



HRL Holdings Limited

Level 8 Waterfront Place, 1 Eagle Street
Brisbane Queensland 4000, Australia

GPO Box 216
Brisbane Queensland 4001, Australia

Tel +61 7 3105 5960

Email admin@hrlholdings.com

31 July 2015

ASX Announcement

Appendix 4C – Quarterly Report for Entities Admitted on the Basis of Commitments

Please find attached HRL Holdings Limited's (ASX:HRL) Appendix 4C for the quarter ending June 2015.

Quarter Highlights

Acquisition of Precise Consulting and Laboratory Limited

On 1 April 2015, HRL acquired Precise Consulting and Laboratory Limited (Precise Consulting). Operating out of Christchurch, New Zealand, Precise Consulting offers a number of services similar to those provided by OCTIEF, to assist companies with the identification and remediation of risks posed to health and safety of both humans and the environment.

Precise Consulting provide a range of services and analysis including:

- contaminated land analysis;
- soil sampling;
- dust monitoring;
- mould analysis;
- air quality monitoring; and
- asbestos auditing and building contamination assessment.

These studies are carried out in laboratories accredited by IANZ, which is part of the Testing Laboratory Registration Council and New Zealand's premier accreditation body.

Precise Consulting also offers a number of specialised environmental services, including the identification, monitoring and testing of asbestos materials and other occupational hygiene issues.

New Facilities

During April, Precise Consulting secured new premises in Christchurch to facilitate further growth and expanded into the Wellington region. Wellington and the surrounding regions are home to a large number of commercial and government organisations. Precise Consulting has already been offered work by a number of these organisations and operations are beginning to ramp up quickly.

Chorus Contract

During April OCTIEF Limited (NZ), was awarded a significant contract by Chorus New Zealand Limited (Chorus) to carry out HAZMAT surveys across its extensive property portfolio throughout all of New Zealand.

Chorus is New Zealand's largest fixed line communications infrastructure company owning, operating and maintaining an open access network predominantly made up of local telephone exchanges, cabinets and copper and fibre cables, supplying about 90% of all fixed network connections to retail service providers.

OCTIEF Limited (NZ) will conduct surveys on over 800 assets across both the North and South Islands of New Zealand. The contract is expected to be completed by the end of calendar year 2015 under the original scope of works. A test program was completed in May and the full program began in June.



Fourth Quarter Trading Update

Queensland

Australian operations saw some modest improvement during the quarter. A significant portion of OCTIEF's revenue has been traditionally derived from asbestos auditing of Queensland public sector assets, with the bulk of this work occurring in the second half of the year. The well documented delays in establishing a new Queensland Government had the negative flow on effect of placing this remediation work on hold. To date we are yet to see the Government Departments return to the normal level of workflow, however there are signs of growth returning and the Company remains cautiously optimistic that workflow will increase towards the back end of 2015 as the Government Departments attempt to catch up for lost time.

Northern Territory

Since opening the new laboratory in Darwin, OCTIEF has secured a steady stream of workflow. The bulk of contracts have come from the NT Department of Infrastructure but more and more new opportunities are arising from other sources. OCTIEF have been shortlisted on two substantial tenders which should be awarded within Q1 of FY2016. Whilst the Darwin operation will always remain smaller than the Brisbane laboratory, it is expected to remain a profitable branch of the Group and provides geographical coverage not only around the Darwin area, but also across the more remote centres of the Northern Territory.

New Zealand

Recognising the slowdown in the Queensland and wider Australian market, HRL focussed on moving into the high growth New Zealand market as quickly as possible. Octief Limited (OCTIEF NZ) commenced operations in New Zealand for the first time during November, performing asbestos audits for the University of Canterbury.

Following on its initial successful project with the University of Canterbury, OCTIEF NZ was awarded a significant contract by Chorus New Zealand Limited to carry out HAZMAT surveys across its extensive property portfolio throughout all of New Zealand. The project commenced in May and is expected to continue through until at least the end of 2015.

Precise Consulting has been the outstanding performer for the HRL Group. Taking full advantage of the rebuild activities in the Christchurch region, Precise Consulting has greatly increased both revenue and profitability over the last 12 months. Precise Consulting positioned itself for future growth during the quarter by upgrading its facilities in Christchurch and establishing a new laboratory in the Wellington region for the first time. HRL continues to evaluate further geographical expansion opportunities in New Zealand.

Fourth Quarter Cashflows

During the quarter, HRL had \$71K in net cash outflows from operating activities. This result was significantly less than the actual operating profit result for the quarter as cash flows were impacted by various timing issues on debtors and creditors and several large annual payments such as group insurances.

HRL invested \$83K in new assets during the period, primarily relating to the equipping of the facilities in Wellington and Christchurch.

HRL paid \$396K in capital raising costs during the quarter which relate to the \$5M capital raise completed late in quarter 3.

The Group had \$859K in cash at the end of the quarter and \$3.5M in undrawn loan facilities.



For further information contact:

Investor and media:

Mr Darren Anderson
Executive Director
Ph: +61 417 791 903
darren.anderson@hrlholdings.com

Mr Steven Dabelstein
CEO
Ph: +61 405 770 166
steven.dabelstein@hrlholdings.com

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

HRL Holdings Limited

ABN

99 120 896 371

Quarter ended ("current quarter")

June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	2,105	5,223
1.2 Payments for (a) staff costs	(1,140)	(2,817)
(b) advertising & marketing	(3)	(63)
(c) research & development	-	-
(d) leased assets	(101)	(275)
(e) other working capital	(931)	(2,506)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	23
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(71)	(417)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(71)	(427)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	(4,895)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(83)	(138)
(e) other non-current assets	(30)	(30)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other – Net cash on acquisition of HRL ¹	-	1,731
- Cash on acquisition of Precise	200	200
Net investing cash flows	87	(3,105)
1.14 Total operating and investing cash flows	16	(3,532)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	5,085
1.16 Share issue costs	(396)	(650)
1.17 Proceeds from borrowings	106	115
1.18 Repayment of borrowings	(2)	(13)
1.19 Precise pre-acquisition dividends to vendors	(119)	(119)
1.20 Other (provide details if material)		
Net financing cash flows	(411)	4,418
Net increase (decrease) in cash held	(395)	886
1.21 Cash at beginning of quarter/year to date	1,303	8
1.22 Exchange rate adjustments to item 1.20	(49)	(35)
1.23 Cash at end of quarter	859	859

¹ On 15 September HRL Holdings (HRL) shareholders approved the acquisition of OCTIEF Pty Ltd. The acquisition resulted in OCTIEF Pty Ltd shareholders holding a controlling interest in HRL after the transaction.

The consolidated statement of cash flows of the Combined Entity represents a continuation of the financial statements of OCTIEF Pty Ltd, based the principles and guidance on reverse acquisitions as set out in AASB 3.

Cash at the beginning of the year represents the cash reserves of OCTIEF Pty Ltd at that time. Net inflow of cash arising from acquisition represents the recognition of HRL cash balances on the acquisition date 15 September 2014. This amount is inclusive of the proceeds received by HRL from the rights issue in September.

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	434
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Executive and Non-Executive Directors remuneration and fees (\$132K)

Lead Underwriting fee paid to a Director related entity (\$250K) – an entity associated with Mr Kevin Maloney acted as Lead Underwriter for the \$5 million capital raising completed in late March 2015. The Lead Underwriter then arranged for non-related parties to sub-underwrite part of the capital raising and will have settled these sub-underwriting fees directly with the sub-underwriters.

Rental payments to a Director related entity (\$25K) in relation to premises rented by OCTIEF Pty Ltd and Software consulting payments to a Director related entity (\$28K). These fees are contracted under normal terms and conditions.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	3,500	-
3.2	Credit standby arrangements	250	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	579	1,023
4.2 Deposits at call	280	280
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	879	1,303

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Precise Consulting and Laboratory Limited	
5.2 Place of incorporation or registration	New Zealand	
5.3 Consideration for acquisition or disposal	\$4,895,721	
5.4 Total net assets	\$245,729	
5.5 Nature of business	Environmental and laboratory services	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does *give* a true and fair view of the matters disclosed.

Sign here:


 (Company secretary)

Date: 31 July 2015

Print name: Paul Marshall

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.