HRL HOLDINGS LIMITED
Appendix 4D December 2019
Half-Year Final Report
Results for Announcement to the Market

1. Company Details and Reporting Period

Name of Entity:	HRL Holdings Limited
ABN:	99 120 896 371
Reporting Period:	31 December 2019
Previous Corresponding Period:	31 December 2018

2. Results for Announcement to the Market

	$
Revenue from ordinary activities up 15% to:	16,287,646
Net loss for the period attributable to members down to:	2,728,165

No dividends were paid or payable during the period.

Refer to pages 1 to 5 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 7 of the December 2019 Financial Statements and accompanying Notes.

4. Balance Sheet with Notes to the Statement

Refer to Page 8 of the December 2019 Financial Statements and accompanying Notes.

5. Statement of Cash Flows with Notes to the Statement

Refer to Page 10 of the December 2019 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 9 of the December 2019 Financial Statements and accompanying Notes.

8. Net Tangible Assets per Security

Dec 2019	$0.0141
Dec 2018	$0.0176

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

Not applicable.

10. Associates and Joint Venture Entities

Not applicable.

11. Other Significant Information

Not applicable.

12. Accounting Standards used for Foreign Entities

Not applicable.

13. Status of Audit

The attached December 2019 Financial Statements have been reviewed.

14. Dispute or Qualifications if not yet audited

Not applicable.

15. Dispute or Qualifications if audited

Not applicable.

Paul Marshall
Company Secretary
7 February 2020

HRL HOLDINGS LIMITED

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 ("the Group") at the end of, or during, the half-year ended 31 December 2019.

DIRECTORS

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

Name	Position	Period of Directorship
Greg Kilmister	Non-Executive Chairman	Appointed 11 February 2019
Darren Anderson	Non-Executive Director	Appointed 15 September 2014
Steve Howse	Executive Director	Appointed 1 March 2018
James Todd	Non-Executive Director	Appointed 1 March 2018
Tracy Dare	Non-Executive Director	Appointed 1 November 2019
John Taylor	Non-Executive Director	Appointed 25 November 2014, Retired 18 October 2019

REVIEW OF OPERATIONS

Trading Update

The first half of FY2020 continued the positive momentum of H2 FY2019. Last year's business restructuring efforts combined with the successful execution of targeted growth resulted in a significant turnaround in trading results from H1 FY2019.

Food and Environmental Laboratory Services

The Food and Environmental Laboratory division incorporates the New Zealand based Analytica business unit.

Analytica continues to perform with revenue up 25% compared with the prior period. All service lines continued to grow, highlighted by:

- Environmental testing services (laboratory testing on air, water and soil) continues to roll out. Margins on this testing are now beginning to increase through process optimisation and increased volumes.
- Milk testing was again strong with revenues growing on prior period, despite prior period revenues benefitting heavily from M Bovis dairy testing program. A1/A2 beta casein testing increased markedly with Analytica now established as a clear market leader in this field.
- Honey testing revenues grew during the period with strong volumes heading into the peak testing season in the second half.
- Other major services lines (drugs of abuse and food origin testing) showed growth during the half year.

HAZMAT

The HAZMAT division, which incorporates the OCTIEF business unit in Australia and the Precise business in New Zealand, had a very positive half year with earnings substantially higher than prior period.

The Precise business generating strong profits from all of its branch network through:

- An aggressive "boots on the ground" marketing strategy;
- Strong focus on strengthening existing client relations; and
- maintaining a lean cost structure.

Likewise, Australian operations for OCTIEF also enjoyed a positive half year with;

- HAZMAT consulting revenues up on prior period due to strong demand from the Queensland and Northern Territory Governments and major utility providers; and
- A large-scale asbestos and lead paint laboratory contract from a major utility provider.

Software

The Software division incorporates the OCTFOLIO business unit which is Australian based but has existing contracts and clients in both Australia and New Zealand.

OCTFOLIO continued its rapid growth trajectory highlighted by securing a 5 year, $1.5M contract with a key government agency.

Geotechnical

The Geotechnical division incorporates the Morrison Geotechnic business unit in Australia. Revenues for Morrison Geotechnic disappointingly fell 12% from the prior period, largely attributed to the loss of a number of senior engineering staff late in the 1st quarter. The majority of these positions have now been replaced. Profitability remained flat with the loss of revenue offset by cost saving initiatives enacted in the prior year.

Joint Ventures

CAIQTest (Pacific) Limited

The Group has 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 for CAIQTest (Pacific) Limited during the period was largely breakeven.

Foodlab Pacific Limited

During the prior year HRL entered into an agreement with MilkTestNZ to create a new 50:50 joint venture company which will initially provide analytical testing service to the wider New Zealand dairy industry. The joint venture agreement represents an expansion of the existing strategic alliance between HRL and MilkTestNZ, which focusses on liquid milk testing.

During the period, Foodlab begun method development with its foundation technical staff. This green field venture will progressively work through method development, certification/accreditation and marketing activities, with first revenues not expected until FY2021.

Other Key Milestones

Analytica Earnout Settled

As part of the acquisition of Analytica Laboratories, the vendors had the opportunity to achieve an earnout payment of up to NZ$11M. Analytica easily exceeded the maximum EBITDA target of NZ$4,850,000 for the 12 months ended 30 November 2018. For the period ending 31 December 2019, the payment to the Analytica vendors was $2,584,092.

Payment of the remaining earn-out consideration was completed during the period.

Future Developments

Through 2020, HRL will focus on the following items:

- Continue to roll out new analytical testing services in both New Zealand and Australia;
- Natural products including medicinal cannabis testing;
- Delivering a range of technology solutions to clients through the OCTFOLIO platform;
- Regional laboratory services to be delivered through the now branded Analytica facilities; and
- Assess acquisition opportunities as the group has the financial and management capacity to accelerate growth.

DIRECTORS' REPORT

FINANCIAL REVIEW

Key financial headlines of the HRL Group's 31 December 2019 results are:

- Revenues of $16,287,646
- Underlying EBITDA of $3,080,396
- Underlying profit after tax of $1,056,375 [1]
- Statutory loss after tax of $2,728,165
- Cashflow provided by operations of $1,356,867. Excluding Analytica earn-out payments, cashflows provided by operations were $3,940,959
- Net cash/(debt) of ($3,664,225)
- Net current liabilities of $1,494,423

[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.

Funding and Liquidity

As at 31 December 2019, the Group had net current liabilities of $1,494,423. Included in current liabilities is an interest only bank loan drawn to $2,304,243. This facility has no expiry date but is subject to annual review by Westpac. Working capital excluding this amount is $809,820.

The Group has undrawn bank facilities of $3,502,579 and comfortably met all banking covenants during the period.

During the half year, the Group generated operating cashflows of $1,356,867. After excluding Analytica earn-out payments which are now complete, cashflows provided by operations were $3,940,959.

The Group has sufficient cash reserves and finance facilities in place. The Group expects to apply excess cashflows over the remainder to FY2020 to reduce drawn debt balances.

Financial Performance

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

	6 months ended 31 December 2019 (Pre AASB 16) $	6 months ended 31 December 2018 (Pre AASB 16) $	6 months ended 31 December 2019 (Post AASB 16)
Underlying EBITDA [1]	2,600,090	1,264,160	3,080,396
Operating depreciation and amortisation	(1,074,530)	(1,494,221)	(1,496,269)
Net interest expense	(132,161)	(74,369)	(190,728)
Operating tax	(337,024)	165,623	(337,024)
Underlying profit/(loss) after tax [2]	**1,056,375**	**(138,807)**	**1,056,375**
Non-operating adjustments			
Acquisition and joint venture establishment expenses	-	(22,113)	-
Expired management performance shares	(20,718)	(31,178)	(20,718)
Equity accounted share of loss	(268,359)	(9,536)	(268,359)
Amortisation of intangible assets arising from acquisitions	(1,488,066)	(2,082,145)	(1,488,066)
Earn-out expenses/adjustments	(2,157,570)	(2,534,238)	(2,157,570)
Non-operating tax	150,173	592,092	150,173
Statutory profit/(loss) after income tax	**(2,728,165)**	**(4,225,925)**	**(2,728,165)**

[1] During the period the Group transitioned to AASB 16 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. H1 FY2020 EBITDA has been shown above calculated under both AASB 16 and the previous AASB 17 in order to provide a comparison with H1 FY2019.

[2] 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-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/(loss) for the year increased by $1,195,182 compared with the prior period. The key reasons for the increase were:

- Higher earnings from the HAZMAT division, primarily due to:
  - strong asbestos consulting revenues in both New Zealand and Australia; and
  - large-scale asbestos and lead paint laboratory contract from a major utility provider
- Higher earnings from Analytica on the back of 25% revenue growth; and
- Decreased corporate overhead costs.

AFTER BALANCE DATE EVENTS

There have been no events since 31 December 2019 that impact upon the financial report.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 6 forms part of the Directors' Report.

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

Greg Kilmister
Chairman
Brisbane, 7 February 2020

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

As lead auditor for the review of HRL Holdings Limited for the half-year ended 31 December 2019, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 7 February 2020

STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2019

6 Months Ended	Note	31 December 2019 $	31 December 2018 $
HAZMAT service revenue		4,679,262	3,740,728
Geotechnical service revenue		3,561,629	4,045,105
Food and environmental laboratory revenue		7,557,219	6,051,483
Software service revenue		481,447	242,400
Interest revenue		8,089	24,129
Total Revenue		**16,287,646**	**14,103,845**
Costs and consumables relating to the provision of services		(2,372,538)	(2,608,225)
Employee expenses		(8,978,066)	(8,448,482)
Travel and business development expenses		(247,846)	(331,758)
Other expenses		(1,621,429)	(1,980,814)
Finance costs		(198,817)	(34,074)
Depreciation & amortisation – equipment, software and leased assets		(1,496,269)	(1,035,658)
Amortisation - acquisition intangible assets	4	(1,488,066)	(2,082,587)
Employee benefits expense on Analytica earn-out payment	7	(2,157,570)	(2,721,738)
Adjustment to OCTFOLIO earn-out payment	7	-	187,500
Acquisition and joint venture establishment expenses		-	(22,113)
Total Expenses		**(18,560,601)**	**(19,077,949)**
Equity accounted share of profit/(loss)		**(268,359)**	**(9,536)**
Profit/(loss) before income tax		**(2,541,314)**	**(4,983,640)**
Income tax benefit/(expense)		(186,851)	757,715
Profit/(loss) after income tax		**(2,728,165)**	**(4,225,925)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		135,438	864,419
Income tax		-	-
Other comprehensive income for the period, net of tax		135,438	864,419
Total comprehensive income		**(2,592,727)**	**(3,361,506)**
Earnings/(Loss) per share		**Cents**	**Cents**
Basic and diluted earnings/(loss) per share		(0.55)	(0.86)

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

BALANCE SHEET

Consolidated Balance Sheet
As at 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		1,256,423	1,031,193
Trade and other receivables		3,836,071	4,992,317
Inventories		762,687	690,159
Other current assets		426,419	32,533
TOTAL CURRENT ASSETS		6,281,600	6,746,202
NON-CURRENT ASSETS			
Trade and other receivables		301,555	305,923
Equity accounted investments		618,409	665,446
Plant and equipment	3	5,619,054	7,471,822
Intangible assets	4	2,832,914	4,287,177
Goodwill	5	16,824,552	16,774,730
Right-of-use assets	6	2,526,892	-
Deferred tax assets		1,708,226	1,652,983
TOTAL NON-CURRENT ASSETS		30,431,602	31,158,081
TOTAL ASSETS		36,713,202	37,904,283
CURRENT LIABILITIES			
Trade and other payables		2,078,743	1,918,323
Current tax liabilities		330,423	318,265
Short-term provisions	7	1,232,646	1,356,576
Lease liabilities	6	1,283,056	-
Borrowings	8	2,851,155	3,038,686
TOTAL CURRENT LIABILITIES		7,776,023	6,631,850
NON-CURRENT LIABILITIES			
Long-term provisions	7	8,498	32,405
Lease liabilities	6	1,381,928	-
Borrowings	8	711,624	1,559,510
Deferred tax liabilities		536,382	872,457
TOTAL NON-CURRENT LIABILITIES		2,638,432	2,464,372
TOTAL LIABILITIES		10,414,455	9,096,222
NET ASSETS		**26,298,747**	**28,808,061**
EQUITY			
Contributed capital	9	38,162,084	38,162,084
Reserves		347,941	214,560
Accumulated losses		(12,211,278)	(9,568,583)
TOTAL EQUITY		**26,298,747**	**28,808,061**

The Consolidated 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 half-year ended 31 December 2019

	Contributed Capital $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2018	38,162,084	(2,742,997)	(190,576)	35,228,511
Transactions with owners in their capacity as owners				
Share based payments	-	-	31,178	31,178
Total	-	-	31,178	31,178
Comprehensive income				
Loss after income tax	-	(4,225,925)	-	(4,225,925)
Foreign currency translation differences for foreign operations	-	-	864,419	864,419
Total comprehensive income	-	(4,225,925)	864,419	(3,361,506)
Balance at 31 December 2018	**38,162,084**	**(6,968,922)**	**705,021**	**31,898,183**
Balance at 1 July 2019	38,162,084	(9,568,583)	214,560	28,808,061
Transactions with owners in their capacity as owners				
Share based payments	-		83,413	83,413
Transfer of expired options		85,470	(85,470)	-
Total	-	85,470	(2,057)	83,413
Comprehensive income				
Loss after income tax	-	(2,728,165)	-	(2,728,165)
Foreign currency translation differences for foreign operations	-	-	135,438	135,438
Total comprehensive income	-	(2,728,165)	135,438	(2,592,727)
Balance at 31 December 2019	**38,162,084**	**(12,211,278)**	**347,941**	**26,298,747**

The Consolidated 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 half-year ended 31 December 2019

6 Months Ended	Note	31 December 2019 $	31 December 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		19,217,249	16,131,946
Payments to suppliers and employees		(14,574,923)	(15,290,888)
Interest received		2,549	18,859
Income tax paid		(505,099)	(884,368)
Acquisition and joint venture establishment expenses		-	(22,113)
Analytica earn out payments		(2,584,092)	-
Finance costs		(198,817)	(34,074)
Net cash provided by/(used in) operating activities		1,356,867	(80,638)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		(353,060)	(696,845)
Proceeds from sale of plant & equipment		-	35,281
Security bond refunds/(payments)		-	(2,193)
Payments for intangibles - software		(147,729)	(76,977)
Investment in Food Lab Pacific Limited		(135,192)	-
Net cash used in investing activities		(635,981)	(740,734)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,465,731	-
Repayment of borrowings		(2,176,450)	-
Lease principal payments		(790,059)	(494,809)
Net cash provided by financing activities		(500,778)	(494,809)
Net increase/(decrease) in cash and cash equivalents held		220,108	(1,316,181)
Net foreign exchange differences		5,122	134,439
Cash and cash equivalents at the beginning of the financial period		1,031,193	5,392,742
Cash and cash equivalents at the end of the financial period		**1,256,423**	**4,211,000**

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

HRL Holdings Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2019 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

Basis of preparation

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2019 and any public announcements made by the company during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This consolidated interim financial report was approved by the Board of Directors on 7 February 2020.

Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2019 except for the adoption of new and amended standards as set out below.

New and revised standards

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standard:

- AASB 16 *Leases*

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

AASB 16 Leases

This standard and its consequential amendments were applied from 1 July 2019, replacing the 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 most leases, a right-of-use asset and a lease liability will be recognised, with the right-of-use asset being depreciated and the lease liability being unwound in principal and interest components over the life of the lease.

The Consolidated Entity transitioned to AASB 16 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 adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application, using the entity's incremental borrowing rate at the date of initial application. Comparative figures are not restated.

For leases previously classified as finance leases the entity recognised the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. There was no re-measurement adjustments for these leases immediately after the date of initial application.

Initial measurement of lease liabilities:

Operating lease commitments disclosed as at 30 June 2019	1,246,348
Additional future lease payments for expected extension options	485,236
	1,731,584
Discounted using the entity's incremental borrowing rate	1,593,116
Add: finance lease liabilities recognised as at 30 June 2019	1,735,188
Lease liability recognised as at 1 July 2019	**3,328,304**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adjustments recognised in the balance sheet on 1 July 2019:

Plant and equipment decreased by	1,433,215
Right-of-use assets increased by	3,026,331
Borrowings decreased by	1,735,188
Lease liabilities increased by	3,328,304

There was no impact on accumulated losses upon adoption of AASB 16.

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The use of hindsight in determining the lease term where the contract contains options to extend of terminate the lease;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; and
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

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.

Fair Values

The fair values of Consolidated Entity's financial assets and financial liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Funding and Liquidity

As at 31 December 2019, the Group had net current liabilities of $1,494,423. Included in current liabilities is an interest only bank loan drawn to $2,304,243. This facility has no expiry date but is subject to annual review by Westpac. Working capital excluding this amount is $809,820.

The Group has undrawn bank facilities of $3,502,579 and comfortably met all banking covenants during the period.

During the half year, the Group generated operating cashflows of $1,356,867. After excluding Analytica earn-out payments which are now complete, cashflows provided by operations were $3,940,959.

The Group has sufficient cash reserves and finance facilities in place. The Group expects to apply excess cashflows over the remainder to FY2020 to reduce drawn debt balances.

NOTE 2 SEGMENT REPORTING

Reportable Segments

For the year ended 31 December 2019 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 - 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;
  - asbestos laboratory analysis;
  - 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.

Unallocated amounts reflect corporate costs incurred by the HRL Holdings Limited 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.

NOTE 2 SEGMENT REPORTING (CONT'D)

Segment Revenues and Results

Half Year Ended 31 December 2019	HAZMAT	Geotechnical	Food/Environment Laboratory	Software	Unallocated	Consolidated
	$	$	$	$	$	$
Revenue:						
Services revenue	4,723,118	3,561,629	7,557,219	437,591	-	16,279,557
Interest revenue	-	-	-	-	8,089	8,089
Share of equity accounted profit/(loss)	-	-	(268,359)	-	-	(268,359)
Expenses:						
Interest expense	(17,780)	(13,341)	(8,330)	-	(159,366)	(198,817)
Other operating expenses	(3,651,891)	(3,570,925)	(6,415,414)	(234,643)	(843,275)	(14,716,147)
Segment result before acquisition related expenses	1,053,447	(22,637)	865,116	202,948	(994,552)	1,104,322
Acquisition Related Expenses:						
Earn-out (expense)/adjustments	-	-	(2,157,570)	-	-	(2,157,570)
Amortisation on acquisition intangibles	-	(294,667)	(912,339)	(281,060)	-	(1,488,066)
Segment result	1,053,447	(317,304)	(2,204,793)	(78,112)	(994,552)	(2,541,314)
Income tax expense						(186,851)
Net profit/(loss)	**1,053,447**	**(317,304)**	**(2,204,793)**	**(78,112)**	**(994,552)**	**(2,728,165)**
Non-cash and other significant items:						
Depreciation and amortisation	348,345	486,627	1,822,967	318,423	7,973	2,984,335
Impairment receivables	6,310	3,302	7,635	-	-	17,247
Share based payments	4,631	2,455	11,489	1,118	63,720	83,413
Earn-out expense	-	-	2,157,570	-	-	2,157,570
Assets:						
Segment assets	5,574,788	4,341,404	23,066,286	1,843,445	1,887,279	36,713,202
Liabilities:						
Segment liabilities	2,594,340	1,495,653	1,629,733	71,500	4,623,229	10,414,455

NOTE 2 SEGMENT REPORTING (CONT'D)

Half Year Ended 31 December 2018	HAZMAT	Geotechnical	Food/Environment Laboratory	Software	Unallocated	Consolidated
	$	$	$	$	$	$
Revenue:						
Services revenue	3,740,728	4,045,105	6,051,483	242,400	-	14,079,716
Interest revenue	-	-	-	-	24,129	24,129
Share of equity accounted profit/(loss)	-	-	(9,536)	-	-	(9,536)
Expenses:						
Interest expense	-	-	-	-	(34,074)	(34,074)
Other operating expenses	(4,034,613)	(4,049,413)	(5,170,891)	(170,573)	(979,447)	(14,404,937)
Segment result before acquisition related expenses	(293,885)	(4,308)	871,056	71,827	(989,392)	(344,702)
Acquisition Related Expenses:						
Joint venture establishment expenses	-	-	(22,113)	-	-	(22,113)
Earn-out (expense)/adjustments	-	-	(2,721,738)	187,500	-	(2,534,238)
Amortisation on acquisition intangibles	(76,648)	(511,666)	(892,758)	(601,515)	-	(2,082,587)
Segment result	(370,533)	(515,974)	(2,765,553)	(342,188)	(989,392)	(4,983,638)
Income tax expense						757,715
Net profit/(loss)	**(370,533)**	**(515,974)**	**(2,765,553)**	**(342,188)**	**(989,392)**	**(4,225,925)**
Non-cash and other significant items:						
Depreciation and amortisation	286,653	612,403	1,568,373	615,006	5,810	3,088,245
Impairment receivables	27,868	6	3,869	-	-	31,743
Share based payments – expired performance rights	-	-	-	-	31,178	31,178
Joint venture establishment expenses	-	-	22,113	-	-	22,113
Earn-out expenses/(adjustments)	-	-	2,721,738	(187,500)	-	2,534,238
Assets at 30 June 2019:						
Segment assets	5,539,615	4,822,908	23,800,462	1,965,649	1,775,649	37,904,283
Liabilities at 30 June 2019:						
Segment liabilities	2,392,239	1,242,092	1,129,497	124,790	4,207,604	9,096,222

NOTE 3 PLANT AND EQUIPMENT

	31 December 2019 $	30 June 2019 $
Leasehold improvements at cost	465,685	430,961
Accumulated depreciation	(158,265)	(117,844)
	307,420	313,117
Motor vehicles at cost	366,501	1,884,407
Accumulated depreciation	(214,061)	(591,690)
	122,440	1,292,717
Office furniture and equipment at cost	837,682	758,893
Accumulated depreciation	(485,912)	(405,299)
	351,770	353,594
Lab and field equipment at cost	7,935,568	7,990,102
Accumulated depreciation	(3,098,144)	(2,477,708)
	4,837,424	5,512,394
Total plant and equipment at cost	9,575,436	11,064,363
Total accumulated depreciation	(3,956,382)	(3,592,541)
Total plant and equipment	**5,619,054**	**7,471,822**

Movements during the period

	Leasehold Improvements	Motor Vehicles	Office Furniture and Equipment	Lab and field Equipment	Total
Balance at 1 July 2019	313,117	1,292,717	353,594	5,512,394	7,471,822
Transfers to leased assets	(32,422)	(1,145,267)	-	(255,526)	(1,433,215)
Additions	75,887	-	74,930	202,243	353,060
Foreign exchange movements	1,315	830	663	17,872	20,680
Depreciation	(50,477)	(25,840)	(77,417)	(639,559)	(793,293)
Balance at 31 December 2019	**307,420**	**122,440**	**351,770**	**4,837,424**	**5,619,054**

NOTE 4 INTANGIBLE ASSETS

	31 December 2019 $	30 June 2019 $
Customer contracts at cost	2, 484, 066	3,639,333
Accumulated amortisation	(1,294,966)	(2,020,642)
	1,189,100	1,618,691
Licences and accreditations at cost	3,351,718	4,879,491
Accumulated amortisation	(2,206,844)	(2,959,086)
	1,144,874	1,920,405
Software at cost	1,272,929	2,110,927
Accumulated amortisation	(784,234)	(1,403,627)
	488,695	707,300
Other intangibles at cost	60,192	120,502
Accumulated amortisation	(49,947)	(79,721)
	10,245	40,781
Total intangible assets	**2,832,914**	**4,287,177**

Movements during the period

	Customer Contracts	Licences and Accreditations	Software	Other Intangibles	Total
Balance at 1 July 2019	1,618,691	1,920,405	707,300	40,781	4,287,177
Additions	-	-	147,729	-	147,729
Foreign exchange movements	(6,498)	(13,492)	1,007	(329)	(19,312)
Amortisation	(423,093)	(762,039)	(367,341)	(30,207)	(1,582,680)
Balance at 31 December 2019	**1,189,100**	**1,144,874**	**488,695**	**10,245**	**2,832,914**

NOTE 5 GOODWILL

	31 December 2019 $	30 June 2019 $
Movements during the period		
Opening balance	16,774,730	16,884,462
Goodwill arising on acquisition of Analytica	-	-
Impairment of AAC Environmental goodwill	-	(661,357)
Foreign exchange movements	49,822	551,625
	16,824,552	**16,774,730**

NOTE 6 LEASES

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease Liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases that relate to building premises, the entity's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, making adjustments specific to the lease (e.g. term, country, currency and security).

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Low Value Assets

Payments associated with leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Low value assets comprise small items of office equipment.

NOTE 6 LEASES (continued)

Extension Options

Extension options are included in a number of building premises leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. When exercising lease extensions of building premises, the Group considers the following factors:

- any termination and make-good penalties;
- value of leasehold improvements;
- cost of disruption to the business to relocate; and
- availability and cost other suitable properties.

Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Most extension options on building premises leases have been included in the lease liability. As at 31 December 2019, potential future cash outflows of $1,902,998 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of AASB 16 on 1 July 2019, refer to Note 1.

	31 December 2019 $	30 June 2019 $
Amounts recognised in the Balance Sheet		
Right-use-assets		
Leased buildings – right-of-use	1,280,301	-
Leasehold improvements	28,802	-
Motor vehicles	982,329	-
Lab and field equipment	235,460	-
	2,526,892	**-**

Additions to the right of use assets during the period was $Nil.

	31 December 2019 $	30 June 2019 $
Lease liabilities		
CURRENT		
Leases for equipment – bank financed	709,167	-
Leases for building premises	573,889	-
	1,283,056	**-**
NON-CURRENT		
Leases for equipment – bank financed	648,702	-
Leases for building premises	733,226	-
	1,381,928	**-**

NOTE 6 LEASES (continued)

Amounts recognised in the Statement of Comprehensive Income

	31 December 2019 $	31 December 2018 $
Depreciation and amortisation		
Buildings premises	421,739	-
Leasehold improvements	3,619	-
Motor vehicles	162,938	-
Lab and field equipment	20,066	-
	608,362	-
Interest expense on leases (included in finance costs)		
Buildings premises	58,567	-
Equipment leases – bank financed	32,060	-
	90,627	-

Amounts recognised in the Statement of Cash Flows

	31 December 2019 $	31 December 2018 $
Lease principal repayments - buildings premises	412,740	-
Lease principal repayments - equipment leases	377,319	-
Interest payments - buildings premises	58,567	-
Interest payments - equipment leases	32,060	-
	880,686	-

NOTE 7 PROVISIONS

	31 December 2019 $	30 June 2019 $
CURRENT		
Employee benefits	1,232,646	918,483
Analytica earn-out	-	438,093
	1,232,646	**1,356,576**
NON-CURRENT		
Employee benefits	**8,498**	**32,405**

NOTE 7 PROVISIONS (continued)

Analytica Earn-out Provision

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

As part of the purchase consideration the vendors had the opportunity to earn 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 the following 12 months.

The earn-out was achieved in full. Half of the earn-out consideration was paid in February 2019. The remaining half of the earn-out consideration was paid in 10 equal monthly instalments thereafter.

As the earn-out consideration was 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.

Earn-out provision movements during the period

	31 December 2019 $	30 June 2019 $
Opening balance	438,093	3,130,115
OCTFOLIO earn-out recognition/(adjustment)	-	(187,500)
Analytica earn-out expense recognised	2,157,570	5,257,121
Analytica earn-out payments made	(2,584,092)	(7,885,682)
Foreign exchange movements	(11,571)	124,039
	-	**438,093**

NOTE 8 BORROWINGS

	31 December 2019 $	30 June 2019 $
CURRENT		
Finance leases - equipment	-	759,011
Insurance financing	173,503	-
Bank loans	2,677,652	2,279,675
	2,851,155	**3,038,686**
NON-CURRENT		
Finance leases - equipment	-	976,177
Bank loans	711,624	583,333
	711,624	**1,559,510**

NOTE 8 BORROWINGS (continued)

Financing Facilities

The Group has access to the following lines of credit:

	31 December 2019 $	30 June 2019 $
Total facilities available		
Leases - equipment financing	3,542,953	2,565,657
Insurance financing	173,503	-
Bank loans	4,706,771	3,951,267
	8,423,227	**6,516,924**
Facilities used at balance date		
Leases - equipment financing	1,357,869	1,735,188
Insurance financing	173,503	-
Bank loans	3,389,276	2,863,009
	4,920,648	**4,598,197**
Unused facilities at balance date		
Leases - equipment financing	2,185,084	830,469
Insurance financing	-	-
Bank loans	1,317,495	1,088,258
	3,502,579	**1,918,727**

Covenants

The bank loans are subject to the below covenants:

Debt Service Cover Ratio greater than 1.5

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 6 months on a 12-month rolling result.

Debt to EBITDA ratio of less than 200%

Gearing ratio means: Total financial debt divided by operating EBITDA. This ratio will be assessed every 6 months on a 12-month rolling result.

Provision of bi-annual compliance certificates

HRL must provide within 3.5 months of 30 June and 31 December 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.

Defaults and breaches

During the period there were no defaults or breaches on any of the loans.

NOTE 9 CONTRIBUTED CAPITAL

Share Capital

	31 December 2019 $	30 June 2019 $
493,402,627 fully paid ordinary shares (June 2019: 493,402,627)	38,162,084	38,162,084

NOTE 10 SHARE BASED PAYMENTS

Performance Shares (Long Term Incentive Plan)

The Company has granted performance shares to senior management under a long term incentivise plan. Each equity-settled performance right which vests and is exercised converts to an ordinary share in the Company at nil exercise price; the amount payable per each vested cash-settled performance right is the VWAP of the Company's shares over the 20 trading days following the release of the Group's full year results for the final year of the performance period. The performance shares are not quoted on the ASX. Performance shares granted carry no dividend or voting rights.

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

				Movements				
Expiry Date	Tranche	Vesting Condition	Performance period [1]	1 July 2019	Issued	Exercised	Expired / Forfeited	31 Dec 2019
30 June 2022	A	EPS	3 years	-	1,220,240	-	-	1,220,240
30 June 2022	A	EBITDA	3 years	-	1,220,240	-	-	1,220,240
30 June 2022	A	TSR	3 years	-	1,220,240	-	-	1,220,240
30 June 2022	A	ROCE	3 years	-	1,220,240	-	-	1,220,240
30 June 2021	B	Budget	2 years	-	294,669	-	-	294,669
30 June 2021	B	EBITDA	2 years	-	294,669	-	-	294,669
30 June 2021	B	TSR	2 years	-	294,669	-	-	294,669
30 June 2021	B	ROCE	2 years	-	294,669	-	-	294,669
30 June 2020	C	Budget	1 year	-	147,335	-	-	147,335
30 June 2020	C	EBITDA	1 year	-	147,335	-	-	147,335
30 June 2020	C	TSR	1 year	-	147,335	-	-	147,335
30 June 2020	C	ROCE	1 year	-	147,335	-	-	147,335
				-	6,648,976	-	-	6,648,976

[1] Represents the relevant period of time to which the both the performance vesting condition is measured and the period of time the recipient must remain employed with the Group.

NOTE 10 SHARE BASED PAYMENTS (continued)

Performance Vesting Conditions

Earnings per Share (EPS) Measure

EPS MEASUREMENT TABLE	
Compound annual diluted EPS growth	***Proportion of Performance Rights that may be exercised if the EPS Performance Hurdle is met***
Less than 10%	Nil
10% or higher	25% of the total applicable tranche

The compound growth in EPS will be measured by comparing fully diluted EPS for the financial year ending 30 June 2022 with fully diluted EPS for the financial year ended 30 June 2018 (FY2019 has not been used as a base because of abnormally poor performance) which is the base year for these EPS calculations.

EBITDA Measure

EBITDA MEASUREMENT TABLE	
EBITDA margin of HRL relative to EBITDA margin of comparator peer companies	***Proportion of performance rights that may be exercised if EBITDA hurdle is met***
Less than average EBITDA margin of comparator peer companies	Nil
More than average EBITDA margin of comparator peer companies	25% of the total applicable tranche
Comparator companies	Bureau Veritas (France), Core Laboratories (USA), Eurofins (France & Germany), Intertek (UK), SGS (Switzerland), ALS (Australia), Exova (UK)

Based on HRL EBITDA margin over the performance period, the EBITDA Hurdle Rights will vest in accordance with the above table. The EBITDA margin measurement is contingent upon performance of the Company against a group of comparator peer companies.

Total Shareholder Return (TSR) Measure

TSR MEASUREMENT TABLE	
TSR relative to TSRs of companies in the ASX Small Ordinaries Index over the performance period	***Proportion of Performance Rights that may be exercised if the TSR Performance Hurdle is met***
Below the total TSR for ASX Small Ordinaries over the Performance Period	Nil
Above the TSR for ASX Small Ordinaries over the Performance Period	25% of the total applicable tranche

TSR measures the growth in the price of shares plus dividends notionally reinvested in shares.

NOTE 10 SHARE BASED PAYMENTS (continued)

Return on Capital Employed (ROCE) Measure

ROCE MEASUREMENT TABLE	
ROCE Performance (3 year average)	***Proportion of performance rights that may be exercised if ROCE hurdle is met***
ROCE of less than WACC + 2%	Nil
ROCE of between WACC + 2% and +7%	Straight line vesting of between 0% and 25% of the total applicable tranche
ROCE exceeds WACC + 7%	25% of the total applicable tranche

ROCE hurdles are set at 2% and 7% above the June 2019 WACC with straight line vesting in between the lower and upper hurdles below.

ROCE is calculated as Underlying Earnings before Interest and Tax (EBIT) over the performance period divided by Capital Employed expressed as a percentage.

*Capital Employed = Total Shareholders' Equity + Net Debt (the sum of the simple averages of the balances at the beginning and end of each year during the performance period *)*

*If material funding transactions (for example, significant additional borrowings, equity issuances or asset impairments) occur such that the simple average for any year during the performance period is not representative of capital actually employed, the average capital employed for the year may be adjusted for the effect of these transactions.

Budgeted EBITDA (Budget) Measure

BUDGET EBITDA MEASUREMENT TABLE	
HRL EBITDA vs BUDGET	***Proportion of performance rights that may be exercised if hurdle is met***
EBITDA is less than budget by 5%	Nil
EBITDA vs budget is between -5% and +10%	Straight line vesting of between 0% and 25% of the total applicable tranche
EBITDA is greater than budget by 10%	25% of the total applicable tranche

NOTE 10 SHARE BASED PAYMENTS (continued)

Options

During FY2017, 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 2019**	**Issued**	**Exercised**	**Expired**	**31 December 2019**
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)	-

NOTE 11 CONTINGENT LIABILITIES

There has been no change to contingent assets and contingent liabilities disclosed in the 30 June 2019 financial report.

NOTE 12 EVENTS AFTER BALANCE DATE

There have been no events since 31 December 2019 that impact upon the financial report.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the attached consolidated financial statements and notes are in accordance with the Corporations Act 2001 and:

   (i) comply with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; 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.

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

Greg Kilmister
Chairman
Brisbane, 7 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HRL Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of HRL Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

T Mann

T R Mann
Director

Brisbane, 7 February 2020

HRL HOLDINGS LIMITED CORPORATE INFORMATION

DIRECTORS
Greg Kilmister (Non-executive Chairman)
Steve Howse (Executive Director)
Darren Anderson (Non-executive Director)
James Todd (Non-executive Director)
Tracy Dare (Non-executive Director)

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