



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

Refer to Page 12 of the December 2015 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.

15. Status of Audit

The attached December 2015 Financial Statements have been reviewed.

15. Dispute or Qualifications if not yet audited

Not applicable.

16. Dispute or Qualifications if audited

Not applicable.

Paul Marshall

Paul Marshall
Company Secretary
1 February 2016



HRL HOLDINGS LIMITED

INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

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 at the end of, or during, the half-year ended 31 December 2015.

DIRECTORS

The following persons were directors of HRL Holdings Limited during the whole of the financial period 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
Mark Elliott	Non-Executive Director	Appointed 11 August 2006
John Taylor	Non-Executive Director	Appointed 25 November 2014
Frederick Kempson	Alternate Non-Executive Director	Appointed 15 September 2014

REVIEW OF OPERATIONS

Over the last 6 months HRL Holdings Limited has continued to grow the Company through:

- Geographic expansion in to the Canberra market space through new business acquisitions with the completion of the AAC purchase in September; and
- Expanded service offerings through additional HAZMAT field testing.

Below are the key highlights:

Acquisition of AAC Environmental Pty Ltd

On 30 September 2015, HRL completed the acquisition of AAC Environmental Pty Ltd (AAC). The AAC acquisition underpins HRL's strategic expansion into the attractive Australian Capital Territory (ACT) market.

AAC commenced operations in 2004 and has been providing environmental services, with a particular focus on asbestos, to the ACT and surrounding markets for many years. AAC is a NATA accredited asbestos laboratory.

The ACT is currently the asbestos hotspot for the Australian market. The well-publicised loose-fill asbestos insulation "Mr Fluffy" demolition program has now commenced. The ACT Government is buying Mr Fluffy homes from owners for the purpose of demolition and re-build.

Under the \$1bn program, every demolition must go through the following stages:

1. Asbestos removal under friable conditions with air monitoring;
2. Visual and air monitoring clearance post removal;
3. Demolition of home with air monitoring;
4. Visual and air monitoring clearance post demolition;
5. Soil testing.

AAC provide all of the above monitoring, testing and clearance services and are actively involved in the tendering process.

In addition to Mr Fluffy, AAC has identified a number of other significant opportunities in and around the ACT region.

AAC was subsequently renamed to OCTIEF ACT Pty Ltd during the period.

The acquisition of AAC supports HRL strategic plan to expand the geographical presence within the Asia Pacific region. HRL now operates 5 accredited laboratories located in:

- Brisbane;
- Darwin;
- Canberra;
- Christchurch; and
- Wellington.

DIRECTORS' REPORT

Four of these locations have been added in the past 15 months. The group is now 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.

Precise Consulting Earn Out

Precise Consulting exceeded an EBIT of \$1,900,000 NZD for the 12 months ended 31 December 2015, resulting in an earn-out of \$700,000 NZD in accordance with the acquisition terms.

One third of the earn-out consideration will be paid in early 2016. Payment of the remaining two thirds of the earn-out consideration will be paid in equal monthly instalments from January 2016 to March 2018.

Payment of the earn-out consideration is contingent on Mr Andre Halkyard's ongoing service with Precise Consulting. Mr Halkyard is to remain as General Manager of Precise Consulting for a minimum period of three years after acquisition. In the situation where Mr Halkyard's employment is terminated prior to the minimum three-year period, the earn-out consideration will be reduced proportionately to the length of time not employed.

Trading Update

New Zealand

Activity in New Zealand continues to be very strong, with New Zealand operations now accounting for approximately 65% of the group's revenue.

OCTIEF Limited (NZ) continued the survey works on the Chorus New Zealand Limited (Chorus) assets across both the North and South Islands of New Zealand. To date OCTIEF Limited (NZ) has surveyed 800 assets providing an excellent source of revenue. The contract is expected to be completed in March 2016 under the original scope of works. Indications are there will additional ongoing work with Chorus following this.

Precise Consulting continues its strong performance with revenues continuing to grow over the last 6 months. Precise has a very strong tender pipeline of opportunities with government agencies, councils, corporate and commercial clients.

HRL has been closely following the upcoming introduction of the New Zealand Asbestos Regulations to accompany the Health and Safety Reform Bill. The regulations are modelled around the Australian legislation and will drive a higher level of demand for Precise services throughout New Zealand as businesses need to ensure compliance in areas such as asbestos registers, management plans, IANZ accredited laboratory testing and air monitoring during asbestos removal activities.

HRL continues to evaluate further geographical and services expansion opportunities across New Zealand.

Australia

The integration of the Canberra office is now complete and the first 3 months of trading have been profitable. More importantly, key relationships have been established with the principal contractors charged with the Mr Fluffy demolition programs. The program is expected to ramp up significantly over the coming months and HRL is committed to provide all resources necessary to be the market leader in the Canberra region for asbestos and other hazardous material testing and analysis.

A significant portion of OCTIEF's revenue has traditionally been derived from asbestos auditing of Queensland public sector assets and the well documented issues of government inactivity have had an impact on OCTIEF. However, there are positive indications that public sector workflow will increase with both the Queensland and Federal Government beginning to announce new infrastructure projects and upgrades. This has been partially offset by a renewed focus in promoting OCTIEF environmental services to the civil contracting industry, and OCTIEF has expanded on its environmental engineering/scientific team. OCTIEF is currently tendering and negotiating major contracts across Australia. The business focus remains on HAZMAT compliance for major corporate clients and government agencies at all levels of government. Taking advantage of HRL's expanded geographical footprint, the group has deployed Queensland based staff to Canberra, Darwin and New Zealand to maximise staffing efficiencies.

The Darwin office experienced a strong first half of activity. A major soil remediation project saw significant laboratory revenue generated. This was complimented by substantial field monitoring works across a number of public sector assets. The second half of FY2016 is expected to continue this trend with upcoming projects including asbestos audits of hospitals, health centres and other environmental monitoring projects.

DIRECTORS' REPORT

FINANCIAL REVIEW

Key financial headlines of the HRL Group's 31 December 2015 results are:

- Statutory profit after tax of \$339,297
- Underlying profit before tax of \$765,545 ¹
- Underlying profit after tax of \$556,014 ¹
- Revenues of \$4,233,725
- Net assets of \$6,837,963
- Working capital of \$261,354
- No net debt

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:

	6 months ended 31 December 2015	6 months ended 31 December 2014
	\$	\$
Underlying profit/(loss) before tax	765,545	(99,520)
Income tax	(209,531)	30,036
Underlying profit/(loss) after tax	556,014	(69,484)
<i><u>Non-operating adjustments</u></i>		
Acquisition related expenses	(40,889)	(120,910)
Listing expense arising on deemed acquisition	-	(1,252,455)
Amortisation of intangible assets arising from acquisitions	(116,061)	(76,531)
Provision arising on estimate of Precise and AAC Earn-outs (Employee benefits expense)	(134,454)	-
Tax on underlying items	74,687	36,273
Statutory profit/(loss) after income tax	339,297	(1,483,107)

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 \$625,678 compared with the prior period. The key reasons for the increase were:

- The addition of the Precise Consulting and AAC Environmental business to the HRL Group;
- Expansion into new geographical territories such as Wellington, Canberra and the Northern Territory;
- Significant projects works in New Zealand with Chorus New Zealand and the Southern District Health Board;
- Load balancing of staff and resources across the Group businesses to maximise efficiencies;
- Restructuring costs in FY2014.

DIRECTORS' REPORT

AFTER BALANCE DATE EVENTS

There have been no events since 31 December 2015 that impact upon the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 5 forms part of the Directors' Report.

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

A handwritten signature in black ink, appearing to read 'Darren Anderson', with a long horizontal flourish extending to the right.

Darren Anderson
Director
Brisbane, 1 February 2016

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 2015, 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, 1 February 2016

STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income For the half-year ended 31 December 2015

	Note	6 Months Ended	
		31 December 2015	31 December 2014
		\$	\$
Environmental services revenue		4,233,725	2,043,073
Interest revenue		3,405	10,797
Costs and consumables relating to the provision of services		(413,489)	(309,734)
Employee benefits expense		(2,064,227)	(1,084,637)
Depreciation and amortisation expenses		(188,022)	(105,360)
Finance costs		(37,368)	-
Other expenses		(884,540)	(626,872)
Employee benefits expense on Precise earn-out payments	4	(109,454)	-
Employee benefits expense on AAC earn-out payments	4	(25,000)	-
Acquisition expenses	2, 3	(40,889)	(120,910)
Listing expense arising on deemed acquisition	2	-	(1,252,455)
Profit/(loss) before income tax		474,141	(1,446,098)
Income tax benefit/(expense)		(134,844)	(37,009)
Profit/(loss) after income tax		339,297	(1,483,107)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences for foreign operations		275,458	6,305
Income tax		-	-
Other comprehensive income for the period, net of tax		275,458	-
Total comprehensive income/(loss)		614,755	(1,476,802)
		Cents	Cents
Earnings per share			
Basic earnings per share		0.22	(0.2)
Diluted earnings per share		0.22	(0.2)

The 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 2015

Note	31 December 2015 \$	30 June 2015 \$
CURRENT ASSETS		
Cash and cash equivalents	734,318	859,500
Trade and other receivables	1,032,370	924,916
Other current assets	78,501	99,103
TOTAL CURRENT ASSETS	1,845,189	1,883,519
NON-CURRENT ASSETS		
Trade and other receivables	68,498	68,585
Plant and equipment	456,194	372,933
Intangible assets	385,851	251,913
Goodwill	4,984,077	4,079,678
Deferred tax assets	724,876	660,905
TOTAL NON-CURRENT ASSETS	6,619,496	5,434,014
TOTAL ASSETS	8,464,685	7,317,533
CURRENT LIABILITIES		
Trade and other payables	502,799	514,497
Current tax liabilities	262,217	235,622
Short-term provisions	4 289,959	154,632
Borrowings	528,860	114,625
TOTAL CURRENT LIABILITIES	1,583,835	1,019,376
NON-CURRENT LIABILITIES		
Borrowings	42,887	47,553
Deferred tax liabilities	-	27,396
TOTAL NON-CURRENT LIABILITIES	42,887	74,949
TOTAL LIABILITIES	1,626,722	1,094,325
NET ASSETS	6,837,963	6,223,208
EQUITY		
Contributed capital	5 8,220,282	8,220,282
Reserves	(234,008)	(509,466)
Retained earnings/(Accumulated losses)	(1,148,311)	(1,487,608)
TOTAL EQUITY	6,837,963	6,223,208

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 half-year ended 31 December 2015

	Contributed Capital \$	Retained Earnings/ (Accumulated Losses) \$	Foreign Currency Reserve \$	Total \$
Balance at 1 July 2014	670,069	96,147	-	766,216
Transactions with owners in their capacity as owners				
Deemed issue of share capital on acquisition	2,899,715	-	-	2,899,715
Contributions of capital	105,240	-	-	105,240
Share issue costs (net of tax)	(21,935)	-	-	(21,935)
Total	2,983,020	-	-	2,983,020
Comprehensive income				
Loss after income tax	-	(1,483,107)	-	(1,483,107)
Foreign currency translation differences for foreign operations	-	-	6,305	6,305
Total comprehensive income	-	(1,483,107)	6,305	(1,476,802)
Balance at 31 December 2014	3,653,089	(1,386,960)	6,305	2,272,434
Balance at 1 July 2015	8,220,282	(1,487,608)	(509,466)	6,223,208
Transactions with owners in their capacity as owners				
Contributions of capital	-	-	-	-
Share issue costs (net of tax)	-	-	-	-
Total	-	-	-	-
Comprehensive income				
Profit after income tax	-	339,297	-	339,297
Foreign currency translation differences for foreign operations	-	-	275,458	275,458
Total comprehensive income	-	339,297	275,458	614,755
Balance at 31 December 2015	8,220,282	(1,148,311)	(234,008)	6,837,963

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 half-year ended 31 December 2015

	Note	6 Months Ended	
		31 December 2015	31 December 2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,882,027	2,348,947
Payments to suppliers and employees		(4,060,262)	(2,385,928)
Interest received		10,414	10,797
Income tax paid		(275,032)	-
Finance costs		(37,368)	-
Net cash provided by/(used in) operating activities		519,779	(26,184)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		(95,920)	(38,576)
Net inflow of cash from the acquisition of OCTIEF	2	-	1,731,848
Net outflow of cash from the acquisition of AAC	3	(992,203)	-
Net cash provided by/(used in) investing activities		(1,088,123)	1,693,272
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions of capital		-	105,240
Capital raising costs		-	(21,935)
Proceeds from borrowings		1,000,000	-
Repayment of borrowings		(585,987)	-
Finance lease payments		(4,444)	-
Net cash provided/(used in) by financing activities		409,569	83,305
Net increase/(decrease) in cash and cash equivalents held		(158,775)	1,750,393
Net foreign exchange differences		33,593	3,907
Cash and cash equivalents at the beginning of the financial period		859,500	8,049
Cash and cash equivalents at the end of the financial period		734,318	1,762,349

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

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 2015 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 2015.

This consolidated interim financial report was approved by the Board of Directors on 1 February 2016.

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 2015.

New and revised standards

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect the recognition and measurement of the results or financial position of the Consolidated Entity.

Fair Values

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 OCTIEF ACQUISITION ACCOUNTING AND SHARE BASED PAYMENT EXPENSE

On 15 September 2014 the Company announced the completion of the 100% acquisition of an environment services business, OCTIEF Pty Ltd (OCTIEF). The initial consideration paid by HRL to the vendors for the purchase of 100% of OCTIEF was the issue and allotment of 320,754,355* fully paid ordinary HRL shares. This represents 50% of the total maximum consideration of the transaction.

HRL agreed to issue further HRL shares to the vendors upon satisfaction of each of the three identified milestones being achieved by the respective dates as follows:

Milestones	Milestone shares	Result
1. OCTIEF achieves revenue for the 6 months to 31 December 2014 which equals or exceeds \$1.75m.	160,377,178* being 25% of the total consideration for the transaction. If revenue is less than \$1.75 million for the six month period ending 31 December 2014, the Milestone One Payment will be reduced on a pro-rata basis, but cannot be less than 75% of the full entitlement.	Achieved
2. OCTIEF establish a laboratory in Darwin	96,226,306* being 15% of the total consideration for the transaction.	Achieved
3. OCTIEF achieves revenue for the 12 months to 30 June 2015 which equals or exceeds \$4.25m.	64,150,871* being 10% of the total consideration for the transaction. If revenue is less than \$4.25 million for the 12 month ending period 30 June 2015, the Milestone Three Payment will be reduced on a pro-rata basis, but cannot be less than 75% of the full entitlement.	Partially achieved – 88.2% of the maximum number of shares issued in September 2015

* Prior to the 1:13 share consolidation

The acquisition of OCTIEF resulted in OCTIEF shareholders holding a controlling interest in HRL after the transaction. This transaction did not meet the definition of a business combination in AASB 3 Business Combinations. The transaction has therefore been accounted in accordance with AASB 2 Share-based Payment and has been accounted for as a continuation of the financial statements of OCTIEF together with a deemed issue of shares. The deemed issue of shares is, in effect, a share-based payment transaction whereby OCTIEF is deemed to have received the net assets of HRL, together with the listing status of HRL.

Because the financial statements represents a continuation of the financial statements of OCTIEF, the principles and guidance on the preparation and presentation of the financial statements in a reverse acquisition set out in AASB 3 have been applied as follows:

- fair value adjustments arising at acquisition were made to HRL's assets and liabilities, not those of OCTIEF. As the carrying value of all assets and liabilities held by HRL at acquisition date approximated their fair value, no adjustments were required;
- the equity structure (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of HRL, including the equity instruments issued to effect the acquisition;
- retained earnings/ (accumulated losses) and other equity balances at acquisition date are those of OCTIEF;
- the results for the year ended 30 June 2015 comprise the consolidated results for OCTIEF together with the results of the wider HRL group from 15 September 2014;
- the comparative results represent the consolidated results of OCTIEF only;
- the cost of the acquisition, and amount recognised as contributed equity to affect the transaction, is based on the deemed number of shares that OCTIEF would have needed to issue to give the shareholders of HRL the same shareholding percentage in the Combined Entity that results from the transaction; and
- a share-based payment transaction arises whereby OCTIEF is deemed to have issued shares in exchange for the net assets of HRL together with the listing status of HRL. The listing status does not qualify for recognition as an intangible asset and the relevant cost has therefore been expensed as a listing expense.

The fair value of the deemed number of shares that OCTIEF would have needed to issue is estimated to be \$2,899,715. The fair value of HRL's net assets at acquisition date was \$1,647,260. Deducting this from the deemed consideration results in a listing expense of \$1,252,455.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 OCTIEF ACQUISITION ACCOUNTING AND SHARE BASED PAYMENT EXPENSE (CONT'D)

The value of the transaction is as follows:

	15 September 2014
	\$
Assets and liabilities acquired:	
Cash and cash equivalents	1,731,848
Trade and other receivables	25,554
Other current assets	7,416
Property, plant and equipment	1,161
Trade and other payables	(109,719)
Other liabilities	(9,000)
Net assets acquired	1,647,260
Fair value of notional shares issued to affect the transaction	2,899,715
Listing expense recognised in statement of comprehensive income	1,252,455

The fair value of the shares was assessed on the basis of the market value of HRL Holdings Limited's shares at acquisition date.

Acquisition related costs

Acquisition-related costs of \$120,910 that were not directly attributable to the issue of shares are included in 'Acquisition expenses' in the prior period profit or loss and in operating cash flows in the prior period statement of cash flows.

NOTE 3 AAC ENVIRONMENTAL PTY LTD ACQUISITION ACCOUNTING

On 30 September 2015, HRL acquired 100% of the issued capital of AAC Environmental Pty Ltd (AAC). The company was subsequently renamed to OCTIEF ACT Pty Ltd. The agreed purchase consideration was:

- initial payment of \$1,000,000 cash; and
- earn-out consideration of up to \$500,000.

The amount of earn out consideration is based on AAC's earnings before interest and taxes (EBIT) for the year 1 October 2015 to 30 September 2016:

EBIT	Earn Out Consideration
Less than \$0.3 million	Nil
\$0.3 – \$0.4 million	\$100,000
\$0.4m to \$0.5 million	\$300,000
More than \$0.5 million	\$500,000

Payment of the earn-out consideration is contingent on Mr Arthur Watson's, the vendor and operations manager of the Canberra's branch, ongoing service with AAC during the earn out period. In the situation where Mr Watson's employment is terminated prior to the minimum period, the earn-out consideration will be reduced proportionately to the length of time not employed.

As the earn-out consideration is contingent on Mr Watson's ongoing service, the principles and guidance as set out in AASB 3 require that any earn-out consideration be expensed as an employment cost in the relevant period the service was provided. Consequently the earn-out consideration does not form part of the part of purchase consideration when accounting for the business combination. Refer to Note 4 for details of the accounting for the earn-out provision.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 AAC ENVIRONMENTAL PTY LTD ACQUISITION ACCOUNTING (CONT'D)

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

	30 September 2015
	\$
Purchase consideration:	
Cash payment	1,000,000
Fair value of assets and liabilities acquired:	
Cash and cash equivalents	7,797
Trade and other receivables	216,607
Other assets	7,158
Property, plant and equipment	63,643
Intangibles – licences and accreditations	250,000
Trade and other payables	(123,614)
Deferred tax liabilities	(75,000)
Employee provisions	(7,948)
Net identifiable assets acquired	338,643
Goodwill on acquisition	661,357
Net assets acquired	1,000,000

The goodwill is attributable to the location, reputation, and workforce of the acquired business. It will not be deductible for tax purposes.

No other intangible assets, such as customer contractual arrangements were able to be identified based on AAC's systems and processes at acquisition date.

Revenue and profit contribution

AAC contributed revenues of \$202,716 and net profit of \$34,362 to the group for the period from 1 October 2015 to 31 December 2015.

Prior to acquisition AAC's business included a range of service lines relating to asbestos removal which the HRL Group did not continue with post acquisition. Consequently it is not possible to determine the pro-forma revenue and profit contribution to the HRL Group if the acquisition had occurred on 1 July 2015 and the operations of ACC had been included from that date.

Outflow of cash to acquire AAC, net of cash acquired

	30 September 2015
	\$
Cash consideration	1,000,000
Less: cash and cash equivalents acquired	(7,797)
Net outflow of cash – investing activities	992,203

Acquisition related costs

Acquisition-related costs of \$40,889 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 PROVISIONS

	31 December 2015 \$	30 June 2015 \$
CURRENT		
Employee benefits	100,779	102,982
Precise Consulting earn out	164,180	51,650
AAC earn out	25,000	-
	289,959	154,632

Precise Consulting Earn-out Provision

On 1 April 2015, HRL acquired 100% of the issued capital of Precise Consulting and Laboratory Limited (Precise Consulting). The agreed purchase consideration was:

- initial payment of NZD\$5,000,000 cash; and
- earn-out consideration of up to NZD\$2,500,000.

The amount of earn out consideration was based on Precise Consulting's earnings before interest and taxes (EBIT) for the year 1 January 2015 to 31 December 2015:

EBIT (NZD)	Earn Out Consideration (NZD)
Less than \$1.9 million	Nil
\$1.9 – 2.1 million	\$700,000
\$2.1m to \$2.3 million	\$1,300,000
\$2.3m to \$2.5 million	\$1,900,000
More than \$2.5 million	\$2,500,000

One third of the earn-out consideration will be paid in early 2016. Payment of the remaining two thirds of the earn-out consideration will be paid in equal monthly instalments from January 2016 to March 2018.

Payment of the earn-out consideration is contingent on Mr Andre Halkyard's ongoing service with Precise Consulting. Mr Halkyard will remain General Manager of Precise Consulting for a minimum period of three years after acquisition. In the situation where Mr Halkyard's employment is terminated prior to the minimum three 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 Mr Andre Halkyard's ongoing service, the principles and guidance as set out in AASB 3 require that any earn-out consideration be expensed as an employment cost in the relevant period the service was provided.

Precise Consulting exceeded an EBIT of \$1,900,000 NZD for the 12 months ended 31 December 2015, resulting in an earn-out of \$700,000 NZD.

As at 31 December 2015, Mr Andre Halkyard had performed 9 months of the 36 month service period (25%). Accordingly an amount of \$164,180 (being 25% of \$700,000 NZD [\$164,180 AUD]) has been recognised as a liability.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 PROVISIONS (CONT'D)

AAC Environmental Pty Ltd Earn-out Provision

On 30 September 2015, HRL acquired 100% of the issued capital of AAC Environmental Pty Ltd (AAC). The company was subsequently renamed to OCTIEF ACT Pty Ltd. The agreed purchase consideration was:

- initial payment of \$1,000,000 cash; and
- earn-out consideration of up to NZD\$500,000.

The amount of earn out consideration is based on AAC's earnings before interest and taxes (EBIT) for the year 1 October 2015 to 30 September 2016:

EBIT	Earn Out Consideration
Less than \$0.3 million	Nil
\$0.3 – \$0.4 million	\$100,000
\$0.4m to \$0.5 million	\$300,000
More than \$0.5 million	\$500,000

Payment of the earn-out consideration is contingent on Mr Arthur Watson's ongoing service with AAC during the earn out period. In the situation where Mr Watson's employment is terminated prior to the minimum period, the earn-out consideration will be reduced proportionately to the length of time not employed.

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

HRL estimates that AAC will exceeded an EBIT of \$300,000 for the 12 months ended 30 September 2016, resulting in an earn-out of \$100,000.

As at 31 December 2015, Mr Watson had performed 3 months of the 12 month service period (25%). Accordingly an amount of \$25,000 (being 25% of \$100,000) has been recognised as a liability.

Movements during the period of earn-out provisions

	31 December 2015 \$	30 June 2015 \$
Opening balance	51,650	-
Precise Consulting earn-out expense recognised	109,454	51,650
AAC earn-out expense recognised	25,000	-
Foreign currency translation	3,076	
	189,180	51,650

NOTES TO THE FINANCIAL STATEMENTS

31 December
2015
\$

30 June
2015
\$

NOTE 5 CONTRIBUTED CAPITAL

158,903,031 fully paid ordinary shares (June 2015: 154,550,025) 8,220,282 8,220,282

	June 2015 Number	June 2015 Number	December 2015 \$	June 2015 \$
Movements during the period				
Balance at beginning of period	154,550,025	1	8,220,282	670,069
Reversal of existing share on acquisition	-	(1)	-	-
HRL shares on acquisition of OCTIEF	-	414,244,896	-	-
Shares issued to OCTIEF vendors on acquisition (refer Note 2)	-	320,754,355	-	2,899,715
Rights issue shortfall shares issued (0.5c per share)	-	17,539,914	-	105,240
Shares issued to OCTIEF vendors on achieving Milestones (refer Note 2)	4,353,006	256,603,484	-	-
Share consolidation – 1:13	-	(931,515,701)	-	-
General offer of shares (6.5c per share)	-	76,923,077	-	5,000,000
Share issue costs (net of tax)	-	-	-	(454,742)
Balance at end of period	158,903,031	154,550,025	8,220,282	8,220,282

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.

Options

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

Expiry Date	Exercise Price	Movements				31 December 2015
		1 July 2015	Issued	Exercised	Expired	
30 November 2015	\$0.52	1,615,385	-	-	(1,615,385)	-

NOTE 6 CONTINGENT LIABILITIES

There has been no change to contingent assets and contingent liabilities disclosed in the 30 June 2015 financial report.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 SEGMENT REPORTING

Reportable Segments

For the period ended 31 December 2015 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:

- OCTIEF branded operations
- Precise Consulting branded operations

Change to reportable segments

For the year ended 30 June 2015 and the prior comparative period the Group identified the operating segments based on internal reports that were reviewed and used by the executive team in assessing performance and determining the allocation of resources. The internal reports and operating segments were based on geographical locations for the year ended 30 June 2015:

- Australia
- New Zealand

New Zealand operations were established from 1 April 2015 and accordingly for the period ended 31 December 2015, the Group only had one reportable segment, being environmental services in Australia.

As noted above for the period ended 31 December 2015 the Group identified operating segments based on OCTIEF branded operations and Precise Consulting branded operations as detailed below.

Segment Revenues and Results

	OCTIEF	Precise Consulting	Unallocated	Consolidated
	\$	\$	\$	\$
Half-Year Ended 31 December 2015				
Revenue:				
Revenue from outside the Consolidated Entity	2,250,127	1,987,003	3,405	4,237,130
Segment result	456,472	926,166	(877,247)	474,141
Income tax	(142,156)	(259,328)	257,265	(134,844)
Net Profit/(Loss)	314,316	705,148	(680,167)	339,297

NOTE 8 EVENTS AFTER BALANCE DATE

There have been no events since 31 December 2015 that impact upon the financial report.

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the attached financial statements and notes as set out on pages 6 to 17 are in accordance with the Corporations Act 2001 and:
 - (i) comply with 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 2015 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.



Darren Anderson
Director

Brisbane
1 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HRL Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of HRL Holdings Limited, which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 consolidated entity's financial position as at 31 December 2015 and its 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 HRL Holdings Limited, 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 HRL Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

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 HRL Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'T R Mann', written over a faint, stylized 'BDO' watermark.

T R Mann
Director

Brisbane, 1 February 2016

CORPORATE INFORMATION

HRL HOLDINGS LIMITED CORPORATE INFORMATION

DIRECTORS

Kevin Maloney (Chairman)
Darren Anderson (Executive Director)
Mark Elliott (Non-executive Director)
John Taylor (Non-executive Director)

Frederick Kempson (Alternate Non-executive Director)

COMPANY SECRETARY

Paul Marshall

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COUNTRY OF INCORPORATION

Australia

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
ASX Code: HRL

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AUSTRALIAN BUSINESS NUMBER

ABN 99 120 896 371

