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ASX Announcement

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Precise Consulting Acquires Property Contamination Testing and Work Place Drug Testing Business.

HRL Holdings Limited (ASX: HRL) (**HRL** or the **Company**) is pleased to announce that its wholly owned New Zealand subsidiary Precise Consulting and Laboratory Limited (**Precise**) has now completed the purchase of the RJL & Associates Limited (**RJL**) business.

Precise is expanding its services to include property contamination testing and work place drug testing and the acquisition of the RJL business represents a strategic milestone in accelerating this expansion. RJL are located in the Palmerston North region of the North Island. The RJL team are well respected in their discipline and Precise is very pleased that all existing RJL staff have accepted ongoing employment with Precise.

Existing Precise and RJL staff will be cross-trained in the new disciplines as soon as possible. The expanded Precise team will have the ability to fast track expansion of its property contamination testing and work place drug testing services, both through new geographic coverage and increasing volumes in existing regions.

Property Contamination Testing

Clandestine Methamphetamine Laboratories or “Clan Meth Labs” are a growing problem in New Zealand. Methamphetamine can contaminate a variety of surfaces, furnishings, insulation and drainage systems. Contaminants pose significant health hazards to people and animals exposed to them.

Recently introduced legislation in New Zealand places an obligation on landlords to provide a property to a tenant in a reasonable state of cleanliness. If landlords rent out a property that is contaminated by Meth, they are breaching their obligations under the Residential Tenancies Act 1986, as well as other legislation such as the Building Act and the Health Act. This legislation has created substantial demand for pre-tenancy testing for Meth. Depending on initial indications of contamination, more rigorous follow up testing and/or remediation procedures may be required.

Precise will offer a range of Property Contamination Testing services including:

- Screen testing of properties for Meth contamination
- IANZ accredited laboratory analysis
- Review by independent (BSc) scientific consultant
- Pre and post remediation examinations and advice on health risks
- Reports to Landlords, Councils and Insurance companies
- Other services include testing for precursors, volatile organic compounds, soil testing, heavy metals, and mould.



Target clients of Precise will include public housing institutions, insurance companies and private landlords. RJL has existing relationships across this customer base which Precise will leverage off.

Precise anticipates that property contamination testing will be a important contributor to the group's turnover going forward.

Work Place Drug Testing

Similar to Australia, New Zealand employers have a responsibility under the Health and Safety regulations to take all practicable steps to make the workplace safe for employees and people in and around the workplace. An employee impaired by alcohol or drugs is defined as a hazard.

Precise will offer employers urine and oral testing solutions. Precise's growing geographic footprint will allow services to be provided across New Zealand – a key factor for employers with a nationwide presence.

As part of the business asset purchase, Precise has acquired mobile testing vehicles which have been specially equipped to allow work place drug testing to occur wherever an employer requires it.

HRL Group – Strategy

The expansion of services supports HRL strategic plan to expand the geographical and service presence within the Asia Pacific region. HRL currently operates 5 accredited laboratories and consultancy offices located in Brisbane, Darwin, Canberra, Christchurch and Wellington, of which four have been added in the past 12 months.

The addition of a new branch in Palmerston North gives HRL further geographic coverage across the North Island and HRL is actively investigating opportunities to develop laboratory infrastructure in other regions.

The group is able to “load balance” laboratory and field consulting services between branch locations and remains able to quickly mobilise resources to meet any individual project requirements.





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