave;
- Use of a company motor vehicle;
- Annual bonus at the Board's discretion.
- 3 month notice period.

Chief Finance Officer Arrangements

The Company entered into an employment contract with Mr Michael Harvey as Chief Finance Officer of the Company commencing from 1 September 2016. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $164,800 per annum, inclusive of statutory superannuation contributions;
- Annual bonus at the Board's discretion;
- 4 weeks annual leave;
- 3 month notice period.

Company Secretary Arrangements

The Company entered into a service arrangement with Mr Paul Marshall as Company Secretary of the Company commencing from 15 September 2014. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $52,000 per annum;
- One month notice period.

REMUNERATION REPORT - AUDITED

Details of Directors and other Key Management – HRL Holdings Limited

Name	Position	Period of Service
Directors		
Kevin Maloney	Non-Executive Chairman	Appointed 15 September 2014
Darren Anderson	Executive Director	Appointed 15 September 2014
John Taylor	Non-Executive Director	Appointed 25 November 2014
Steve Howse	Executive Director	Appointed 1 March 2018
James Todd	Non-Executive Director	Appointed 1 March 2018
Former Directors		
Mark Elliott	Non-Executive Director	Appointed 11 August 2006, Retired 23 November 2017
Frederick Kempson	Alternate Non-Executive Director	Appointed 15 September 2014, Retired 22 December 2017
Key Management		
Steven Dabelstein	Chief Executive Officer	Appointed 1 January 2015
Michael Harvey	Chief Finance Officer	Appointed 15 September 2014
Paul Marshall	Company Secretary	Appointed 2 July 2007

REMUNERATION REPORT - AUDITED

Remuneration of Directors and other Key Management Personnel – 2018

		Short Term Benefits			Long Term Benefits	Post Employment Benefits	Equity based Benefits				
	Note	Salary/ Director fees	Consulting fees	Vehicle allowance	Accrued / (used) leave benefits	Superannuation	Performance Shares	**Total**	Performance Related %	% of bonus forfeited	% of bonus vested
Directors											
Kevin Maloney		51,370	-	-	-	23,630	-	**75,000**	-	-	-
Darren Anderson		235,160	-	15,000	(3,714)	22,340	-	**268,786**	-	100%	Nil
John Taylor		40,000	-	-	-	-	-	**40,000**	-	-	-
Steve Howse	1	48,592	-	-	(93)	1,458	-	**49,957**	-	-	-
James Todd	1	13,333	-	-	-	-	-	**13,333**	-	-	-
Mark Elliott	2	16,667	-	-	-	-	-	**16,667**	-	-	-
Alternate Director											
Frederick Kempson	3	-	6,300	-	-	-	-	**6,300**	-	-	-
Key Management											
Steven Dabelstein		237,451	-	-	(2,971)	20,049	27,183	**281,712**	10%	100%	Nil
Michael Harvey		150,502	-	-	4,437	14,298	17,397	**186,634**	9%	100%	Nil
Paul Marshall		52,000	-	-	-	-	-	**52,000**	-	-	-
		845,075	**6,300**	**15,000**	**(2,341)**	**81,775**	**44,580**	**990,389**			

Notes

1 Appointed 1 March 2018
2 Retired 22 December 2017
3 Retired 23 November 2017

There were no termination benefits paid or accrued for the year ended 30 June 2018.

REMUNERATION REPORT - AUDITED

Remuneration of Directors and other Key Management Personnel – 2017

	Short Term Benefits			Long Term Benefits	Post Employment Benefits	Equity based Benefits				
	Salary/ Director fees	Consulting fees	Non-monetary benefits	Accrued / (used) leave benefits	Superannuation	Performance Shares	**Total**	Performance Related %	% of bonus forfeited	% of bonus vested
Directors										
Kevin Maloney	47,780	-	-	-	27,220	-	**75,000**	-	-	-
Darren Anderson	228,310	-	17,606	(2,885)	21,690	-	**264,721**	-	100%	-
Mark Elliott	40,000	10,000	-	-	-	-	**50,000**	-	-	-
John Taylor	40,000	-	-	-	-	-	**40,000**	-	-	-
Alternate Director										
Frederick Kempson	-	13,205	-	-	-	-	**13,205**	-	-	-
Key Management										
Steven Dabelstein	230,384	-	-	962	19,615	40,874	**291,835**	14%	100%	-
Michael Harvey	133,942	-	-	5,538	12,724	26,159	**178,363**	15%	-	-
Paul Marshall	52,000	-	-	-	-	-	**52,000**	-	-	-
	772,416	**23,205**	**17,606**	**3,615**	**81,249**	**67,033**	**965,124**			

There were no termination benefits paid or accrued for the year ended 30 June 2017.

REMUNERATION REPORT - AUDITED

Key management personnel equity holdings

Shareholdings

	Balance 1 July 2017	Acquired through capital raising	Recognized on appointment	Derecognized on retirement	Balance 30 June 2018
Directors					
Kevin Maloney	61,209,491	111,409	-	-	61,320,900
Darren Anderson	21,172,397	111,409	-	-	21,283,806
John Taylor	1,673,077	111,409	-	-	1,824,486
Steve Howse	-	-	12,190,297	-	12,190,297
James Todd	-	-	-	-	-
Mark Elliott	3,123,634	111,409	-	(3,235,043)	-
Alternate Director					
Frederick Kempson	-	-	-	-	-
Key Management					
Steven Dabelstein	1,277,543	334,227	-	-	1,611,770
Michael Harvey	578,217	222,818	-	-	801,035
Paul Marshall	2,514,536	111,409	-	-	2,625,945
	91,548,895	**1,114,090**	**12,190,297**	**(3,235,043)**	**101,618,239**

Performance Shares

	Balance 1 July 2017	Granted	Exercised	Lapsed	Balance 30 June 2018	Vested and Exercisable
Directors						
Kevin Maloney	-	-	-	-	-	-
Darren Anderson	-	-	-	-	-	-
John Taylor	-	-	-	-	-	-
Steve Howse	-	-	-	-	-	-
James Todd	-	-	-	-	-	-
Mark Elliott	-	-	-	-	-	-
Alternate Director						
Frederick Kempson	-	-	-	-	-	-
Key Management						
Steven Dabelstein	1,068,376	-	-	-	1,068,376	-
Michael Harvey	683,761	-	-	-	683,761	-
Paul Marshall	-	-	-	-	-	-
	1,752,137	**-**	**-**	**-**	**1,752,137**	**-**

Performance Shares Details

The performance shares granted under the long term incentive plan focuses on long term shareholder wealth creation and retention of key personnel. Participants receive Performance shares with the following terms and conditions:

Primary Vesting Conditions	From the 30 day VWAP of HRL's share price at 1 July 2016, any of the following increases occur: 1. HRL share price increases 33% within 1 year; or 2. HRL share price increases 66% within 2 years; or 3. HRL share price increases 100% within 3 years. The HRL share price must remain above the nominated target for the relevant period for 14 consecutive trading days
Secondary Vesting Conditions	The Performance Shares will vest in proportion to the number of years' service after the plan is implemented: 1. First 33% of the performance shares vest after 1 year of service from plan commencement; 2. Next 33% performance shares vest after 2 years of service from plan commencement; 3. Final 34% performance shares vest after 3 years of service from plan commencement.
Exercise Price	$Nil
Forfeiture	The Performance Shares will lapse if: - None of the pricing conditions are met; or - the participant does not meet the service conditions.
Change of Control Event	In the event a bona fide Takeover Bid is declared unconditional and the bidder has acquired a relevant interest of at least 50.1%, the Performance Share vest immediately, irrespective of any unmet vesting conditions.

Fair value of performance shares granted

The assessed fair value at the date of grant of performance shares issued is determined using a option pricing models that takes into account the exercise price, the underlying share price at the time of issue, the term of the performance share, the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument.

Details of options over ordinary shares in the company provided as remuneration to each director of HRL Holdings Limited and each of the key management personnel of the parent entity and the group are set out below. When exercisable, each option is convertible into one ordinary share of HRL Holdings Limited. Further information on the options is set out in note 22 to the financial statements. Value granted in the current year is nil. Value granted in the 2017 financial year is set out in the below table.

	Value Granted $	Value Exercised $	Value forfeited $
Key Management			
Steven Dabelstein	79,701	-	-
Michael Harvey	51,009	-	-

Transactions with related parties

Transactions with Key Management Personnel related parties

Transaction	Entity	Association	2018 $	2017 $
Rental of office space [1]	Paget Developers	Darren Anderson Kevin Maloney	44,000	107,369
Software and hosting services [2]	Octfolio	Darren Anderson Kevin Maloney	-	322,725
Sublet of office space to Octfolio [2]	Octfolio	Darren Anderson Kevin Maloney	-	33,773

[1] Services provided from 1 July 2017 to 30 November 2017.
[2] Services provided from 1 July 2016 to 13 April 2017.

All of the above transactions were based on normal commercial terms and conditions.

Loans to related parties

There were no loans given to related parties.

Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return in the past 5 years are summarised below:

Measures	2018 $	2017 $	2016 $	2015 $	2014 $
Share price at end of financial year	0.185	0.080	0.110	0.068	0.005
Market capitalisation at end of financial year ($M)	91.3	19.5	17.5	10.5	1.7
Underlying EBITDA	5,774,562	1,509,017	1,074,645	107,782	NA
Net Profit/(loss) for the financial year	(1,503,797)	130,420	117,988	(1,583,755)	2,147,825
Director and Key Management Personnel remuneration	990,389	965,124	825,391	638,557	526,968

Fixed remuneration is not linked to Group performance. It is set with reference to the individual's role, responsibilities, and performance and remuneration levels for similar positions in the market.

Profit targets are deemed an appropriate performance measure for the granting of short term incentives to senior executives given that it is the key target hurdle referenced by the Board in preparing its annual budgets and measuring Group performance. Profit targets reflects the Directors' assessment of the result for the ongoing business activities of the Group by excluding non-cash, one-off market related items that are usually out of management's control. The annual target is determined by the Board having regard to the Group's annual budget. The target could be higher or lower than budget, and is adjusted for the effect of material equity issues.
No dividends were paid by HRL Holdings Limited nor was there any return of capital over the past 5 years.

No shares were issued on exercise of options issued as part of remuneration in 2018.

No options expired during the period.

1,752,137 performance share equity instruments were issued to key management as remuneration in 2017.

The Company did not engage any remuneration consultants during the financial year.

----------------------------- END OF REMUNERATION REPORT -----------------------------

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF HRL HOLDINGS LIMITED

As lead auditor of HRL Holdings Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of HRL Holdings Limited and the entities it controlled during the period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 2 August 2018

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 July 2018.

Distribution of equity securities

HRL – Ordinary Fully Paid Shares

Number of Securities Held	No's of holders
1 to 1,000	291
1,001 to 5,000	330
5,001 to 10,000	141
10,001 to 100,000	479
100,001 and over	221
Total	**1,462**
Number of unmarketable parcels of shares	490

Twenty largest holders

HRL – Ordinary Fully Paid Shares

No.	Name of Shareholder	Holding	% Held
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	110,455,928	22.39
2	TULLA PROPERTY PARTNERS PTY LTD	61,320,900	12.43
3	TERRENCE PATRICK COONEY & JULIE ANNE COONEY & HUGH OWEN COONEY	36,570,891	7.41
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,370,207	4.74
5	UBS NOMINEES PTY LTD	18,823,000	3.81
6	HGT INVESTMENTS PTY LTD	15,854,678	3.21
7	CITICORP NOMINEES PTY LIMITED	14,861,246	3.01
8	NATIONAL NOMINEES LIMITED	12,661,445	2.57
9	BNP PARIBAS NOMS PTY LTD	12,596,606	2.55
10	CAROLYN JOY BRAGGINS & TERENCE JOHN BRAGGINS & VOSPER TRUSTEES LTD	12,190,297	2.47
11	JNLJ COMPANY LTD	12,190,297	2.47
12	DARREN ANDERSON & JULIE ANDERSON	10,580,089	2.14
13	CRAIG ANDERSON & AMANDA ANDERSON	9,735,858	1.97
14	BNP PARIBAS NOMINEES PTY LTD	7,440,596	1.51
15	DIXSON TRUST PTY LIMITED	7,312,879	1.48
16	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,491,474	1.32
17	ANDERSON PROPERTY HOLDINGS PTY LTD	4,434,307	0.90
18	DARREN G ANDERSON & GREGORY J ANDERSON & JULIE E ANDERSON	3,369,410	0.68
19	H K PRICE PTY LTD	3,330,624	0.68
20	ELLIOTT NOMINEES P/L	3,033,119	0.61
		389,523,851	**78.95%**

Voting Rights

All fully paid ordinary shares carry one vote per share without restriction.

Substantial Shareholders

The company has received the following substantial shareholder notices as at 23 July 2018:

- Mr Kevin Maloney holds an interest in 61,320,900 shares (12.43%)
- Terrence Cooney, Julie Cooney and Hugh Cooney as trustees for the Kingsley Investment Trust holds an interest in 36,570,891 shares (7.41%)
- Viburnum Funds Pty Ltd holds an interest in 82,868,178 shares (19.16%)
- Adam Smith Asset Management holds an interest in 25,900,000 shares (5.25%)
- IOOF Holdings Limited holds an interest in 50,602,199 shares (10.26%)

STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Service revenue	3	27,307,497	13,646,447
Interest revenue		20,033	2,411
Total Revenue		**27,327,530**	**13,648,858**
Costs and consumables relating to the provision of services		(3,383,735)	(2,186,035)
Employee expenses	4	(14,267,367)	(7,228,818)
Rent and property expenses		(1,086,720)	(688,715)
Travel and business development expenses		(599,480)	(471,639)
Other expenses		(2,195,633)	(1,579,108)
Finance costs		(73,158)	(101,690)
Depreciation and amortisation of plant and equipment and software		(1,477,840)	(337,217)
Amortisation of acquisition intangible assets		(1,941,073)	(528,974)
Employee and consulting expense – share based payments	22	(35,181)	(203,636)
Employee benefits expense on Analytica earn-out payment	15	(2,942,615)	-
Morrison earn-out (expense)/adjustment	15	62,500	(62,500)
Adjustment to OCTFOLIO earn-out payment	15	187,500	-
Acquisition expenses		(158,222)	(86,633)
Total Expenses		**(27,911,024)**	**(13,474,965)**
Equity accounted share of loss – CAIQTest Pacific Limited		**(28,477)**	**-**
Profit/(loss) before income tax		**(611,971)**	**173,893**
Income tax benefit/(expense)	5	(891,826)	(43,473)
Profit/(loss) after income tax		**(1,503,797)**	**130,420**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations	18	(227,001)	(36,064)
Income tax		-	-
Other comprehensive income for the period, net of tax		**(227,001)**	**(36,064)**
Total comprehensive income		**(1,730,798)**	**94,356**
Earnings/(Loss) per share		Cents	Cents
Basic and diluted earnings/(loss) per share	7	(0.4)	0.1

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

BALANCE SHEET

Consolidated Balance Sheet
As at 30 June 2018

	Note	2018 $	2017 $
CURRENT ASSETS			
Cash and cash equivalents	6	5,392,742	728,165
Trade and other receivables	9	4,247,652	3,418,836
Inventories	10	558,101	-
Other current assets		140,710	268,161
TOTAL CURRENT ASSETS		10,339,205	4,415,162
NON-CURRENT ASSETS			
Trade and other receivables	9	267,467	122,619
Equity accounted investments	20	608,894	-
Plant and equipment	11	6,954,257	1,458,961
Intangible assets	12	7,751,097	3,477,212
Goodwill	13	16,884,462	8,186,266
Deferred tax assets	5	1,287,748	1,170,288
TOTAL NON-CURRENT ASSETS		33,753,925	14,415,346
TOTAL ASSETS		44,093,130	18,830,508
CURRENT LIABILITIES			
Trade and other payables	14	1,539,245	1,308,692
Current tax liabilities		745,171	286,605
Short-term provisions	15	4,070,760	969,172
Borrowings	16	754,804	615,576
TOTAL CURRENT LIABILITIES		7,109,980	3,180,045
NON-CURRENT LIABILITIES			
Long-term provisions	15	45,941	240,044
Borrowings	16	360,156	220,773
Deferred tax liabilities	5	1,348,542	77,654
TOTAL NON-CURRENT LIABILITIES		1,754,639	538,471
TOTAL LIABILITIES		8,864,619	3,718,516
NET ASSETS		**35,228,511**	**15,111,992**
EQUITY			
Contributed capital	17	38,162,084	16,349,948
Reserves	18	(190,576)	1,244
Accumulated losses		(2,742,997)	(1,239,200)
TOTAL EQUITY		**35,228,511**	**15,111,992**

The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

	Contributed Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Currency Reserve $	Total $
Balance at 1 July 2016	8,220,282	(1,369,620)	-	(166,328)	6,684,334
Transactions with owners in their capacity as owners					
Contributions of capital	8,528,338	-	-	-	8,528,338
Share issue costs (net of tax)	(398,672)	-	-	-	(398,672)
Share based payments	-	-	203,636	-	203,636
Total	8,129,666	-	203,636	-	8,333,302
Comprehensive income					
Profit after income tax	-	130,420	-	-	130,420
Foreign currency translation differences for foreign operations	-	-	-	(36,064)	(36,064)
Total comprehensive income	-	130,420	-	(36,064)	94,356
Balance at 30 June 2017	**16,349,948**	**(1,239,200)**	**203,636**	**(202,392)**	**15,111,992**
Balance at 1 July 2017	16,349,948	(1,239,200)	203,636	(202,392)	15,111,992
Transactions with owners in their capacity as owners					
Contributions of capital	22,402,408	-	-	-	22,402,408
Share issue costs (net of tax)	(590,272)	-	-	-	(590,272)
Share based payments	-	-	35,181	-	35,181
Total	21,812,136	-	35,181	-	21,847,317
Comprehensive income					
Profit after income tax	-	(1,503,797)	-	-	(1,503,797)
Foreign currency translation differences for foreign operations	-	-	-	(227,001)	(227,001)
Total comprehensive income	-	(1,503,797)	-	(227,001)	(1,730,798)
Balance at 30 June 2018	**38,162,084**	**(2,742,997)**	**238,817**	**(429,393)**	**35,228,511**

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		30,458,183	14,713,803
Payments to suppliers and employees		(24,891,069)	(14,038,709)
Interest received		8,045	2,411
Income tax paid		(942,617)	(523,004)
Acquisition costs		(158,222)	(86,633)
Finance costs		(65,158)	(101,690)
Net cash provided by/(used in) operating activities	6	4,409,162	(33,822)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		(1,517,395)	(327,133)
Proceeds from the sale of plant & equipment		13,119	-
Payments for intangible assets		(218,505)	(49,214)
Security deposit refund		34,721	-
Net outflow of cash from the acquisition of Morrison		-	(3,483,988)
Net outflow of cash from the acquisition of IHG		-	(2,730,081)
Net outflow of cash from the acquisition of Analytica	19	(11,974,018)	-
Distribution of pre-acquisition earnings to Analytica vendors		(217,896)	-
Net cash used in investing activities		(13,879,974)	(6,590,416)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions of capital		16,002,503	8,528,338
Capital raising costs		(843,245)	(569,531)
Repayment of borrowings	16	(416,692)	(928,208)
Finance lease payments	16	(480,596)	(70,543)
Net cash provided by financing activities		14,261,970	6,960,056
Net increase/(decrease) in cash and cash equivalents held		4,791,158	335,818
Net foreign exchange differences		(126,581)	(516)
Cash and cash equivalents at the beginning of the financial period		728,165	392,863
Cash and cash equivalents at the end of the financial period	**6**	**5,392,742**	**728,165**

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS INDEX

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

This financial report covers the Consolidated Entity of HRL Holdings Limited (the “Company”) and its controlled entities (together referred to as the “Consolidated Entity”). HRL Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The accounting policies have been consistently applied, unless otherwise stated.

Operations and principal activities
The HRL Group is a diversified environmental and geotechnical service provider with offices and laboratory facilities across Australia and New Zealand.

The Group offers services including;

- analytical chemistry laboratory testing specialising in mass spectroscopy analysis to the milk, honey, drugs of abuse and environmental markets;
- industrial hygiene, with a focus on asbestos and hazardous materials management;
- geotechnical testing and engineering services;
- property contamination testing and work place drug testing;
- environmental services (air, water and soil including contaminated land);
- environmental and property management software solutions; and
- specialised NATA/IANZ - accredited laboratory analysis and on-site testing and monitoring.

Currency
The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Company.

Authorisation of financial report
The financial report was authorised for issue on 2 August 2018.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. HRL Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared under the historical convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity’s accounting policies.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future periods if the revision affects both current and future periods.

The following critical accounting estimates or judgements were made in the process of applying the Consolidated Entity’s accounting policies that in management’s assessment can significantly affect the amounts recognised in the financial statements:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 13. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to Note 13 for details of these assumptions and the potential impact of changes to the assumptions.

Provisions
The Group has estimated the likely payout under the earn out payment on acquisition of Analytica Laboratories Limited and Integrated Holdings Pty Ltd (refer Note 15). This calculation requires the use of assumptions. Refer to Note 15 for details of these assumptions and the potential impact of changes to the assumptions.

Accounting policies

(a) Financial Instruments

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(b) Impairment of Non-Financial Assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs of disposal and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(c) Foreign Exchange

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedges. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Subsidiary companies
The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity’s presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards

The Consolidated Entity adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2018. There were no material impacts on the financial statements of the Consolidated Entity as a result of adopting these standards.

New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments
This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

The Consolidated Entity has evaluated the impact on adoption of this standard and determined there will be no material impacts in the current or future reporting periods and on foreseeable future transactions.

AASB 15 Revenue from Contracts with Customers
This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2018. This standard requires recognised revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

The Consolidated Entity has evaluated the impact adoption of this standard and determined there will be no material impacts in the current or future reporting periods and on foreseeable future transactions.

AASB 16 Leases
This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for all leases, a right-to-use asset and a liability will be recognised, with the right-to-use asset being depreciated and the liability being unwound in principal and interest components over the life of the lease.

The Consolidated Entity has evaluated the impact on adoption of this standard. Upon adoption of this standard, it is the Consolidated Entity's intention to transition using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability, using the entity's current incremental borrowing rate. Comparative figures are not restated.

Based on the transition approach and the entity's current leasing arrangements the entity has determined there will be no material impacts in the current or future reporting periods and on foreseeable future transactions.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Comparative Figures

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 2 SEGMENT REPORTING

Reportable Segments

For the year ended 30 June 2018 the Group has identified the operating segments based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources:

- HAZMAT services including:
  - industrial hygiene, with a focus on asbestos and hazardous materials management;
  - property contamination testing and work place drug testing;
  - environmental testing services (air, water and soil including contaminated land);
  - environmental and property management software solutions; and
  - specialised NATA/IANZ - accredited laboratory analysis and on-site testing and monitoring.
- Food and environmental laboratory services including:
  - honey laboratory testing;
  - milk and dairy laboratory testing;
  - food origin testing;
  - drugs of abuse laboratory testing;
  - environmental laboratory testing (air, water, soil including organic and inorganics); and
  - other laboratory research and development.
- Geotechnical services including:
  - Geotechnical investigations and studies;
  - Temporary works designs and inspections;
  - Construction phase verification;
  - Earthworks supervision;
  - Soil, concrete and aggregate testing; and
  - Onsite mobile laboratory testing.
- Software services including:
  - Information management software solutions for asbestos and hazardous materials;
  - Innovative field management software solutions; and
  - Customised compliance solutions and applications relating to workplace health and safety.

The Food and environmental laboratory services segment reflects the activities of Analytica Laboratories for the 7 months since acquisition on 30 November 2017.

Unallocated amounts reflect corporate costs incurred by the parent entity as well as the financing activities of the Group.

Reported segment results include any acquisition costs and amortisation of intangible assets that arose on acquisition that are applicable to that segment.

Geographical Information

Segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets. The entity is domiciled in Australia.

The amount of its revenue from external customers in Australia was $13,199,307 (2017: $6,345,317) Total revenues from customers domiciled in New Zealand was $14,108,190 (2017: $7,301,130).

The amount of non-current assets other than financial instruments and deferred tax assets located in Australia is $8,617,618 (2017: $7,952,123). Total non-current assets other than financial instruments and deferred tax assets located in New Zealand was $23,581,093 (2017: $5,170,316).

NOTE 2 SEGMENT REPORTING (CONT'D)

Segment Revenues and Results

30 June 2018	HAZMAT	Geotechnical	Food/Enviro Laboratory	Software	Unallocated	Consolidated
	$	$	$	$	$	$
Revenue:						
Services revenue	10,866,751	7,733,170	8,206,032	501,544	-	27,307,497
Interest income	-	-	-	-	20,033	20,033
Expenses:						
Interest expense	-	-	-	-	(73,158)	(73,158)
Other expenses	(8,876,570)	(7,575,214)	(5,032,949)	(320,405)	(1,260,558)	(23,065,696)
Equity accounted share of loss	-	-	(28,477)	-	-	(28,477)
Segment result before acquisition related expenses	**1,990,181**	**157,956**	**3,144,606**	**181,139**	**(1,313,683)**	**4,160,199**
Acquisition related expenses						
Acquisition costs	-	(8,000)	(139,722)	(10,500)	-	(158,222)
Earn-out (expense)/adjustments	-	62,500	(2,942,615)	187,500	-	(2,692,615)
Amortisation of acquisition intangibles	(184,464)	(415,733)	(1,004,469)	(316,667)	-	(1,921,333)
Segment result before tax	**1,805,717**	**(203,277)**	**(942,200)**	**41,472**	**(1,313,683)**	**(611,971)**
Income tax	-	-	-	-	-	(891,826)
Net Profit						**(1,503,797)**
Non-cash and other significant items:						
Depreciation and amortisation	555,775	620,170	1,915,903	319,582	7,483	3,418,913
Impairment of receivables	1,696	11,900	6,734	-	-	20,330
Share based payments	-	-	-	-	35,181	35,181
Acquisition expenses	-	8,000	139,722	10,500	-	158,222
Earn-out (expense)/adjustments	-	62,500	(2,942,615)	187,500	-	(2,692,615)
Assets:						
Segment assets	9,238,653	5,338,263	22,651,244	2,932,131	3,932,839	44,093,130
Liabilities:						
Segment liabilities	1,158,052	1,391,959	5,194,811	255,750	864,047	8,864,619
Segment acquisitions:						
Acquisition of plant and equipment	871,601	262,981	6,970,760	411	2,174	8,107,927
Acquisition of intangibles	-	-	5,917,738	218,506	-	6,136,244
Acquisition of goodwill	-	-	8,780,845	-	-	8,780,845
Details on non-current assets:						
Trade and other receivables	72,403	13,703	181,361	-	-	267,467
Plant and equipment	1,171,254	764,086	4,990,565	6,680	21,672	6,954,257
Intangibles	124,204	1,248,333	5,001,231	1,377,329	-	7,751,097
Goodwill	4,887,339	1,770,810	8,860,393	1,365,920	-	16,884,462
Equity accounted investment	-	-	608,894	-	-	608,894
Deferred tax assets	-	-	-	-	1,287,748	1,287,748
	6,255,200	3,796,932	19,642,444	2,749,929	1,309,420	33,753,925

NOTE 2 SEGMENT REPORTING (CONT'D)

Segment Revenues and Results

30 June 2017	HAZMAT	Geotechnical	Software	Unallocated	Consolidated
	$	$	$	$	$
Revenue:					
Services revenue	11,247,858	2,289,196	109,393	-	13,646,447
Interest income	-	-	-	2,411	2,411
Expenses:					
Interest expense	-	-	-	(101,690)	(101,690)
Other expenses	(9,308,982)	(1,894,332)	(54,002)	(1,437,852)	(12,695,168)
Segment result before acquisition related expenses	**1,938,876**	**394,864**	**55,391**	**(1,537,131)**	**852,000**
Acquisition related expenses					
Acquisition costs	-	(23,322)	(63,311)	-	(86,633)
Earn-out expenses	-	(62,500)	-	-	(62,500)
Amortisation of acquisition intangibles	(359,069)	(103,933)	(65,972)	-	(528,974)
Segment result before tax	**1,579,807**	**205,109**	**(73,892)**	**(1,537,131)**	**173,893**
Income tax	-	-	-	-	(43,473)
Net Profit					**130,420**
Non-cash and other significant items:					
Depreciation and amortisation	637,234	152,887	66,900	9,170	866,191
Impairment of receivables	25,613	-	-	-	25,613
Share based payments	-	-	-	203,636	203,636
Acquisition expenses	-	23,322	63,311	-	86,633
Earnout expenses	-	62,500	-	-	62,500
Assets:					
Segment assets	8,534,953	5,594,611	3,072,558	1,628,386	18,830,508
Liabilities:					
Segment liabilities	1,524,076	1,705,331	399,795	89,314	3,718,516
Segment acquisitions:					
Acquisition of plant and equipment	327,859	-	-	-	327,859
Acquisition of intangibles	49,214	1,768,000	1,550,000	-	3,367,214
Acquisition of goodwill	-	1,770,810	1,365,920	-	3,136,730
Details on non-current assets:					
Trade and other receivables	108,916	13,703	-	-	122,619
Plant and equipment	693,664	728,738	9,525	27,034	1,458,961
Intangibles	329,117	1,664,067	1,484,028	-	3,477,212
Goodwill	5,049,536	1,770,810	1,365,920	-	8,186,266
Deferred tax assets	-	-	-	1,170,288	1,170,288
	6,181,233	4,177,318	2,859,473	1,197,322	14,415,346

NOTE 3 REVENUE

	2018 $	2017 $
Services Revenue		
HAZMAT service revenue	10,866,751	11,247,858
Geotechnical service revenue	7,733,170	2,289,196
Food and environmental laboratory revenue	8,206,032	-
Software service revenue	501,544	109,393
Total service revenue	**27,307,497**	**13,646,447**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the provision of services is recognised on an accruals basis in the period in which the service is provided. Revenue from the provision of these services is calculated with reference to the professional staff hours incurred on each client assignment adjusted for any time that may not be recoverable.

Interest revenue is recognised using the effective interest rate method.

NOTE 4 EXPENSES

Employee benefits expenses	Note		
Defined contribution superannuation expense		900,376	262,985
Other employee benefits expenses		13,366,991	6,965,833
Total employee benefits expenses		**14,267,367**	**7,228,818**
Employee benefits expense – share based payments	22	35,181	118,166
Remuneration expense on Morrison Geotechnic earn-out	15	(62,500)	62,500
Remuneration expense on Analytica earn-out	15	2,942,615	-

Contributions to defined contribution plans are expensed when incurred.

Rental expense relating to operating leases		
Minimum lease payments	1,053,029	791,320

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

Net gain on disposal of plant and equipment	8,961	-

Gains and losses on plant and equipment disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

NOTE 5 INCOME TAX

	2018	2017
	$	$
Income tax expense:		
Current tax		
Current tax on profit/loss for the year	1,010,412	395,122
Adjustments for current tax of prior periods	43,109	(11,277)
Total current tax expense	1,053,521	383,845
Deferred tax		
Movement in deferred tax assets	46,447	(204,996)
Movement in deferred tax liabilities	(325,210)	(135,376)
Benefit arising from the impact of future income tax rate changes	117,068	-
Total deferred tax expense/(benefit)	(161,695)	(340,372)
Total income tax expense/(benefit)	891,826	43,473
Reconciliation of income tax expense to prima facie tax payable:		
Profit/(loss) before tax, excluding loss for equity accounted investments	(583,494)	173,893
Prima facie tax at 30%	(175,048)	52,168
Tax effect of not deductible (taxable) amounts in calculating taxable income:		
Entertainment expenses	9,862	2,409
Analytica earn-out expense	823,932	-
Adjustment to OCTFOLIO earn-out payment	56,250	-
Share based payments	-	25,641
Other items	14,433	(2,158)
	729,429	**78,060**
Difference in overseas tax rate	2,220	(23,310)
Benefit arising from the impact of future income tax rate changes	117,068	-
Adjustments for tax of prior periods	43,109	(11,277)
Total income tax expense	**891,826**	**43,473**

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

NOTE 5 INCOME TAX (CONT'D)

Amounts recognised directly in equity:

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

	2018 $	2017 $
Current tax: share issue costs	-	-
Deferred tax: share issue costs	252,973	170,859
	252,973	**170,859**

Deferred tax assets:

	2018	2017
Balance comprises temporary differences attributable to:		
Employee benefits payable	24,666	24,587
Employee leave provisions	272,562	230,200
Provision for doubtful debts	8,021	2,503
Vendor earn-outs	-	18,750
Lease liabilities	193,523	125,957
Carried forward tax losses	1,461,099	1,450,512
	1,959,871	**1,852,509**
Set-off of deferred tax liabilities	(672,123)	(682,221)
Net deferred tax assets	**1,287,748**	**1,170,288**

A deferred tax asset has been recognised as the consolidated entity is forecasting to generate taxable profits in its Australian tax group over the next three years.

Movements during the period:

		Charged/credited to				
Year ended June 2018	1 July 2017	Profit or Loss	Directly to equity	Acquisition of subsidiary	Change in future tax rate	30 June 2018
Employee benefits payable	24,587	2,321	-	-	(2,242)	24,666
Employee leave provisions	230,200	(8,232)	-	69,011	(18,417)	272,562
Provision for doubtful debts	2,503	2,613	-	3,139	(234)	8,021
Vendor earn-out provision	18,750	(18,750)	-	-	-	-
Lease liabilities	125,957	85,160	-	-	(17,594)	193,523
Carried forward tax losses	1,450,512	(109,559)	252,973	-	(132,827)	1,461,099
	1,852,509	**(46,447)**	**252,973**	**72,211**	**(171,313)**	**1,959,871**

NOTE 5 INCOME TAX (CONT'D)

Year ended June 2017	1 July 2016	Charged/credited to Profit or Loss	Charged/credited to Other Comp. Income	Charged/credited to Directly to equity	Charged/credited to Acquisition of subsidiary	30 June 2017
Employee benefits payable	10,975	13,612	-	-	-	24,587
Employee leave provisions	35,248	19,898	-	-	175,054	230,200
Accrued expenses	9,472	(9,472)	-	-	-	-
Provision for doubtful debts	3,604	(1,101)	-	-	-	2,503
Vendor earn-out provision	60,432	(41,682)	-	-	-	18,750
Lease liabilities	14,265	(7,282)	-	-	118,974	125,957
Carried forward tax losses	885,760	231,023	-	170,859	162,870	1,450,512
	1,019,756	**204,996**	**-**	**170,859**	**456,898**	**1,852,509**

	2018 $	2017 $
Deferred tax liabilities:		
Balance comprises temporary differences attributable to:		
Intangibles assets	1,760,485	594,013
Plant and equipment	245,204	140,188
Other amounts	14,976	25,674
	2,020,665	**759,875**
Set-off of deferred tax assets	(672,123)	(682,221)
Net deferred tax liabilities	**1,348,542**	**77,654**

Movements during the period:

Year ended June 2018	1 July 2017	Charged/credited to Profit or Loss	Charged/credited to Directly to equity	Charged/credited to Acquisition of subsidiary	Charged/credited to Change in future tax rate	30 June 2018
Intangible assets	594,013	(441,818)	-	1,640,245	(31,955)	1,760,485
Plant and equipment	140,188	127,306	-	-	(22,290)	245,204
Other amounts	25,674	(10,698)	-	-		14,976
	759,875	**(325,210)**	**-**	**1,640,247**	**(54,245)**	**2,020,665**

Year ended June 2017	1 July 2016	Charged/credited to Profit or Loss	Charged/credited to Other Comp. Income	Charged/credited to Directly to equity	Charged/credited to Acquisition of subsidiary	30 June 2017
Intangible assets	181,440	(132,827)	-	-	545,400	594,013
Plant and equipment	10,426	2,296	-	-	127,466	140,188
Other amounts	30,519	(4,845)	-	-	-	25,674
	222,385	**(135,376)**	**-**	**-**	**672,866**	**759,875**

NOTE 5 INCOME TAX (CONT'D)

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax consolidation

HRL Holdings Limited and its wholly-owned Australian controlled entities have formed a tax-consolidated group. HRL Holdings NZ Limited (a wholly-owned subsidiary of HRL Holdings Limited) and its wholly-owned New Zealand controlled entities have formed a tax-consolidated group. The entities in the tax group have entered into a tax sharing agreement to limit the joint and several liability of the wholly-owned entities in the case of a default by the relevant Head Entity.

A tax funding agreement where the wholly-owned entities fully compensate the Head Entity for any current tax receivable and deferred tax assets related to unused tax losses or unused tax credits that are transferred to the Head Entity under the tax consolidation legislation has also been entered into. The transfer of such amounts to the Head Entity is recognised as inter-company receivables or payables.

Each entity in the tax-consolidated group continues to account for its own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, each relevant Parent entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax authority. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant tax authority is included with other receivables or payables in the balance sheet.

Changes to Australia tax rate

The *Treasury Laws Amendment (Enterprise Tax Plan) Act 2017 (Act)* reduces the Australian company tax rate to 27.5% for smaller companies carrying on a business where aggregate turnover does not exceed:

- $25 million for the income tax year ending 30 June 2018
- $50 million for the income tax year ending 30 June 2019

HRL Holdings Limited does not yet qualify for a reduction in tax rates as its aggregated turnover for the year ended 30 June 2018 exceeded $25 million. HRL Holdings Limited does expect to qualify for the year ended 30 June 2019 when the threshold increases to $50 million. Accordingly, while there is no change to the tax rate used to calculate current tax in 2018, there are changes to deferred tax calculations because these will be recovered or settled at the reduced 2019 tax rate. The impact of this change resulted in additional income tax expense of $117,068 for the year ended 30 June 2018.

NOTE 6 CASH FLOW INFORMATION

	2018 $	2017 $
Reconciliation of cash flows from operations with profit after tax		
Profit/(loss) after income tax	(1,503,797)	130,420
Non-cash items in profit/(loss) after income tax		
Depreciation and amortisation	3,418,913	866,191
Gain on sale of plant and equipment	(8,961)	-
Impairment of receivables	20,330	25,613
Share based payments	35,181	203,636
Equity accounted share of loss	28,477	-
Accrued interest revenue	(11,988)	-
Movements in operating assets and liabilities		
Trade and other receivables	231,932	(459,857)
Inventories	(558,101)	-
Other assets	151,771	(128,163)
Trade and other payables	(55,849)	(321,873)
Provisions	2,712,045	129,742
Tax balances	(50,791)	(479,531)
Net cash provided by/ (used in) operating activities	**4,409,162**	**(33,822)**

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

Non-cash Investing and Financing Activities

The Group acquired plant and equipment totalling $988,532 through finance leases during the year (2017: $Nil).

Cash and Cash Equivalents

	2018	2017
Cash at bank and on hand	3,430,315	608,029
Cash on deposit	1,962,427	120,136
	5,392,742	**728,165**

For statement of cash flow presentation purposes cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

NOTE 7 EARNINGS PER SHARE

	2018	2017
	$	$
Earnings		
Earnings used to calculate basic and diluted EPS	(1,503,797)	130,420

Weighted average number of shares and options	**Number of shares**	**Number of shares**
Weighted average number of ordinary shares outstanding during the period, used in calculating basic earnings per share	391,037,807	179,593,908
Weighted average number of dilutive options outstanding during the period	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period, used in calculating diluted earnings per share	391,037,807	179,593,908

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Options and performance shares could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they were anti-dilutive.

NOTE 8 DIVIDENDS

No dividends were paid during the financial year ended 30 June 2018 (2017: nil) and no dividend is recommended for the current year.

NOTE 9 TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
CURRENT		
Trade receivables	4,026,906	3,035,283
Provision for impairment	(28,815)	(8,609)
	3,998,091	3,026,674
Accrued income	240,882	330,142
Other receivables	8,679	62,020
	4,247,652	**3,418,836**
NON-CURRENT		
Bonds and other deposits	86,106	122,619
Loan receivable from CAIQTest Pacific Limited	181,361	-
	267,467	**122,619**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Other receivables generally arise from transactions outside the usual operating activities of the group.

The non-current bonds and other deposits receivables are due and payable within three years from the end of the reporting period. The loan receivable from CAIQTest Pacific Limited has no fixed repayment date and accrues interest at a rate of 5.77%.

Impairment of receivables

The Group recognised a loss of $20,330 during the year (2017: $25,163) in relation to impaired receivables.

Movement in the provision for impairment of receivables was:

	2018 $	2017 $
Opening balance	8,609	5,583
Impaired receivables provided for during the period	20,330	25,613
Receivables written off during the year as uncollectible	(124)	(22,587)
Closing balance	**28,815**	**8,609**

Past due but not impaired

Customers with balances past due but with no provision for impairment at 30 June 2018 were $1,430,696 (2017: $81,586). Based on payments received after 30 June 2018 from these customers, recent collection history and other relevant factors, no impairment was necessary for these customer balances.

The ageing of receivables past due but not provided for is:

Past due 0-30 days	1,351,492	31,422
Past due 30-60 days	69,382	37,513
Past due > 60 days	9,822	12,651
	1,430,696	**81,586**

At the end of each reporting period, the Group assesses whether there is objective evidence that a receivable has been impaired. Impairment losses are recognised in profit or loss.

NOTE 10 INVENTORIES

	2018 $	2017 $
CURRENT		
Laboratory consumables	**558,101**	**-**

Inventories are laboratory consumables that are utilised in providing laboratory testing services to customers.

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The amount of laboratory consumables recognised as an expense during the period was $655,906 (2017: $Nil).

NOTE 11 PLANT AND EQUIPMENT

Leasehold improvements at cost	412,443	72,368
Accumulated depreciation	(65,446)	(27,039)
	346,997	45,329
Motor vehicles at cost	1,370,689	953,170
Accumulated depreciation	(356,376)	(158,561)
	1,014,313	794,609
Office furniture and equipment at cost	578,604	342,960
Accumulated depreciation	(246,638)	(158,338)
	331,966	184,622
Lab and field equipment at cost	6,329,110	644,181
Accumulated depreciation	(1,068,129)	(209,780)
	5,260,981	434,401
Total plant and equipment at cost	8,690,846	2,012,679
Total accumulated depreciation	(1,736,589)	(553,718)
Total plant and equipment	**6,954,257**	**1,458,961**

Movements during the year

	Leasehold Improvements	Motor Vehicles	Office Furniture and Equipment	Lab and field Equipment	Total
Balance at 1 July 2017	45,329	794,609	184,622	434,401	1,458,961
Additions	255,518	493,473	56,214	1,743,498	2,548,703
Disposals	(1,298)	(40,943)	(1,438)	-	(43,679)
Business combinations	86,092	9,505	182,868	4,143,592	4,422,057
Foreign exchange movements	-	-	-	(1,830)	(1,830)
Depreciation	(38,644)	(242,331)	(90,300)	(1,058,680)	(1,429,955)
Balance at 30 June 2018	**346,997**	**1,014,313**	**331,966**	**5,260,981**	**6,954,257**

NOTE 11 PLANT AND EQUIPMENT (CONT'D)

Year ended 30 June 2017	Leasehold Improvements	Motor Vehicles	Office Furniture and Equipment	Lab and field Equipment	Total
Balance at 1 July 2016	51,546	290,935	93,298	237,177	672,956
Additions	9,038	11,154	143,659	164,008	327,859
Business combinations	-	601,779	23,492	161,892	787,163
Foreign exchange movements	(4)	(8,904)	7,741	2,858	1,691
Depreciation	(15,251)	(100,355)	(83,568)	(131,534)	(330,708)
Balance at 30 June 2017	**45,329**	**794,609**	**184,622**	**434,401**	**1,458,961**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of asset is:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20%
Motor vehicles	25%
Office furniture and equipment	40% - 67%
Laboratory and field equipment	20% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

NOTE 12 INTANGIBLE ASSETS

	2018 $	2017 $
Customer contracts at cost	3,644,891	1,740,619
Accumulated amortisation	(871,873)	(238,082)
	2,773,018	1,502,537
Licences and accreditations at cost	4,891,183	937,356
Accumulated amortisation	(1,444,805)	(485,189)
	3,446,378	452,167
Software at cost	1,836,319	1,549,214
Accumulated amortisation	(416,893)	(69,062)
	1,419,426	1,480,152
Other intangibles at cost	181,622	64,038
Accumulated amortisation	(69,347)	(21,682)
	112,275	42,356
Total intangible assets	**7,751,097**	**3,477,212**

NOTE 12 INTANGIBLE ASSETS (CONT'D)

Movements during the year

Year ended 30 June 2018	Customer Contracts	Licences and Accreditations	Software	Other Intangibles	Total
Balance at 1 July 2017	1,502,537	452,167	1,480,152	42,356	3,477,212
Additions	-	-	218,502	117,972	336,474
Business combinations	1,904,199	3,953,827	59,712	-	5,917,738
Foreign exchange movements	73	-	8,945	(387)	8,631
Amortisation	(633,791)	(959,616)	(347,885)	(47,666)	(1,988,958)
Balance at 30 June 2018	**2,773,018**	**3,446,378**	**1,419,426**	**112,275**	**7,751,097**

Year ended 30 June 2017	Customer Contracts	Licences and Accreditations	Software	Other Intangibles	Total
Balance at 1 July 2016	346,113	243,271	-	57,034	646,418
Additions	-	-	49,214	-	49,214
Business combinations	1,352,000	466,000	1,500,000	-	3,318,000
Foreign exchange movements	(758)	-	(54)	(125)	(937)
Amortisation	(194,818)	(257,104)	(69,008)	(14,553)	(535,483)
Balance at 30 June 2017	**1,502,537**	**452,167**	**1,480,152**	**42,356**	**3,477,212**

Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 2 to 5 years.

Licenses and accreditations

Licenses and accreditations acquired as part of a business combination are recognised separately from goodwill. The licenses and accreditations are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which is estimated at 2 to 3 years.

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which is estimated at 3 to 5 years.

NOTE 13 GOODWILL

	2018	2017
	$	$
Opening balance	8,186,266	5,054,138
Goodwill arising on acquisition of Analytica	8,780,845	-
Goodwill arising on acquisition of Morrison Geotechnic	-	1,770,810
Goodwill arising on acquisition of OCTFOLIO	-	1,365,920
Foreign exchange movements	(82,649)	(4,602)
	16,884,462	**8,186,266**

Impairment tests for goodwill

Goodwill is monitored by management at the Company level for Precise Consulting and Laboratory Limited, Analytica Laboratories Limited, Morrison Geotechnic Pty Ltd and OCTFOLIO Pty Ltd and at the geographic branch level for AAC (OCTIEF ACT Pty Ltd). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

NOTE 13 GOODWILL (CONT'D)

The calculations use cash flow projections based on financial budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. Refer to Note 2 for the segment level of goodwill. The following table sets out the key assumptions for the value in use:

Assumption	Precise	Analytica	AAC	Morrison	OCTFOLIO	Approach
Sales volume annual growth	1%	3%	1%	1%	18%	Average annual growth rate over the five-year forecast period based on management's expectations of market development.
Sales price annual growth	1%	2%	0%	1%	2%	Average annual growth rate over the five-year forecast period based on current industry trends
Fixed costs per annum	$1.9M	$1.6M	$0.3M	$1.9M	$0.4M	Fixed costs of the Company, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed are the average operating costs for the five-year forecast period.
Annual capital expenditure	$150,000	$1,500,000	$25,000	$200,000	$10,000	Expected capital cash costs based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long term growth rate	2%	2%	2%	2%	1%	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	18%	18%	18%	18%	20%	Reflects specific risks relating to the relevant segments and the countries in which they operate. In performing the value-in-use calculations for each CGU, the group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax rates are disclosed in the table.
Goodwill attributable to CGU	**$4,225,982**	**$8,860,393**	**$661,357**	**$1,770,810**	**$1,365,920**	

There is sufficient headroom in the value in use calculation such that in management's opinion a reasonably possible change in a key assumption on which management has based its determination of the cash generating unit's recoverable amount would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

NOTE 14 TRADE AND OTHER PAYABLES

	2018	2017
	$	$
CURRENT		
Trade payables	592,987	509,375
Other payables and accrued expenses	946,258	789,317
Payables to Directors – outstanding wages and fees	-	10,000
	1,539,245	**1,308,692**

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the group and comprise items such as employee taxes, employee on costs, GST and other recurring items.

NOTE 15 PROVISIONS

CURRENT		
Employee benefits	940,645	719,172
Morrison earn-out	-	62,500
Analytica earn-out	2,942,615	-
OCTFOLIO contingent consideration at fair value	187,500	187,500
	4,070,760	**969,172**

NON-CURRENT		
Employee benefits	45,941	52,544
OCTFOLIO contingent consideration at fair value	-	187,500
	45,941	**240,044**

Employee Benefit Provisions

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations
The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

NOTE 15 PROVISIONS (CONT'D)

Morrison Geotechnic Earn-out Provision

On 31 March 2017, HRL acquired 100% of the issued capital of Morrison Geotechnic Holdings Limited. The agreed purchase consideration was:

- initial payment of $3,750,000 cash; and
- earn-out consideration of up to $750,000.

The amount of earn out consideration is based on Morrison Geotechnic's earnings before interest and taxes (EBIT) for the year 1 April 2017 to 31 March 2018:

EBIT	Earn Out Consideration
Less than $1.1 million	Nil
$1.1 – 1.3 million	$250,000
$1.3 – 1.5 million	$500,000
More than $1.5 million	$750,000

Payment of the earn-out consideration was contingent on the four vendor's ongoing service with Morrison Geotechnic. The vendors will remain employed with Morrison Geotechnic for a minimum period of two years after acquisition. In the situation where employment is terminated prior to completing one year of service, no earn-out is payable. If employment is terminated after one but before the minimum two-year period, the earn-out consideration will be reduced proportionately to the length of time not employed.

As the earn-out consideration is contingent on the vendors' ongoing service, the principles and guidance as set out in AASB 3 *Business Combinations* require that any earn-out consideration be expensed as an employment cost in the relevant period the service was provided.

Morrison Geotechnic did not exceed an EBIT of $1,100,000 for the 12 months ended 31 March 2018. Accordingly, the previously recognised provision of $62,500 has been reversed in profit and loss.

OCTFOLIO contingent consideration at fair value

On 13 April 2017, HRL acquired 100% of the issued capital of Integrated Holdings Group Limited. The agreed purchase consideration was:

- initial payment on completion of the IHG acquisition of $2,750,000 in cash; and
- earn-out consideration of up to $750,000 in cash.

The amount of earn out consideration is based on OCTFOLIO's earnings before interest and taxes (EBIT) for the 24 months after settlement:

Tranche 1

12 Months Post-Acquisition EBIT	Earn Out Consideration
Less than $300,000	Nil
More than $300,000	$375,000

Tranche 2

13 Months to 24 Months Post-Acquisition EBIT	Earn Out Consideration
Less than $450,000	Nil
More than $450,000	$375,000

NOTE 15 PROVISIONS (CONT'D)

Payment of the earn-out consideration is not contingent on any individual providing ongoing service. As per the principles and guidance as set out in AASB 3, the value of the estimated earn-out is reflected as an increase in the total consideration paid for by the entity. Any subsequent changes in the estimated earn-out will be reflected in profit or loss.

OCTFOLIO did not exceed an EBIT of $300,000 for the 12 months ended 13 April 2018. Accordingly, the previously recognised provision of $187,500 has been reversed in profit and loss.

HRL estimates that there is 50% probability of OCTFOLIO's meeting the Tranche 2 EBIT targets. Accordingly, a total liability of $187,500 has been recognised as a provision for this tranche.

Analytica Earn-out Provision

On 30 November 2017, HRL acquired 100% of the issued capital of Analytica Laboratories Limited (Analytica).

The agreed purchase consideration was:

- initial payment of NZ$13,300,000 cash
- upfront HRL scrip consideration, representing 60,951,485 HRL shares, subject to a 2-year escrow period; and
- Up to NZ$11m cash earn-out consideration, based on the following criteria:
    - Analytica business to achieve 12-month post-settlement EBITDA in excess of NZ$3m;
    - Analytica Vendors to receive a 6x multiple on each NZ$1 of EBITDA greater than NZ$3m, up to a maximum earn-out consideration of NZ$11m; and
    - 50% of earn-out is payable 12 months post-settlement, and 50% in 12 equal monthly instalments thereafter.

If applicable, half of the earn-out consideration will be paid 12 months after settlement. Payment of the remaining half of the earn-out consideration will be paid in 12 equal monthly instalments thereafter.

Payment of the earn-out consideration is contingent on the vendor's ongoing service with Analytica. The vendors will remain employed with Analytica for a minimum period of two years after acquisition. In the situation where employment is terminated prior to completing one year of service, no earn-out is payable to that individual vendor. If employment is terminated after one but before the minimum two-year period, the earn-out consideration will be reduced proportionately to the length of time not employed for that individual vendor.

As the earn-out consideration is contingent on the vendors' ongoing service, the principles and guidance as set out in AASB 3 *Business Combinations* require that any earn-out consideration be expensed as an employment cost in the relevant period the service was provided. HRL estimates that Analytica will exceed an EBITDA of NZ$4,850,000 for the 12 months ended 30 November 2018, resulting in an estimated earn-out of NZ$11,000,000.

As at 30 June, the vendors had performed 7 months of the 24-month service period (29.17%). Accordingly, an amount of NZ$3,208,333 (AUD $2,942,615) has been recognised in profit or loss.

Movements during the year

	2018 $	2017 $
Opening balance	437,500	-
Morrison Geotechnic earn-out expense/(adjustment)	(62,500)	62,500
OCTFOLIO earn-out recognition/(adjustment)	(187,500)	375,000
Analytica earn-out expense recognised	2,942,615	-
	3,130,115	**437,500**

NOTE 16 BORROWINGS

	2018	2017
	$	$
CURRENT		
Finance leases	754,804	198,884
Bank loans	-	287,334
Insurance financing	-	129,358
	754,804	**615,576**
NON-CURRENT		
Finance leases	**360,156**	**220,773**

Bank loans and insurance financing

Bank loans and insurance financing (excluding financial guarantees) are measured at amortised cost. Amortised cost is the amount at which the financial liability is measured at initial recognition less principal repayments and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial liability.

The bank loan was secured against all current and non-current assets of the Group by floating charge. The facility had a variable interest rate of 4.535% per annum on the drawn balance and a facility line fee of 1% on the total available balance. The bank loan was repaid in full during the period and the facility closed.

Insurance financing was unsecured. The facilities had an average interest rate of 5.51% per annum and were repaid in full during the period.

Finance leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership is transferred to entities in the Consolidated Entity, are classified as finance leases. Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

The finance leases are secured over the individual motor vehicles and equipment that the lease relates to. The leases have interest rates of 4.35% - 7.37% per annum and expire between July 2017 and June 2021.

Reconciliation of cash and non-cash movements in borrowings from financing activities

Year ended 30 June 2018	Opening Balance	Cash flows	Non-cash Finance lease additions	Closing Balance
Finance leases	419,657	(480,596)	1,175,899	1,114,960
Bank loans	287,334	(287,334)	-	-
Insurance financing	129,358	(129,358)	-	-
	836,349	**(897,288)**	**1,175,899**	**1,114,960**

			Non-cash changes		
Year ended 30 June 2017	Opening Balance	Cash flows	Finance lease additions	Business Combinations	Closing Balance
Finance leases	93,819	(70,543)	-	396,381	419,657
Bank loans	1,276,230	(988,896)	-	-	287,334
Insurance financing	-	60,688	-	68,670	129,358
	1,370,049	**(998,751)**	**-**	**465,051**	**836,349**

NOTE 16 BORROWINGS (CONT'D)

Financing Facilities

The Group has access to the following lines of credit:

	2018 $	2017 $
Total facilities available		
Finance leases and equipment financing	3,811,262	852,220
Insurance financing	-	129,358
Bank loans	-	1,332,953
	3,811,262	**2,315,531**
Facilities used at balance date		
Finance leases and equipment financing	1,114,960	419,657
Insurance financing	-	129,358
Bank loans	-	287,334
	1,114,960	**836,349**
Unused facilities at balance date		
Finance leases and equipment financing	2,696,302	433,563
Insurance financing	-	-
Bank loans	-	1,045,619
	2,696,302	**1,479,182**

Covenants

The bank loan was repaid in full during the period and the facility closed. Prior to closure, the bank loan was subject to the below covenants:

Debt Service Cover Ratio greater than 1

Debt Service Cover Ratio means: Operating EBITDA divided by the total minimum principal and interest payments for that period. This ratio will be assessed every 12 months.

Gearing Ratio of less 60%

Gearing ratio means: Total liabilities divided by total tangible assets (including goodwill and other acquisition based intangibles). This ratio will be assessed every 12 months.

Provision of bi-annual compliance certificates

HRL must provide within 60 days of 30 June a compliance certificate (and relevant supporting information as set out in the agreement) that states both the above covenants have been met.

There were no breaches of covenants during the period.

Assets pledged as security

Finance leases are secured by mortgage over the relevant assets which at 30 June 2018 had carrying values of $933,621 (2017: $467,293).

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

NOTE 17 CONTRIBUTED CAPITAL

	2018 $	2017 $
493,402,627 fully paid ordinary shares (June 2017: 244,186,406)	38,162,084	16,349,948

	2018 Number	2017 Number	2018 $	2017 $
Movements during the period				
Balance at beginning of period	244,186,406	158,903,031	16,349,948	8,220,282
Share purchase plan – issued at $0.085 per share	11,764,736	57,783,375	1,000,002	5,778,338
Placement – issued at $0.085 per share	176,500,000	27,500,000	15,002,500	2,750,000
Share issue costs (net of tax)	-	-	(590,272)	(398,672)
Shares issued to Analytica vendors– issued at $0.105 per share	60,951,485	-	6,399,906	-
Balance at end of period	**493,402,627**	**244,186,406**	**38,162,084**	**16,349,948**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares do not have a par value.

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTE 18 RESERVES

	2018 $	2017 $
Foreign currency translation reserve	(429,393)	(202,392)
Share based payment reserve	238,817	203,636
	(190,576)	**1,244**

The foreign currency translation reserve records exchange rate differences arising from the translation of the financial statements of foreign subsidiaries.

The share based payments reserve is used to record the value of share based payments provided to employees as part of their remuneration and to consultants for services provided.

Movements during the year

Opening balance	1,244	(166,328)
Foreign exchange differences	(227,001)	(36,064)
Share based payments	35,181	203,636
Closing balance	**(190,576)**	**1,244**

NOTE 19 ANALYTICA LABORATORIES LIMITED ACQUISITION ACCOUNTING

On 30 November 2017, HRL NZ (a 100% owned subsidiary of HRL Holdings) acquired 100% of the issued capital of Analytica Laboratories Limited (Analytica). Analytica is a New Zealand-based analytical chemistry laboratory business specialising in mass spectroscopy analysis to the milk, honey, drugs of abuse and environmental markets.

The agreed purchase consideration was:

- initial payment of NZ$13,300,000 cash
- upfront HRL scrip consideration, representing 60,951,485 HRL shares, subject to a 2-year escrow period; and
- Up to NZ$11m cash earn-out consideration, based on the following criteria:
  - Analytica business to achieve 12-month post-settlement EBITDA in excess of NZ$3m;
  - Analytica Vendors to receive a 6x multiple on each NZ$1 of EBITDA greater than NZ$3m, up to a maximum earn-out consideration of NZ$11m; and
  - 50% of earn-out is payable 12 months post-settlement, and 50% in 12 equal monthly instalments thereafter.

Payment of the earn-out consideration is contingent on the vendor's ongoing service with Analytica. The vendors will remain employed with Analytica for a minimum period of two years after acquisition. In the situation where employment is terminated prior to completing one year of service, no earn-out is payable to that individual vendor. If employment is terminated after one but before the minimum two-year period, the earn-out consideration will be reduced proportionately to the length of time not employed for that individual vendor. Refer to Note 15 for details of accounting for the earn out consideration.

The assets and liabilities recognised as a result of the acquisition are as follows:

	30 November 2017 $AUD
Purchase consideration:	
Cash payment	12,088,711
HRL shares at fair value based on HRL share price on acquisition date	6,399,906
	18,488,617
Fair value of assets and liabilities acquired:	
Cash and cash equivalents	114,693
Trade and other receivables	1,286,670
Other assets	24,320
Property, plant and equipment	4,422,057
Computer software	59,712
Equity accounted investment – CAIQTest Pacific Limited	636,248
Deferred tax assets	72,211
Intangibles – customer contracts and relationships	1,904,199
Intangibles – licences and accreditations	3,953,827
Trade and other payables	(672,401)
Employee provisions	(195,440)
Income tax payable	(257,897)
Deferred tax liabilities	(1,640,427)
Net identifiable assets acquired	**9,707,772**
Goodwill on acquisition	8,780,845
Net assets acquired	**18,488,617**

Goodwill is not deductible for tax purposes. The fair value of trade and other receivables is $1,286,670. The gross contractual amount for trade receivables due is $1,297,879, of which $11,209 is expected to be uncollectible.

NOTE 19 ANALYTICA LABORATORIES LIMITED ACQUISITION ACCOUNTING (CONT'D)

Factors contributing to the Analytica goodwill are:

- a strong competitive position in high-end environmental and food/agricultural testing markets with industry leading customers/partners;
- Market leader in honey testing in New Zealand, both among industry organisations and producers/distributors;
- Dominant position in the liquid milk analysis and food origin testing, via strategic alliance with market leading partners;
- Strong and growing exposure to the environmental testing market;
- Advantageous proximity to key agricultural markets and customers.

Revenue and profit contribution

Analytica contributed revenues of $8,213,712 and net profit after tax of $2,284,269 to the group for the period from 1 December 2017 to 30 June 2018.

If the acquisition had occurred on 1 July 2017 and the operations of Analytica been included from that date, then the consolidated pro-forma revenue and loss for the period ended 30 June 2018 would have been $31,468,033 and $888,779 respectively.

Outflow of cash to acquire Analytica, net of cash acquired

	30 November 2017 $
Cash consideration	12,088,711
Less: cash and cash equivalents acquired	(114,693)
Net outflow of cash – investing activities	11,974,018

Acquisition related costs

Acquisition-related costs of $139,722 that were not directly attributable to the issue of shares are included in 'Acquisition expenses' profit or loss and in operating cash flows in the statement of cash flows.

NOTE 20 EQUITY ACCOUNTED INVESTMENTS

An equity accounted associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Consolidated Entity's share of net assets of the associate or joint venture since the acquisition date. The statement of profit or loss reflects the Consolidated Entity's share of the results of operations of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Consolidated Entity. When necessary, adjustments are made to bring the accounting policies in line with those of the Consolidated Entity.

CAIQTest (Pacific) Limited

As part of the Analytica acquisition, the Group acquired a 26% interest in CAIQTest (Pacific) Limited, a New Zealand based laboratory, providing pre-shipment testing services for clients exporting goods from Australasia to China.

The following table illustrates the summarised financial information of the Group's investment in CAIQTest (Pacific) Limited:

	2018 $
Current assets	756,072
Non-current assets	457,896
Total assets	1,213,968
Current liabilities	130,561
Non-current liabilities (shareholder loans)	1,309,519
Total liabilities	1,440,080
Equity	
HRL's share of equity (26%)	(58,789)
Goodwill	667,683
Carrying amount	**608,894**

7 months ended	June 2018 $
Revenue	1,057,767
Cost of sales	(505,248)
Other expenses	(670,505)
Finance costs	(34,132)
Loss after tax	**(152,118)**
Income tax	42,591
Loss after tax	**(109,527)**
HRL's share of loss (26%)	**(28,477)**

CAIQTest (Pacific) Limited requires a board resolution to distribute its profits. No dividends were paid or declared for the financial period ending 30 June 2018.

CAIQTest (Pacific) Limited had no contingent liabilities or capital commitments as at 30 June 2018.

NOTE 20 EQUITY ACCOUNTED INVESTMENTS (CONT'D)

	2018 $	2017 $
Movements during the year		
Opening balance	-	-
Acquired through business combinations	636,248	-
Share of profits/(loss)	(28,477)	-
Foreign exchange movements	1,123	-
Closing balance	**608,894**	**-**

NOTE 21 PARENT ENTITY INFORMATION

The legal Parent Entity of the Consolidated Entity is HRL Holdings Limited.

	2018 $	2017 $
Parent Entity Financial Information		
Current assets	677,593	106,931
Non-current assets	34,316,310	13,262,940
Total assets	34,993,903	13,369,871
Current liabilities	117,294	520,720
Non-current liabilities	-	28,113
Total liabilities	117,294	548,833
Net assets	**34,876,609**	**12,821,038**
Issued capital	49,200,617	27,388,480
Reserves	35,181	203,636
Accumulated losses	(14,359,189)	(14,771,078)
Total equity	**34,876,609**	**12,821,038**
Profit/(loss) after income tax	411,889	(1,127,041)
Other comprehensive income	-	-
Total comprehensive income	**411,889**	**(1,127,041)**

Commitments, Contingencies and Guarantees of the Parent Entity

The Parent Entity has no material commitments for the acquisition of property, plant and equipment.

The Parent Entity's exposure to contingent liabilities is detailed in Note 26. The Parent Entity has no contingent assets or guarantees at balance date.

NOTE 21 PARENT ENTITY INFORMATION (CONT'D)

Controlled Entities of the Parent Entity	Percentage Owned		Country of Incorporation
	2018	2017	
	%	%	
OCTIEF Pty Ltd	100%	100%	Australia
OCTIEF ACT Pty Ltd	100%	100%	Australia
Hot Rock Geothermal Pty Ltd	100%	100%	Australia
HRL Holdings NZ Limited	100%	100%	New Zealand
Octief Limited	100%	100%	New Zealand
Precise Consulting and Laboratory Limited	100%	100%	New Zealand
Morrison Geotechnic Holdings Pty Ltd	100%	100%	Australia
Morrison Geotechnic Pty Ltd	100%	100%	Australia
Integrated Holdings Pty Ltd	100%	100%	Australia
OCTFOLIO Pty Ltd	100%	100%	Australia
Analytica Laboratories Limited	100%	-	New Zealand

Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

<u>Business combinations</u>
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTE 22 SHARE BASED PAYMENTS

Performance Shares

The Company has granted performance shares to incentivise senior management. The performance shares were granted for nil consideration and are not quoted on the ASX. Performance shares granted carry no dividend or voting rights. When vested, each performance share is convertible into one ordinary share.

Details of performance shares issued, exercised and expired during the financial year are set out below:

		Movements					
Expiry Date	Vesting Price	1 July 2017	Issued	Exercised	Expired / Forfeited	30 June 2018	Vested and exercisable
30 June 2019	$0.156	1,029,556	-	-	(227,134)	802,422	-
30 June 2019	$0.194	1,029,556	-	-	(227,134)	802,422	-
30 June 2019	$0.234	1,029,555	-	-	(227,134)	802,421	-
		3,088,667	-	-	(681,402)	2,407,265	-

The remaining contractual life of performance shares outstanding at the end of the period was 1 year.

The performance shares have the following key terms and conditions:

Primary Vesting Conditions	From the 30 day VWAP of HRL's share price at 1 July 2016, any of the following increases occur: 1. HRL share price increases 33% within 1 year; or 2. HRL share price increases 66% within 2 years; or 3. HRL share price increases 100% within 3 years. The HRL share price must remain above the nominated target for the relevant period for 14 consecutive trading days
Secondary Vesting Conditions	The Performance Shares will vest in proportion to the number of years' service after the plan is implemented: 1. First 33% of the performance shares vest after 1 year of service from plan commencement; 2. Next 33% performance shares vest after 2 years of service from plan commencement; 3. Final 34% performance shares vest after 3 years of service from plan commencement.
Exercise Price	$Nil
Forfeiture	The Performance Shares will lapse if: - None of the pricing conditions are met; or - the participant does not meet the service conditions.
Change of Control Event	In the event a bona fide Takeover Bid is declared unconditional and the bidder has acquired a relevant interest of at least 50.1%, the Performance Share vest immediately, irrespective of any unmet vesting conditions.

NOTE 22 SHARE BASED PAYMENTS (CONT'D)

Fair value of performance shares granted

The assessed fair value at the date of grant of performance shares issued is determined using a option pricing models that takes into account the exercise price, the underlying share price at the time of issue, the term of the performance share, the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument.

The value of the performance shares was calculated using the inputs shown below:

Inputs into pricing model	**Tranche 1**
Grant date	31 August 2016
Exercise price	$Nil
Vesting conditions	See above table
Share price at grant date	$0.12
Life of the instruments	3 years
Underlying share price volatility	52%
Expected dividends	Nil
Risk free interest rate	1.52%
Pricing model	Binomial
Fair value per instrument	$0.0746

The expected price volatility is based on the historic volatility (based on the remaining life of the performance shares), adjusted for any expected changes to future volatility due to publicly available information.

Options

During the period the Company granted performance options to its capital advisors, Canaccord Genuity (Australia) Limited in connection with the ongoing capital markets strategy requirements of the Company. The performance shares were granted for nil consideration and are not quoted on the ASX. Options granted carry no dividend or voting rights. When exercised, each option converts into one ordinary share.

Details of options issued, exercised and expired during the financial year are set out below:

		Movements				
Expiry Date	**Exercise Price**	**1 July 2017**	**Issued**	**Exercised**	**Expired**	**30 June 2018**
31 December 2019	$0.18	1,600,000	-	-	-	1,600,000
31 December 2019	$0.20	1,600,000	-	-	-	1,600,000
31 December 2019	$0.23	1,600,000	-	-	-	1,600,000
		4,800,000	-	-	-	4,800,000

The remaining contractual life of options outstanding at the end of the prior period was 1.5 years. The weighted average exercise price of the options is $0.203.

Fair value of options granted

The assessed fair value at the date of grant of options issued is determined using a option pricing models that takes into account the exercise price, the underlying share price at the time of issue, the term of the option, the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument.

The value of the options was calculated using the inputs shown below:

NOTE 22 SHARE BASED PAYMENTS (CONT'D)

Inputs into pricing model	Tranche A - $0.18	Tranche B - $0.20	Tranche C - $0.23
Grant date	2 June 2017	2 June 2017	2 June 2017
Exercise price	$0.18	$0.20	$0.23
Vesting conditions	Nil	Nil	Nil
Share price at grant date	$0.10	$0.10	$0.10
Expiry date	31 December 2019	31 December 2019	31 December 2019
Life of the instruments	2.5 years	2.5 years	2.5 years
Underlying share price volatility	59%	59%	59%
Expected dividends	Nil	Nil	Nil
Risk free interest rate	1.55%	1.55%	1.55%
Pricing model	Binomial	Binomial	Binomial
Fair value per instrument	$0.02054	$0.01800	$0.01488

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from share-based payment transactions

	2018 $	2017 $
Performance shares issued to senior management	35,181	118,166
Options issued to capital advisors	-	85,470
	35,181	**203,636**

NOTE 23 RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

Short-term benefits	866,375	813,227
Post-employment benefits	81,775	81,249
Long-term benefits	(2,341)	3,615
Termination benefits	-	-
Share-based payments	44,580	67,033
	990,389	**965,124**

Detailed remuneration disclosures are provided in the remuneration report on pages 16 to 24.

Transactions with related parties

Transaction	Entity	Association	2018 $	2017 $
Rental of office space [1]	Paget Developers	Darren Anderson Kevin Maloney	44,000	107,369
Software and hosting services [2]	Octfolio	Darren Anderson Kevin Maloney	-	322,725
Sublet of office space to Octfolio [2]	Octfolio	Darren Anderson Kevin Maloney	-	33,773

[1] Services provided from 1 July 2017 to 30 November 2017.
[2] Services provided from 1 July 2016 to 13 April 2017.

All of the above transactions were based on normal commercial terms and conditions.

NOTE 24 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is credit risk and foreign exchange risk.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Chief Finance Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity. It arises from exposure to customers as well as through deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2018. Credit risk is reviewed regularly by the Board.

The Group does not have any material credit risk exposure to any single counterparty, except for its holdings of cash which is held with the Westpac Bank, National Australia Bank and ANZ.

Maximum exposure to credit risk

	2018 $	2017 $
Summary exposure		
Cash and cash equivalents	5,392,742	728,165
Trade receivables	3,998,091	3,026,674
Other receivables	249,561	392,162
Loan receivable from CAIQTest Pacific Limited	181,361	-
	9,821,755	**4,147,001**

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. Liquidity risk is reviewed regularly by the Board.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained. Refer to Note 16 for the Group's financing facilities available at balance date.

Remaining contractual maturities

The tables below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at period end. The amounts disclosed represent undiscounted cash flows. The tables include both interest and principal cash flows and therefore the totals may differ from their carrying amount in the balance sheet.

NOTE 24 FINANCIAL RISK MANAGEMENT (CONT'D)

The remaining contractual maturities of the financial liabilities are:

30 June 2018	Fixed interest rate	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Trade payables	-	592,987	-	-	592,987
Other payables	-	946,261	-	-	946,261
OCTFOLIO contingent consideration	-	187,500	-	-	187,500
Finance leases	4.72%	786,213	374,030	-	1,160,243
		2,512,961	**374,030**	**-**	**2,886,991**

30 June 2017	Fixed interest rate	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Trade payables	-	509,375	-	-	509,375
Other payables	-	799,317	-	-	799,317
OCTFOLIO contingent consideration	-	187,500	187,500	-	375,000
Bank loan	-	287,334	-	-	287,334
Insurance financing	5.51%	129,358	-	-	129,358
Finance leases	4.90%	215,016	233,718	-	448,734
		2,127,900	**421,218**	**-**	**2,549,118**

Market Risk

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian and New Zealand interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

Cash term deposits, finance leases and insurance financing have fixed interest rates. All other cash assets and the repaid bank loan have floating interest rates. At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	2018 $	2017 $
Impact on profit and equity		
+1.00% (100 basis points)	24,292	3,155
-1.00% (100 basis points)	(24,292)	(3,155)

NOTE 24 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign Currency Risk

Foreign currency risk arises as a result of having assets/cash flows denominated in a currency other than the home currency in which they are reported. At 30 June, the Group had the following exposure to foreign currency, shown in Australian Dollars:

	2018	2017
	$	$
Financial assets		
Cash and cash equivalents (NZD)	3,424,528	348,378
Trade and other receivables (NZD)	2,813,701	873,497
	6,238,229	**1,221,875**
Financial liabilities		
Trade and other payables (NZD)	531,266	273,338
Finance leases (NZD)	411,262	-
	942,528	**273,338**

Exchange rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the NZD:AUD exchange rates at reporting date had been 10% basis higher or lower, with all other variables held constant. The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date:

	2018	2017
	$	$
Impact on equity		
+10.00%	(529,570)	(94,854)
-10.00%	529,570	94,854

Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as considers the potential of future dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Fair Values

The fair values of financial assets and financial liabilities approximate their carrying values due to their short term nature. No financial assets or liabilities are readily traded on organised markets in standardised form.

Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices).
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

NOTE 24 FINANCIAL RISK MANAGEMENT (CONT'D)

Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

	2018 $	2017 $
Contingent consideration – level 3	187,500	375,000

The fair value of the contingent consideration of $187,500 has been estimated by calculating the present value of the future expected cash outflows.

Reconciliation of level 3 movements

The following table sets out the movements in level 3 fair values for contingent consideration payable.

Opening balance	375,000	-
Recognised on business combination	-	375,000
Adjusted through the income statement (refer note 15)	(187,500)	-
Closing balance	**187,500**	**375,000**

Valuation processes for level 3 fair values

The following table sets out the valuation techniques used to measure fair value within Level 3, including details of the significant unobservable inputs used and the relationship between unobservable inputs and fair value.

Description	Valuation approach	Unobservable inputs	Relationship between unobservable inputs and fair value
Contingent consideration	Expected EBIT is estimated based on the terms of the sale contract (see Note 20) and the entity's knowledge of the business and how the current economic environment is likely to impact it.	Expected EBIT of OCTFOLIO Risk adjusted discount rate	The higher the expected EBIT the higher the fair value of the liability. The lower the risk adjusted discount rate the higher the fair value of the liability.

NOTE 25 COMMITMENTS

	2018 $	2017 $
Operating leases		
Minimum lease payments:		
Payable within one year	893,423	771,972
Payable within one year and five years	1,127,484	1,123,115
Total contracted at balance date	**2,020,907**	**1,895,087**

The Group leases various properties and motor vehicles under non-cancellable operating leases expiring within one to five years. The property leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Finance leases

	2018	2017
Future minimum lease payments:		
Payable within one year	786,213	215,016
Payable between one year and five years	374,030	233,718
	1,160,243	448,734
Less future interest payments	(45,283)	(29,077)
	1,114,960	**419,657**
Present value of minimum lease payments:		
Current (Note 16)	754,804	198,884
Non-Current (Note 16)	360,156	220,773
	1,114,960	**419,657**

The Group finance leases relates to motor vehicles and laboratory equipment.

NOTE 26 CONTINGENT LIABILITIES

The Consolidated Entity has arranged bank guarantees of $38,500 as security for rental premises.

NOTE 27 AUDITOR'S REMUNERATION

	2018 $	2017 $
Audit services – BDO Audit Pty Ltd		
Audit and review of financial reports	86,845	69,026
Total audit services	**86,845**	**69,026**
Non-audit services – BDO (QLD) Pty Ltd		
Taxation services	68,238	26,927
Total non-audit services	**68,238**	**26,927**

NOTE 28 EVENTS AFTER BALANCE DATE

There have been no other events since 30 June 2018 that impact upon the financial report.

DIRECTORS’ DECLARATION

DIRECTORS' DECLARATION

In the Directors opinion:

(a) the attached consolidated financial statements and notes and the remuneration report in the Directors’ Report are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements, including:

  (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

  (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1 to the consolidated financial statements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

Darren Anderson
Director

Brisbane
2 August 2018

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of HRL Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HRL Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the acquisition of Analytica Laboratories Limited

Key audit matter	*How the matter was addressed in our audit*
• The Group's disclosures about the acquisition of Analytica Laboratories Limited (Analytica) are included in Note 19, which details the key events that occurred in the transaction including the consideration transferred and assets and liabilities acquired. • The acquisition of Analytica is considered a significant transaction for the group. The presentation, measurement and disclosures around this transaction are important in the users' understanding of the financial statements. The transaction is material in the context of the audit and involved significant auditor effort, and was therefore key to our audit. • Management have completed a process to determine the purchase consideration and the fair value of the identifiable net assets acquired, including customer contracts and relationships and licenses and accreditations and the allocation of the difference to goodwill. This process involved estimation and judgement to calculate both the consideration and the fair value of identified intangible assets.	Our procedures included, amongst others: • Assessing management's determination of whether the acquisition was a business combination or an asset acquisition • Evaluating management's assessment of the purchase consideration including contingent consideration arrangements • Evaluating management's assessment of the fair value of the identifiable assets and liabilities acquired including: ○ Obtaining management's external valuation of the identifiable assets and liabilities acquired ○ Assessing the professional competence and objectivity of the valuer ○ Evaluating the appropriateness of the methods and assumptions used ○ Challenging management in relation to the inputs and assumptions used by the valuer ○ Providing the external valuation to the internal experts to assess the reasonableness of the structure and assumptions applied in the model including the discount rate. • Assessing the disclosures related to the acquisition to ensure they are in compliance with applicable accounting standards.

Valuation of goodwill

Key audit matter	*How the matter was addressed in our audit*
• The Group's disclosures about goodwill impairment are included in Note 13, which details the allocation of goodwill to the groups various CGU's, sets out the key assumptions for value-in-use calculations and the impact of possible changes in these assumptions. • This annual impairment test was significant to our audit because the balance of goodwill as of 30 June 2018 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically forecast future cash flows, growth rate, and discount rate, which are affected by expected future market or economic conditions.	Our procedures included, amongst others: • Assessing management's allocation of goodwill and assets and liabilities, including corporate assets to Cash Generating Units ("CGU's") • Evaluating the inputs used in the value in use calculation including the growth rates, discount rates and underlying cash flows applied by management • Assessing the sensitivity of the assumptions used by management on the value in use calculation • Involving our internal specialists to assess the discount rates against comparable market information • Assessing the disclosures related to the goodwill and the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of HRL Holdings Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

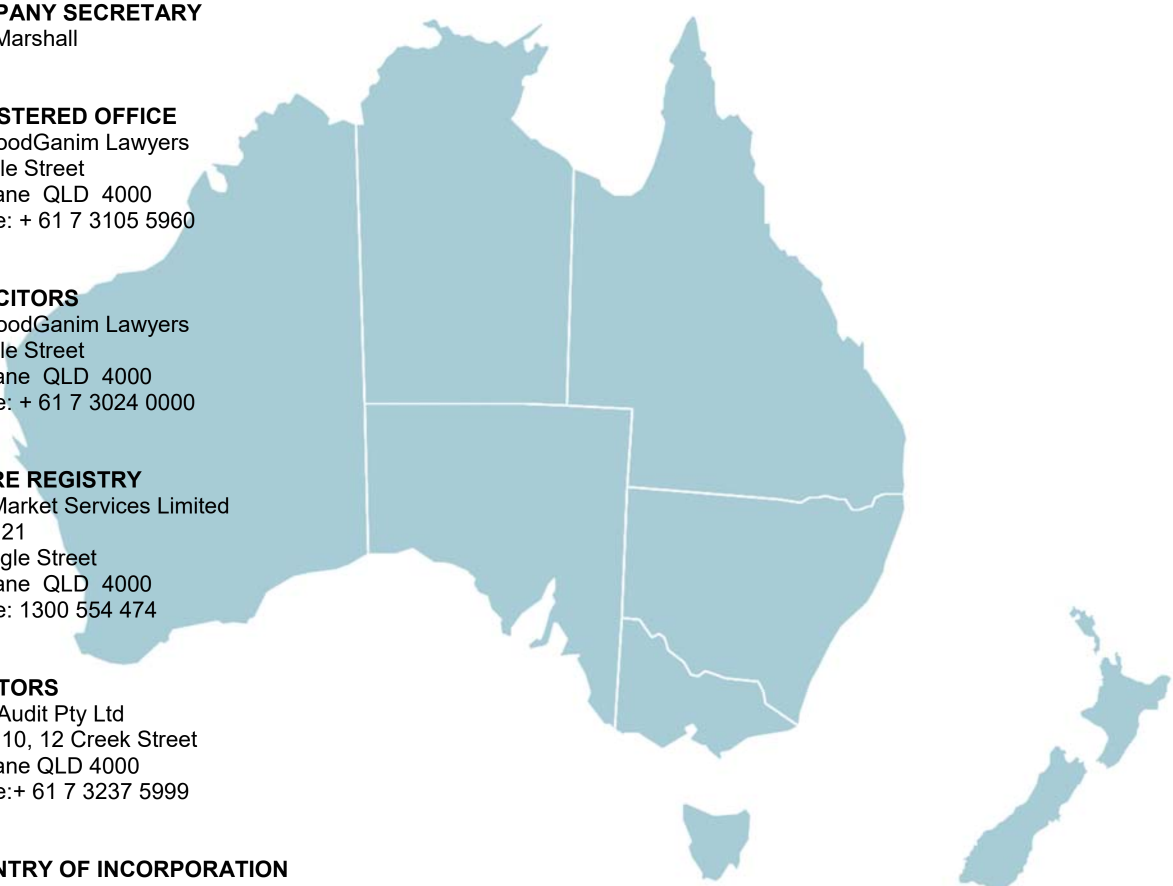
BDO

T Mann

T R Mann
Director

Brisbane, 2 August 2018

HRL HOLDINGS LIMITED CORPORATE INFORMATION



DIRECTORS
Kevin Maloney (Chairman)
Darren Anderson (Executive Director)
Steve Howse (Executive Director)
John Taylor (Non-executive Director)
James Todd (Non-executive Director)

COMPANY SECRETARY
Paul Marshall

REGISTERED OFFICE
HopgoodGanim Lawyers
1 Eagle Street
Brisbane QLD 4000
Phone: + 61 7 3105 5960

SOLICITORS
HopgoodGanim Lawyers
1 Eagle Street
Brisbane QLD 4000
Phone: + 61 7 3024 0000

SHARE REGISTRY
Link Market Services Limited
Level 21
10 Eagle Street
Brisbane QLD 4000
Phone: 1300 554 474

AUDITORS
BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000
Phone:+ 61 7 3237 5999

COUNTRY OF INCORPORATION
Australia

STOCK EXCHANGE LISTING
Australian Securities Exchange Limited
ASX Code: HRL

INTERNET ADDRESS
www.hrlholdings.com

AUSTRALIAN BUSINESS NUMBER
ABN 99 120 896 371