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ASX Announcement

Recent Developments in the New Zealand Market

HRL Holdings Limited (HRL) has been made aware of recent announcements made by the New Zealand Government and related media coverage in connection with the dairy industry and property contamination.

Dairy and Animal Health – increased testing opportunities

The New Zealand Government has recently announced that more than 150,000 cattle will be culled in an effort to eradicate 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.

Eradication will involve culling all cattle on all affected properties, disinfecting farms before restocking and ongoing intensive surveillance, including testing and tracing to continue to detect infected herds.

HRL in conjunction with its strategic alliance partner MilkTestNZ, have recently developed specialized high throughput testing programs for dairy cow diseases such as *Mycoplasma bovis* using DNA testing techniques. MilkTestNZ and HRL remain well positioned to take on additional testing volumes to provide our customers with ongoing comfort over herd welfare in a timely and cost-effective manner.

Property Contamination

On 29 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.

HRL currently provides property inspection services and laboratory testing at both the initial baseline inspection phase and if remediation is required at a subsequent clearance testing phase. The majority of HRL 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.

Since this latest report has been released HRL has been in contact with our testing clients – including other testing companies and large property landlords. Whilst at this early stage there is a fair degree of uncertainty, HRL expects to see an ongoing demand for baseline inspections, however there is likely to be a reduction in the number of properties requiring remediation and a corresponding decrease in the clearance testing.

For further information contact:

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