HRL Holdings Limited
Appendix 4E 2015 Final Report
Results for Announcement to the Market

28 August 2015

1. Company Details and Reporting Period

Name of Entity:	HRL Holdings Limited
ABN:	99 120 896 371
Reporting Period:	30 June 2015
Previous Corresponding Period:	30 June 2014

2. Results for Announcement to the Market

	2015 $	2014 $
Revenue from ordinary activities down 4% to:	4,699,609	4,873,779
Net profit/(loss) for the period attributable to members down to:	(1,583,755)	744,829

No dividends were paid or payable during the period.

Refer to pages 9 to 13 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 30 of the 2015 Financial Statements and accompanying Notes.

4. Balance Sheet with Notes to the Statement

Refer to Page 31 of the 2015 Financial Statements and accompanying Notes.

5. Statement of Cash Flows with Notes to the Statement

Refer to Page 33 of the 2015 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 32 of the 2015 Financial Statements and accompanying Notes.

8. Net Tangible Assets per Security

2015	$0.012
2014	$0.004

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

Refer to Page 66 of the 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.

13. Commentary on the Results for the Period

Refer to pages 9 to 13 of the Financial Statements for the operational and financial review of the Entity.

14. Status of Audit

The attached 2015 Financial Statements have been audited.

15. Dispute or Qualifications if not yet audited

Not applicable.

16. Dispute or Qualifications if audited

Not applicable.

Paul Marshall
Company Secretary
28 August 2015

HRL HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED
30 June 2015

Index

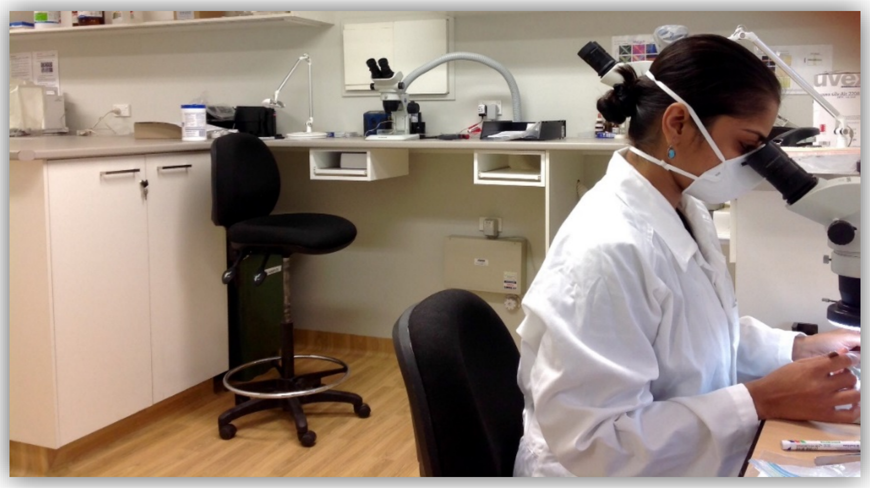


Figure 1 - Asbestos Testing in the Brisbane Laboratory

CEO'S LETTER

Dear Shareholders,

Your Directors and I have much pleasure in presenting the following 2015 Annual Financial Statements for HRL Holdings.

Introduction

The 2014-15 financial year was an exciting transformational year for your company. A number of material events have taken place throughout this year, not least of which was a change in direction from a geothermal exploration business to a commercial environmental services business. A brief look at the timeline of events over the course of the year includes:

- Sep 2014 – Acquisition of OCTIEF Pty Ltd, a Brisbane based environmental consultancy and laboratory business
- Nov 2014 – OCTIEF expands to Darwin and opens a NATA accredited laboratory
- Dec 2014 – name changed to HRL Holdings Limited, reflecting the change in activities
- Mar 2015 – Successful capital raise of $5million and relisting on ASX
- Mar 2015 – Acquisition of Precise Consulting & Laboratory Limited (NZ)
- May 2015 – Precise expands to Wellington (NZ) and opens a IANZ accredited laboratory
- Jun 2015 – Precise relocates Christchurch (NZ) business to much larger and fit-for-purpose facility

The environmental services are delivered through two brands, being OCTIEF operating within Australia and Precise Consulting & Laboratory operating in New Zealand. The key revenue generating activities for the group currently include:

- HAZMAT auditing and survey of properties to identify suspected asbestos containing materials, lead and heavy metals;
- Air, noise and dust environmental monitoring;
- Mould analysis;
- Contaminated land management and analysis; and
- Training services.

The group currently delivers the above environmental services through four consulting offices and accredited laboratory facilities in Brisbane, Darwin, Christchurch and Wellington.

HRL continues to hold two geothermal exploration tenements in Victoria (GEP6 and GEP8), however, there is no value attributed to these holdings within the FY2015 balance sheet. The development expenditure program remains suspended pending further announcements from the Victorian State Government regarding the moratorium on onshore drilling and fracking.

Financial Result for FY2015

The environmental services operating segments of Australia and New Zealand generated profits before tax of $517,443.

30 June 2015	Australia $	New Zealand $	Unallocated $	Consolidated $
Revenue:				
Environmental services revenue	3,263,735	1,405,874	-	4,669,609
Interest income	-	-	30,100	30,100
Expenses:				
Interest expense	(1,953)	-	-	(1,953)
Other expenses	(3,162,172)	(988,041)	(2,446,743)	(6,596,956)
Segment result	99,610	417,833	(2,416,643)	(1,899,200)
Income tax				315,445
Net Profit/(Loss)				(1,583,755)

Revenue from the New Zealand segment included $418,379 generated by OCTIEF NZ which commenced trading in November and $987,495 from Precise Consulting which joined the HRL Group on 1 April 2014.

CEO'S LETTER

Due to the complex nature of the merger and acquisition transactions undertaken throughout the financial year and the application required under accounting standards, the financial statements report a statutory loss after income tax of $1,583,755. Excluding these items, the underlying profit position has been assessed to be $29,690 in line with the following non-operating adjustments:

	12 months ended 30 June 2015 $
Underlying profit after tax	29,690
Non-operating adjustments (tax effected)	
Acquisition related expenses	(187,851)
Listing expense arising on deemed acquisition	(1,252,455)
Amortisation of intangible assets arising from acquisitions	(247,237)
Provision arising on estimate of Precise Earn-out	(39,725)
Initial recognition of tax losses	113,823
Statutory loss after income tax	(1,583,755)

The results reported above include the operations of Precise for only 3 months of trading from 1 April 2015. For the period 1 July 2014 to 31 March 2015 Precise generated a profit after tax of $778k, as it is prior to the acquisition, which is not reported in the above figures.

The group's balance sheet remains strong with net assets of $6,223,208 and working capital of $864,143. The group has available an undrawn debt facility with Westpac of $3.5m to fund expansion activities.

Precise and OCTIEF have secured a number of commercially successful contracts through the year, including:

- Canterbury University campus wide hazardous materials ("HAZMAT")
- 1 year extension of contract with Ergon Energy
- Completion of the Northern Territory Department of Infrastructure audit of schools
- Chorus NZ national HAZMAT audit of 840+ assets and expansion of service to include other inspection types
- Dust monitoring for the Darwin Tiger Brennan Drive project
- Soil analysis for the Darwin Hospital and RAAF land remediation projects

Operational Outlook for FY2016

The HAZMAT testing and consulting work within Australia and New Zealand continues to be the core business for HRL. There are exciting plans for the coming year, which include:

- Organic growth and improving market share in existing territories through an increase in sales and marketing efforts;
- Opportunities for geographic expansion through both green fielding operations and targeted strategic acquisitions; and
- Expanding laboratory testing services through installation of new equipment.

HRL has been closely following the upcoming introduction of the New Zealand Asbestos Regulations to accompany the Health and Safety Reform Bill. The current document is 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.

Precise has a tender pipeline of opportunities with government agencies, councils, corporate and commercial clients. Both the OCTIEF and Precise businesses are currently tendering and negotiating major contracts for Australia and New Zealand. The business focus remains on HAZMAT compliance for major corporate clients and government agencies at all levels of government.

CEO'S LETTER

In closing, I would like to take this opportunity to thank our Chairman and Board for their guidance over the past year and also to thank all of the HRL Group's employees for their dedication and hard work. My thanks also to you, our shareholders for your ongoing support in FY15. I look forward to keeping you updated on our progress in FY16 and the transformation of HRL to one of Australia's and New Zealand's leading environmental services groups.

Steven Dabelstein
CEO

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 year ended 30 June 2015.

DIRECTORS

The following persons were directors of HRL Holdings Limited during the whole of the financial year 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 August 2006
John Taylor	Non-Executive Director	Appointed 25 November 2014
Frederick Kempson	Alternate Non-Executive Director	Appointed 15 September 2014
Peter Barnett	Former Non-Executive Director	Appointed December 2007, resigned 25 November 2014
Michael Sandy	Former Non-Executive Director	Appointed June 2007, resigned 15 September 2014
Stephen Bizzell	Former Non-Executive Director	Appointed September 2009, resigned 14 August 2014

Kevin Maloney
Non-Executive Chairman

Mr Kevin Maloney is the founder and Chairman of the Australian investment entity Tulla Group and has built an extensive career in retail banking, finance and resources.

One of Kevin's many career highlights was as founder and Executive Chairman of The MAC Services Group (The MAC), which was sold to Oil States International in 2010 for $651 million. Kevin was heavily involved in all stages of The MAC's growth, including its move into mining services accommodation in 1996.

Kevin has been involved with numerous public companies as both an executive and director. After spending 20 years with ANZ Bank, Kevin joined Elders Resources Finance Limited in 1981, progressing to Chief Executive Officer before moving on to his own business enterprises.

Kevin is currently the Chairman of ASX listed Altona Mining Limited and Integrated Holdings Group Pty Ltd which is the parent company for software vendor OCTFOLIO™ Pty Ltd and previously, the holding company of environmental services group OCTIEF.

Mr Maloney is currently a director of the following other ASX listed companies:

- Altona Mining Limited (appointed July 2009)
- Norseman Gold plc (appointed July 2012)

Darren Anderson
Executive Director

Mr Darren Anderson was formerly the Executive Director and Chief Operating Officer of Diversified Mining Services Ltd, an unlisted public company that at its peak in mid-2012 had consolidated revenue in excess of $200 million and 850 personnel.

Previous career highlights include 15 years spent as founder and Executive Director of the Anderson Group of Companies, which grew from a single person operation in Mackay to a company with in excess of 300 employees and 12 operating divisions across both Queensland and New South Wales that serviced the Australian and international coal industries.

Darren is the Executive Director of Integrated Holdings Group Pty Ltd which is the parent company for software vendor OCTFOLIO™ Pty Ltd. Prior to the OCTIEF Acquisition, Integrated Holdings Group Pty Ltd was also the parent company of OCTIEF.

He has not been a Director of any other Australian listed company in the last three years.

Mark Elliott
Non-Executive Director

Dip App Geol., PhD, FAICD, FAusIMM(CP), FSEG

Dr Elliott is a Chartered Professional (CP) geologist with over 40 years' experience in economic geology, exploration, mining, project development and corporate management. He has extensive experience in managing companies and exploration/mining operations in a wide range of commodities including energy.

He has a diploma in Applied Geology from the Ballarat School of Mines and a Doctor of Philosophy degree from the University of New South Wales. He is a Fellow of the Australian Institute of Company Directors, Australasian Institute of Mining and Metallurgy and Society of Economic Geologists.

Dr Elliott is currently a director of the following other ASX listed company:

- Nexus Minerals Ltd (Oct 2006 – present)

John Taylor
Non-Executive Director

LLB, Grad Dip ACG

Mr Taylor is the founding partner of Taylors Solicitors, Mackay, a Senior Counsellor of the Queensland Law Society and has over 30 years' experience in commercial and property transactions and litigation.

John Taylor was, from 2006 and 2010, a director of ASX listed The MAC Services Group Limited, where he was Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee. He is also a former Chair of the Mackay Port Authority and a Board member of Tourism Mackay and Mackay Regional Economic Bureau.

He has not been a Director of any other Australian listed company in the last three years.

Frederick Kempson
Non-Executive Alternate Director

BComm

Fred Kempson brings a wealth of experience to the Board of Directors from the highly-specialised spectrum of international investment banking and corporate governance.

Fred has held a range of senior executive positions within the international investment banking arena including a significant period as Managing Director of ANZ's investment bank AIFC Limited, and Vice President of Security Pacific Limited.

During his time as Vice President of Security Pacific Bank, in 1992 the bank merged with San Francisco-based Bank America (now called Bank of America), in a deal that was at the time one of the largest bank mergers in history.

Fred is currently also Managing Director of Kempson Capital, Chairman of Simple Trade, Chairman of Etivity Limited and holds a Bachelor of Commerce from the University of New South Wales.

Mr Kempson was a director of the following other ASX listed company:

- Victor Group Holdings (Jan 2014 – July 2015)

DIRECTORS' REPORT

DIRECTOR INTERESTS IN THE SHARES AND OPTIONS OF THE CONSOLIDATED ENTITY

As at the date of this report, the interests of the Directors in the shares and options of HRL Holdings Limited are shown in the table below:

Director	Fully Paid Ordinary Shares	Unlisted Options
Kevin Maloney	45,282,988	-
Darren Anderson	15,863,563	-
Mark Elliott	2,848,634	423,077
John Taylor	923,077	-
Frederick Kempson	-	-

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2015 and the number of meetings attended by each Director.

	Meetings attended	Eligible to attend
Kevin Maloney	5	5
Darren Anderson	5	5
Mark Elliott	5	5
John Taylor	4	4
Frederick Kempson	5	5
Peter Barnett	1	2
Michael Sandy	1	1
Stephen Bizzell	1	1

There are no committees of directors. All relevant matters are considered by the Board.

SENIOR MANAGEMENT

Paul Marshall
Company Secretary

LLB, ACA

Paul Marshall holds a Bachelor of Law degree, a post Graduate Diploma in Accounting and is a Chartered Accountant. He has more than 25 years' experience initially with Ernst & Young and subsequently fifteen years spent in commercial roles as Company Secretary and CFO for a number of listed and unlisted companies mainly in the resources sector. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

Steven Dabelstein
Chief Executive Officer

BComm, CPA

Mr Dabelstein has a strong financial and operational background in various roles, including most recently as General Manager Commercial and QLD Mining/Maintenance Services with Diversified Mining Services Limited.

Mr Dabelstein's experience includes public practice accounting, manufacturing, service and the construction industries. Previous roles have provided exposure to large-scale international businesses reporting through and working with companies in the US, Asia and Europe.

DIRECTORS' REPORT

Michael Harvey
Chief Finance Officer

BBus, B AppSci, Grad Dip ICAA, Grad Dip CSA, CA, GAIA

Mr Harvey is a Chartered Accountant and Chartered Secretary. Michael holds Bachelor degrees in Business and Property Economics and post Graduate Diplomas in Accounting and Corporate Governance.

Michael has more than 14 years in the accountancy profession in Australia, having worked for PKF for eight years in audit, and subsequently over five years in commercial roles as financial controller for a number of listed companies mainly in the property and resources sector. Michael has experience in all aspects of company financial reporting, internal control, corporate regulatory and governance areas, business acquisition and disposal, due diligence, and company secretarial responsibilities.

PRINCIPAL ACTIVITIES

The principal operating activities of the Group are environmental consulting and hazardous materials analytical laboratory business with offices and laboratory facilities in Brisbane, Darwin, Christchurch and Wellington.

The Group offers services including industrial hygiene, asbestos and hazardous materials management, environmental services (air, water and soil including contaminated land), building contamination assessment, and specialised NATA/IANZ - accredited laboratory analysis and on-site testing and monitoring.

Geothermal exploration projects have been placed on care and maintenance while the Company evaluates the best way to develop the projects held.

Figure 2 – HRL Group Laboratory Locations

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulations in relation to its consulting and laboratory activities. The Directors are not aware of any breaches during the period covered by this report.

REVIEW OF OPERATIONS

The 2015 financial year was a year of transition for HRL Holdings Limited.

In 2014, the Company undertook a restructuring strategy due to difficulties facing the resource industry and, in particular, the geothermal sector, caused by contraction of investment within global capital markets and inhibiting legislative amendments being introduced.

HRL subsequently sold its geothermal projects in Chile and Peru, which were not in a position to create shareholder value in the foreseeable future. Given ongoing uncertainty around Commonwealth and State government support, along with increased regulatory risks associated with decreasing electricity prices for renewable energy, the Board decided to place the remaining Australian geothermal projects on care and maintenance and pursue an expansion of its activities to provide opportunities to grow shareholder value.

Acquisition of OCTIEF Pty Ltd

On 15 September 2014 the Company announced the completion of the acquisition of an environment services business, OCTIEF Pty Ltd (OCTIEF). OCTIEF operates an environmental consulting and hazardous materials analytical laboratory business with offices and NATA-accredited laboratory facilities in Brisbane and Darwin.

OCTIEF provides services including asbestos and hazardous materials management, industrial hygiene, building and contaminated land assessment, specialised laboratory analysis and on-site testing and monitoring.

Figure 3 - Brisbane Facility

Figure 4 - OCTIEF Laboratory Staff

Key clients of OCTIEF include government agencies, education institutions and major utilities.

coffey | Queensland Government | ERGON ENERGY | Northern Territory Government | origin energy

Acquisition of Precise Consulting and Laboratory Limited

PRECISE CONSULTING & LABORATORY

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;
- 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.

DIRECTORS' REPORT

Figure 5 - Precise new Christchurch Facilities

Figure 6 - Precise laboratory staff

Key clients of Precise include government agencies, construction firms and major telecommunications companies.

CERA Canterbury Earthquake Recovery Authority Te Mana Haumanu ki Waitaha

ICP NEW ZEALAND INTERNATIONAL CONSTRUCTION PARTNERS

Chorus

Facility Expansion

During the year, the Group opened new laboratories in Darwin (November 2014) and Wellington (April 2015). HRL now has the ability to provide its full range of services to the Northern Territory and Wellington markets, providing a new geographic source of organic growth to the Company going forward.

Figure 7 - OCTIEF Darwin Facility

Figure 8 - Darwin Laboratory

Figure 9 - Precise Wellington Office

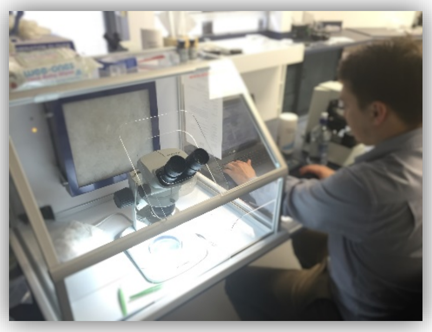


Figure 10 - Precise Wellington Laboratory

Geothermal

A moratorium is currently in place on onshore gas exploration in Victoria. As a result of this moratorium, HRL is currently not able to pursue drilling programs on its GEPs in the Otway Sedimentary Basin of Victoria. HRL will not focus any further resources on its geothermal assets until it is satisfied that the projects can be commercially viable.

Change of Name

At the 2014 AGM shareholders approved the change of the Company's name to HRL Holdings Limited. This new name will better reflect the expanded nature of the company and the restructure of its operations into separate business divisions.

Environmental Services Trading

Australia

Australian operations experienced subdued trading conditions during the year. A significant portion of OCTIEF's revenue has traditionally been 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 previous level of workflow, however there are indications that workflow will increase towards the back end of 2015 as the Departments attempt to catch up for lost time.

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. 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 from this success, OCTIEF NZ was awarded significant contract by Chorus New Zealand Limited to carry out HAZMAT surveys across its extensive property portfolio throughout all of New Zealand. OCTIEF NZ will conduct surveys on over 800 assets across both the North and South Islands of New Zealand. The contract, which commenced in May 2015, 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 recently secured new premises in Christchurch to facilitate further growth and expanded into the Wellington region for the first time. 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.

Both the HRL and Precise team continue to evaluate further geographical expansion opportunities in New Zealand.

DIRECTORS' REPORT

FINANCIAL REVIEW

Key financial headlines of the HRL Group's 30 June 2015 results are:

- Statutory loss after tax of $1,583,755
- Underlying profit after tax of $29,690 [1]
- Net assets of $6,223,208
- Working capital of $864,143

[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:

	12 months ended 30 June 2015 $	13.5 months from 15 May 2013 to 30 June 2014 $
Underlying profit after tax	29,690	1,064,752
Non-operating adjustments (tax effected)		
Acquisition related expenses	(187,851)	(336,187)
Listing expense arising on deemed acquisition	(1,252,455)	-
Amortisation of intangible assets arising from acquisitions	(247,237)	(112,686)
Provision arising on estimate of Precise Earn-out (Employee benefits expense)	(39,725)	-
Gain on bargain purchase price	-	128,950
Initial recognition of tax losses	113,823	-
Statutory loss after income tax	(1,583,755)	744,829

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 decreased by $1,035,062 compared with the prior period. The key reasons for the decrease were:

- The prior period results represented 13.5 months of trading whereas the FY2015 results are for 12 months;
- Subdued activity in Queensland as described in the *Review of Operations* above;
- Additional administration and corporate costs arising from the OCTIEF business transitioning to an ASX listed entity;
- Additional employee costs arising from the first time recognition of Board and Executive remuneration in the financial results. The Group has made the necessary appointments during the year to facilitate both the current level of activity across 2 countries and anticipated future expansions.

Financial Impact of the Precise Consulting Acquisition

HRL acquired the Precise Consulting on 1 April 2015. Accordingly the financial results for FY2015 only incorporate 3 months of trading (April 2015 to June 2015). For the period 1 July 2014 to 31 March 2015, Precise Consulting generated a profit after tax (unaudited) of $777,701.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There following significant changes occurred during the year:

- Acquisition of the Australian based environmental consulting and laboratory services business OCTIEF Pty Ltd (September 2014);
- Acquisition of the New Zealand based environmental consulting and laboratory services business Precise Consulting and Laboratory Ltd (April 2015);
- Opening of 2 new laboratories in Darwin (November 2014) and Wellington (April 2015);
- Restructure of share capital through a 1 for 13 share consolidation (March 2015);
- $5 million capital raising completed (March 2015);
- Change of name to HRL Holdings Limited (November 2014); and
- Change of nature of activities to focus on environmental services, hazardous materials management and ongoing compliance solutions utilising technological platforms.

LIKELY DEVELOPMENTS AND FUTURE OPERATIONS

During FY2016, the Group will continue to focus on growing both the OCTIEF, OCTIEF NZ and Precise Consulting businesses through:

- Focussed business development plans to target new customers and protect the existing customer base;
- Utilising new equipment and software platforms to improved efficiencies and margins;
- Introduction of new service lines in the New Zealand market which have been traditionally focussed on laboratories;
- Geographical expansion into new markets when justified; and
- Capitalise when possible on the introduction of new regulations surrounding the HAZMAT sector.

In addition, the Group will continue to evaluate acquisition opportunities of low cost, high quality businesses both within the environmental services sector and across other complimentary industries.

INDEMNIFICATION OF OFFICERS OR AUDITOR

Each of the Directors and the Secretary of the Company has entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company and certain indemnification to those Directors and Secretary.

The Company has insured all of the Directors of HRL Holdings Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

The Company has not indemnified its auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

SHARE OPTIONS

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

		Movements				
Expiry Date	Exercise Price	1 July 2014	Issued	Exercised	Expired	30 June 2015
30 November 2015*	$0.52	1,615,385	-	-	-	1,615,385

* Number of options and pricing adjusted for the 1:13 share consolidation

Since year end no options have been exercised and as at the date of this report there were 1,615,385 options on issue.

DIRECTORS' REPORT

AFTER BALANCE DATE EVENTS

Issue of OCTIEF Milestone Shares

The Company confirms that as per Milestone 3 under the OCTIEF acquisition agreement, full year revenue for FY2015 to equal or exceed $4.25M, has not been met. If the target had been met in full then 4,934,682 shares would have been issuable to the vendors. As the target was not met in full the Company, in accordance with the agreement, will issue a reduced number of 4,353,006 shares to the OCTIEF vendors in due course.

REMUNERATION REPORT

The Remuneration Report set out on pages 16 to 26 provides details of the remuneration and equity holdings of the Directors and Key Management Personnel, including details of equity instruments issued or exercised during the financial year, or outstanding at the date of this report, and forms part of the Directors' Report.

DIVIDENDS

No dividends were paid or declared during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 27 forms part of the Directors' Report.

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

Darren Anderson
Director
Brisbane, 28 August 2015

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for Directors and Key Management Personnel of the Company.

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

Remuneration Committee

The Board does not have Remuneration or Nomination Committees. The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Officers are given the opportunity to receive their base emoluments in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the company.

Remuneration structure

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions.

To assist in achieving this objective, the Board considers the nature and amount of Executive Directors' and Officers' emoluments alongside the company's financial and operational performance. The expected outcomes of the remuneration structure are the retention and motivation of key Executives, the attraction of quality management to the Company and performance incentives which allow Executives to share the rewards of the success of the company.

In accordance with best practice corporate governance, the structure of Executive and Non-Executive Director remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

The Constitution of HRL Holdings Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in a General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for Directors' fees is for a total of $250,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Directors or General Meetings of the Company or otherwise in connection with the business of the Company.

The remuneration of Non-Executive Directors for the year ended 30 June 2015 is detailed in this Remuneration Report.

Executive Directors and Senior Management Remuneration

The Company aims to reward Executive Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward Executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Executive Directors and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board, and the process consists of a review of company wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the year.

The remuneration of the Executive Directors and Senior Management for the period ended 30 June 2015 is detailed in this Remuneration Report.

Employment contracts

It is the Board's policy that employment agreements are entered into with all Directors, Executives and employees. The current employment agreement with the Executive Director and CEO has a three month notice period. All other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have contracts of employment. None of these contracts have termination benefits.

<u>Non-Executive Chairman Arrangements</u>

The Company entered into a service arrangement with Mr Kevin Maloney as Non-Executive Chairman of the Company commencing from 15 September 2014. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $75,000 per annum;
- No notice period.

<u>Non-Executive Director Arrangements</u>

The Company entered into a service arrangement with Dr Mark Elliott and Mr John Taylor as Non-Executive Directors of the Company commencing from 15 September 2014 and 25 November 2014 respectively. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $40,000 per annum;
- No notice period.

<u>Executive Director Arrangements</u>

The Company entered into an employment contract with Mr Darren Anderson as Executive Director of the Company commencing from 15 September 2014. The key terms of the contract are:

- Ongoing contract – no fixed term;
- Salary of $250,000 per annum, inclusive of statutory superannuation contributions;
- 6 weeks annual leave;
- 80% reimbursement of the lease costs of a motor vehicle;
- 80% reimbursement of the lease costs of apartment accommodation in Brisbane;
- Annual bonus of up to $50,000 per annum based on the following targets:
  - Operating EBIT (excluding corporate costs) of $1.5M – bonus of $20,000;
  - Share price of at least $0.13 at 30 June 2015 - bonus of $20,000;
  - Operating EBIT (excluding corporate costs) of $1.8M – bonus of $50,000;
  - Share price of at least $0.195 at 30 June 2015 - bonus of $50,000;
- 3 month notice period.

Chief Executive Officer Arrangements

The Company entered into an employment contract with Mr Steven Dabelstein as Chief Executive Officer of the Company commencing from 1 January 2015. The key terms of the contract are:

- Ongoing contract – no fixed term;
- Salary of $250,000 per annum, inclusive of statutory superannuation contributions;
- 4 weeks annual leave;
- Use of a company motor vehicle;
- Annual bonus of up to $50,000 per annum (pro-rata for service period) based on the following targets:
    - Operating EBIT (excluding corporate costs) of $1.5M – bonus of $20,000;
    - Share price of at least $0.13 at 30 June 2015 - bonus of $20,000;
    - Operating EBIT (excluding corporate costs) of $1.8M – bonus of $50,000;
    - Share price of at least $0.195 at 30 June 2015 - bonus of $50,000;
- 3 month notice period.

Chief Finance Officer Arrangements

The Company entered into a service arrangement with Mr Michael Harvey as Chief Finance Officer of the Company commencing from 15 September 2014. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $65,700 per annum, inclusive of statutory superannuation contributions;
- One month notice period.

Company Secretary Arrangements

The Company entered into a service arrangement with Mr Paul Marshall as Company Secretary of the Company commencing from 15 September 2014. The key terms of the arrangement are:

- Ongoing contract – no fixed term;
- Fee of $52,000 per annum, inclusive of statutory superannuation contributions;
- One month notice period.

REMUNERATION REPORT - AUDITED

Details of Directors and other Key Management – HRL Holdings Limited

Name	Position	Period of Service
Directors		
Kevin Maloney	Non-Executive Chairman	Appointed 15 September 2014
Darren Anderson	Executive Director	Appointed 15 September 2014
Mark Elliott	Non-Executive Director	Appointed August 2006
John Taylor	Non-Executive Director	Appointed 25 November 2014
Frederick Kempson	Alternate Non-Executive Director	Appointed 15 September 2014
Former Directors		
Peter Barnett	Former Non-Executive Director	Appointed December 2007, resigned 25 November 2014
Michael Sandy	Former Non-Executive Director	Appointed June 2007, resigned 15 September 2014
Stephen Bizzell	Former Non-Executive Director	Appointed September 2009, resigned 14 August 2014
Key Management		
Steven Dabelstein	Chief Executive Officer	Appointed 1 January 2015
Michael Harvey	Chief Finance Officer	Appointed 15 September 2014
Paul Marshall	Company Secretary	Appointed July 2007

Details of Directors and other Key Management – OCTIEF PTY LTD (for the period 15 May 2013 to 15 September 2014)

Name	Position	Period of Service
Directors		
Kevin Maloney	Non-Executive Director	Appointed 15 May 2013
Darren Anderson	Executive Director	Appointed 15 May 2013

Mr Kevin Maloney and Mr Darren Anderson did not receive any remuneration from OCTIEF Pty Ltd for both:

- The period 15 May 2013 to 30 June 2014; and
- The period 1 July 2014 to 15 September 2015.

Remuneration of Directors and other Key Management Personnel – 2015

OCTIEF Pty Ltd - No remuneration was paid to key management personnel of OCTIEF Pty Ltd for the period 1 July 2014 to 15 September 2014.

HRL Holdings Limited - The remuneration of the key management personnel of HRL Holdings Limited subsequent to the acquisition of OCTIEF Pty Ltd on 15 September 2014 was:

	Short Term Benefits			Long Term Benefits	Post Employment Benefits	Equity based Benefits			
	Salary/ Director fees	Consulting fees	Non-monetary benefits	Leave benefits	Superannuation	Options	**Total**	Performance Related %	% of bonus forfeited
Directors									
Kevin Maloney [1]	23,694	-	-	-	35,681	-	59,375	-	-
Darren Anderson [1]	180,746	-	42,713	22,837	17,170	-	263,466	-	100%
Mark Elliott [5]	31,667	-	-	-	-	-	31,667	-	-
John Taylor [2]	24,000	-	-	-	-	-	24,000	-	-
Alternate Director									
Frederick Kempson [1]	-	23,800	-	-	-	-	23,800	-	-
Former Directors									
Peter Barnett [3]	8,333	-	-	-	-	-	8,333	-	-
Key Management									
Steven Dabelstein [4]	115,608	-	-	9,738	9,390	-	134,736	-	100%
Michael Harvey [1]	47,500	-	-	-	4,513	-	52,013	-	-
Paul Marshall [5]	41,167	-	-	-	-	-	41,167	-	-
	472,715	**23,800**	**42,713**	**32,575**	**66,754**	**-**	**638,557**	**-**	

[1] Appointed 15 September 2014.
[2] Appointed 25 November 2014.
[3] Resigned 25 November 2014.
[4] Appointed 1 January 2015.
[5] Relates to remuneration for the period 15 September 2014 to 30 June 2015.

There were no termination benefits paid or accrued for the year ended 30 June 2015.

Remuneration of Directors and other Key Management Personnel – 2015 (prior to acquisition of OCTIEF - 1 July 2014 to 15 September 2014)

HRL Holdings Limited - The remuneration of the key management personnel of HRL Holdings Limited prior to acquisition of OCTIEF Pty Ltd on 15 September 2014 was:

	Short Term Benefits			Long Term Benefits	Post Employment Benefits	Equity based Benefits			
	Salary/ Director fees	Consulting fees	Non-monetary benefits	Leave benefits	Superannuation	Options	**Total**	Performance Related %	% of bonus forfeited
Directors									
Mark Elliott [1 2]	7,500	17,500	-	-	-	-	25,000	-	-
Former Directors									
Peter Barnett [1]	7,500	-	-	-	-	-	7,500	-	-
Michael Sandy [3]	7,500	-	-	-	-	-	7,500	-	-
Stephen Bizzell [4]	4,500	-	-	-	-	-	4,500	-	-
Key Management									
Paul Marshall [1]	10,833	-	-	-	-	-	10,833	-	-
	37,833	**17,500**	**-**	**-**	**-**	**-**	**55,333**	**-**	

[1] Relates to remuneration for the period 1 July 2014 to 15 September 2014.
[2] From 1 July 2014 to 15 September Mark Elliott in addition to his Non-Executive Director fees, provided additional consulting services to the Company totalling $17,500.
[3] Resigned 15 September 2014.
[4] Resigned 14 August 2014.

There were no termination benefits paid or accrued for the period ended 15 September 2014.

Remuneration of Directors and other Key Management Personnel – 2014

OCTIEF Pty Ltd - No remuneration was paid to key management personnel of OCTIEF Pty Ltd for the period 15 May 2013 to 30 June 2014.

HRL Holdings Limited - The remuneration of the key management personnel of HRL Holdings Limited for the year ended 30 June 2014 was:

	Short Term Benefits			Long Term Benefits	Post Employment Benefits	Equity based Benefits		
	Salary/ Director fees	Consulting fees	Non-monetary benefits	Leave benefits	Superannuation	Options	**Total**	Performance Related %
Directors								
Mark Elliott [1]	173,083	34,000	-	11,468	14,851	-	236,907	-
Peter Barnett [2]	160,500	-	-	10,961	-	-	171,461	-
Michael Sandy	35,500	3,600	-	-	-	-	39,100	-
Stephen Bizzell	35,500	-	-	-	-	-	-	-
Key Management								
Paul Marshall	44,000	-	-	-	-	-	44,000	-
	448,583	**37,600**	**3,505**	**22,429**	**14,851**	**-**	**526,968**	**-**

[1] Mark Elliott was employed in a full-time capacity as Executive Chairman from 1 July 2013 to 31 December 2013 at a rate of $325,000 per annum (inclusive of superannuation). Mark Elliott moved to a Non-Executive Chairman role from 1 January 2014 to 30 June 2014 at a rate of $48,000 per annum. In addition from 1 January 2014 to 30 June 2014 Mark Elliott provided consulting services to the Company totalling $34,000.

[2] Peter Barnett was employed in a full-time capacity as Managing Director from 1 July 2013 to 31 December 2013 at a rate of $285,000 per annum. Peter Barnett moved to a Non-Executive Director role from 1 January 2014 to 30 June 2014 at a rate of $36,000 per annum.

There were no termination benefits paid or accrued for the year ended 30 June 2014.

Key management personnel equity holdings

Shareholdings

	Balance 1 July 2014	Acquired through Rights Issue	Derecognized on resignation	Recognized on appointment	Vendor Milestone Shares Issued	Adjustment share consolidation	Acquired through General Offer	Other additions /disposals/transfers	Balance 30 June 2015
Directors									
Kevin Maloney	-	-	-	208,490,331	80,188,589	(266,472,849)	24,868,655	(1,791,738)	45,282,988
Darren Anderson	-	-	-	69,496,777	26,729,529	(88,824,282)	8,461,539	-	15,863,563
Mark Elliott	25,465,782	6,366,446	-	-	-	(29,383,594)	400,000	-	2,848,634
John Taylor	-	-	-	-	-	-	769,230	153,847	923,077
Alternate Director									
Frederick Kempson	-	-	-	-	-	-	-	-	-
Former Directors									
Peter Barnett	13,050,129	3,262,533	(16,312,662)	-	-	-	-	-	-
Michael Sandy	6,907,911	1,726,978	(8,634,889)	-	-	-	-	-	-
Stephen Bizzell	18,251,661	-	(18,251,661)	-	-	-	-	-	-
Key Management									
Steven Dabelstein	-	-	-	-	-	-	538,269	-	538,269
Michael Harvey	-	833,333	-	1,888,025	-	(2,512,022)	76,923	-	286,259
Paul Marshall	8,355,604	7,833,333	-	-	-	(14,943,631)	769,230	-	2,014,536
	72,031,087	**20,022,623**	**(43,199,212)**	**279,875,133**	**106,918,118**	**(402,136,378)**	**35,883,846**	**(1,637,891)**	**67,757,326**

Key management personnel equity holdings

Options

	Balance 1 July 2014	Derecognized on resignation	Recognized on appointment	Adjustment share consolidation	Other additions /disposals/transfers	Balance 30 June 2015
Directors						
Kevin Maloney	-	-	-	-	-	-
Darren Anderson	-	-	-	-	-	-
Mark Elliott	5,500,000	-	-	(5,076,923)	-	423,077
John Taylor	-	-	-	-	-	-
Alternate Director						
Frederick Kempson	-	-	-	-	-	-
Former Directors						
Peter Barnett	5,500,000	(5,500,000)	-	-	-	-
Michael Sandy	1,000,000	(1,000,000)	-	-	-	-
Stephen Bizzell	1,000,000	(1,000,000)	-	-	-	-
Key Management						
Steven Dabelstein	-	-	-	-	-	-
Michael Harvey	-	-	500,000	(461,538)	-	38,462
Paul Marshall	1,000,000	-	-	(923,077)	-	76,923
	14,000,000	**(7,500,000)**	**500,000**	**(6,461,538)**	**-**	**538,462**

All of the above options have an exercise prices of $0.52 and have an expiry date of 30 November 2015.

All options have vested and are exercisable.

Transactions with related parties

Transactions with Key Management Personnel related parties

Transaction	Entity	Association	12 months ended 30 June 2015 $	13.5 months from 15 May 2013 to 30 June 2014 $
Rental of office space	Paget Developers	Darren Anderson Kevin Maloney	98,484	64,000
Underwriting $5M capital raise [1]	Tulla Property Partners	Kevin Maloney	250,000	-
Software and hosting services	Octfolio	Darren Anderson Kevin Maloney	104,141	25,899
Sublet of office space to Octfolio	Octfolio	Darren Anderson Kevin Maloney	5,610	-
Corporate services [2]	Integrated Holdings Group	Darren Anderson Kevin Maloney	61,538	-
Business acquisition	Integrated Holdings Group	Darren Anderson Kevin Maloney	-	See below

[1] Tulla Property Partners, 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 other parties to sub-underwrite part of the capital raising and will have settled these sub-underwriting fees directly with the sub-underwriters. The net underwriting fee received by Tulla Property Partners was $116,369. Included in the sub-underwriting fees paid by Tulla Property Partners was an amount of $55,342 that was paid to Integrated Holdings Group, an entity associated with Mr Kevin Maloney and Mr Darren Anderson.

[2] Services provided from 1 July 2014 to 15 September 2014.

All of the above transactions were based on normal commercial terms and conditions.

Business acquisition

During the half year ended 31 December 2013 OCTIEF acquired the assets and business of Octief Consulting and Laboratory Services Pty Ltd ("OCLS"), an environmental consulting business.

As disclosed in Note 4 the fair value of the net identifiable assets acquired exceeded the total consideration paid resulting in a gain on bargain purchase of $128,950. OCLS was 100% owned by Integrated Holdings Group Pty Ltd, a company that Mr Kevin Maloney and Mr Darren Anderson are directors and shareholders of. The contract was based on normal commercial terms and conditions.

The acquisition was funded through a loan from Integrated Holdings Group Pty Ltd, OCTIEF's parent entity at that time:

<u>Details of loan from Integrated Holdings Group Pty Ltd</u>

Beginning of the year	-	-
Funding of acquisition of OCLS (non-cash - refer Note 4)	-	(553,327)
OCLS acquisition costs funded by parent entity (refer Note 4)	-	(286,479)
Loans advanced	-	1,318,750
Recognition of OCTIEF tax expense (Refer Note 5)	-	(500,330)
Loan repayments received	-	-
Settlement of dividend liability (Refer Note 28)	-	(648,682)
Loan forgiveness (Refer Note 18)	-	670,068
End of year	**-**	**-**

Outstanding balances with related parties

Nature	Entity	Association	30 June 2015 $	30 June 2014 $
Software and hosting services	Octfolio	Darren Anderson Kevin Maloney	40,046	-

Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return in the past 5 years are summarised below:

Measures	2015 $	2014 $	2013 $	2012 $	2011 $
Share price at end of financial year	0.068	0.005	0.008	0.033	0.04
Market capitalisation at end of financial year ($M)	10.51	1.73	2.76	7.66	6.25
Net Profit/(loss) for the financial year	(1,583,755)	2,147,825	(7,696,487)	(2,084,118)	(1,610,352)
Director and Key Management Personnel remuneration	638,557	526,968	897,944	703,423	761,021

Fixed remuneration is not linked to Group performance. It is set with reference to the individual's role, responsibilities and performance and remuneration levels for similar positions in the market.

Profit targets are deemed an appropriate performance measure for the granting of short and long term incentives to senior executives given that it is the key target hurdle referenced by the Board in preparing its annual budgets and measuring Group performance. Profit targets reflects the Directors' assessment of the result for the ongoing business activities of the Group by excluding non-cash, one-off market related items that are usually out of management's control. The annual target is determined by the Board having regard to the Group's annual budget. The target could be higher or lower than budget, and is adjusted for the effect of material equity issues.

Prior to the restructure in FY2015, the link between remuneration, Company financial performance and shareholder wealth generation was tenuous, particularly in the exploration and development stage of a geothermal company. Share prices are subject to the influence of international energy prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

No bonuses were paid or are due to be paid to the CEO and Executive Director as the performance conditions were not met.

No dividends were paid by HRL Holdings Limited nor was there any return of capital over the past 5 years.

No shares were issued on exercise of options issued as part of remuneration in 2015.

No options lapsed during the period due to vesting conditions not being met.

No equity instruments were issued as remuneration in 2015.

The Company did not engage any remuneration consultants during the financial year.

---------------------------- END OF REMUNERATION REPORT ----------------------------

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY K L COLYER TO THE DIRECTORS OF HRL HOLDINGS LIMITED

As lead auditor of HRL Holdings Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of HRL Holdings Limited and the entities it controlled during the period.

K L Colyer
Director

BDO Audit Pty Ltd

Brisbane, 28 August 2015

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 19 August 2015.

Distribution of equity securities

HRL – Ordinary Fully Paid Shares

Number of Securities Held	No's of holders
1 to 1,000	327
1,001 to 5,000	348
5,001 to 10,000	134
10,001 to 100,000	363
100,001 and over	118
Total	**1,290**
Number of unmarketable parcels of shares	729

Twenty largest holders

HRL – Ordinary Fully Paid Shares

No.	Name of Shareholder	Holding	% Held
1	TULLA PROPERTY PARTNERS PTY LTD	45,282,988	29.30%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	13,844,117	8.96%
3	DARREN ANDERSON & JULIE ANDERSON	8,171,255	5.29%
4	ANDERSON PROPERTY HOLDINGS PTY LTD	7,692,308	4.98%
5	GREG ANDERSON & NANCY ANDERSON	7,402,024	4.79%
6	CRAIG ANDERSON & AMANDA ANDERSON	7,402,024	4.79%
7	COWLEY SUPER PTY LTD	3,000,000	1.94%
8	ELLIOTT NOMINEES P/L	2,646,710	1.71%
9	ESTANZA PTY LTD	2,308,000	1.49%
10	MR JONATHAN PAUL KERSHAW MARSHALL	2,011,456	1.30%
11	MS AMANDA JANE ALIDENES	2,000,000	1.29%
12	POKTON PTY LIMITED	1,538,462	1.00%
13	MR ALEXANDER JAMES WHITE	1,405,000	0.91%
14	HOT PROPERTY REALTY MACKAY PTY LTD	1,400,000	0.91%
15	MR NICHOLAS DERMOTT MCDONALD	1,391,538	0.90%
16	H K PRICE PTY LTD	1,140,323	0.74%
17	MR LESLIE JOHN BUNT	1,012,540	0.66%
18	MR JOHN COOPER TAYLOR & MRS SHARON MAREE TAYLOR	923,077	0.60%
19	LORRAINE JEAN ZILLMAN	853,847	0.55%
20	LOCANTRO SPECULATIVE INVESTMENTS PTY LTD	837,902	0.54%
		112,263,571	**72.64%**

Voting Rights

All fully paid ordinary shares carry one vote per share without restriction.

Substantial Shareholders

The company has the following substantial shareholders as at 19 August 2015:

- Mr Kevin Maloney holds an interest in 45,282,958 shares (29.30%)
- Mr Darren Anderson holds an interest in 15,863,563 shares (10.26%)
- Viburum Funds Pty Ltd holds an interest in 15,745,790 shares (10.19%)

ADDITIONAL ASX INFORMATION

Interests in Exploration Tenements

Type	Location	Status	Grant	Expiry Date	HRL Interest
GEP 6	Portland	Granted	14/05/2007	13/9/2019	100%
GEP 8	Warrnambool	Granted	14/05/2007	13/9/2019	100%

STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2015

	Note	12 months ended 30 June 2015 $	13.5 months from 15 May 2013 to 30 June 2014 $
Environmental services revenue		4,669,609	4,873,779
Interest revenue		30,100	409
Costs and consumables relating to the provision of services		(438,496)	(286,221)
Employee benefits expense	7	(2,752,910)	(2,020,802)
Depreciation and amortisation expenses		(432,465)	(221,888)
Finance costs		(1,953)	(26,720)
Other expenses		(1,395,610)	(893,106)
Impairment of receivables		(5,012)	(6,969)
Gain on bargain purchase	4	-	128,950
Employee benefits expense on Precise earn-out payments	16 & 7	(51,650)	-
Acquisition expenses	2 & 3	(268,358)	(409,553)
Listing expense arising on deemed acquisition	2	(1,252,455)	-
Profit/(loss) before income tax		(1,899,200)	1,137,879
Income tax benefit/(expense)	5	315,445	(393,050)
Profit/(loss) after income tax		(1,583,755)	744,829
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		(509,466)	-
Income tax		-	-
Other comprehensive income for the period, net of tax		(509,466)	-
Total comprehensive income/(loss)		(2,093,221)	744,829
		Cents	Cents
Earnings per share			
Basic earnings per share	8	(0.3)	1.7
Diluted earnings per share	8	(0.3)	1.7

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

BALANCE SHEET

Consolidated Balance Sheet
As at 30 June 2015

	Note	30 June 2015 $	30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents	9	859,500	8,049
Trade and other receivables	10	924,916	659,049
Other current assets	11	99,103	200
TOTAL CURRENT ASSETS		1,883,519	667,298
NON-CURRENT ASSETS			
Trade and other receivables	10	68,585	38,850
Plant and equipment	12	372,933	185,431
Intangible assets	13	251,913	382,870
Goodwill	14	4,079,678	-
Deferred tax assets	5	660,905	52,016
TOTAL NON-CURRENT ASSETS		5,434,014	659,167
TOTAL ASSETS		7,317,533	1,326,465
CURRENT LIABILITIES			
Trade and other payables	15	514,497	513,129
Current tax liabilities		235,622	-
Short-term provisions	16	154,632	47,120
Borrowings	17	114,625	-
TOTAL CURRENT LIABILITIES		1,019,376	560,249
NON-CURRENT LIABILITIES			
Borrowings	17	47,553	-
Deferred tax liabilities	5	27,396	-
TOTAL NON-CURRENT LIABILITIES		74,949	-
TOTAL LIABILITIES		1,094,325	560,249
NET ASSETS		6,223,208	766,216
EQUITY			
Contributed capital	18	8,220,282	670,069
Reserves	19	(509,466)	-
Retained earnings/(Accumulated losses)		(1,487,608)	96,147
TOTAL EQUITY		6,223,208	766,216

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 year ended 30 June 2015

	Contributed Capital	Retained Earnings/ (Accumulated Losses)	Foreign Currency Reserve	Total
	$	$	$	$
Balance at 15 May 2013	-	-	-	-
Transactions with owners in their capacity as owners				
Contributions of capital	670,069	-	-	670,069
Dividends provided for or paid	-	(648,682)	-	(648,682)
Total	670,069	(648,682)	-	21,387
Comprehensive income				
Profit after income tax	-	744,829	-	744,829
Total comprehensive income	-	744,829	-	744,829
Balance at 30 June 2014	670,069	96,147	-	766,216
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	5,105,240	-	-	5,105,240
Share issue costs (net of tax)	(454,742)	-	-	(454,742)
Total	7,550,213	-	-	7,550,213
Comprehensive income				
Loss after income tax	-	(1,583,755)	-	(1,583,755)
Foreign currency translation differences for foreign operations	-	-	(509,466)	(509,466)
Total comprehensive income	-	(1,583,755)	(509,466)	(2,093,221)
Balance at 30 June 2015	8,220,282	(1,487,608)	(509,466)	6,223,208

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 year ended 30 June 2015

	Note	12 months ended 30 June 2015	13.5 months from 15 May 2013 to 30 June 2014
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,222,936	4,901,211
Payments to suppliers and employees		(5,660,777)	(3,416,208)
Interest received		22,754	409
Finance costs		(1,953)	(26,720)
Net cash provided by/(used in) operating activities	20	(417,040)	1,458,692
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		(139,642)	(86,822)
Proceeds from the sale of plant & equipment		-	13,000
Net inflow of cash from the acquisition of OCTIEF	2	1,731,848	-
Net outflow of cash from the acquisition of Precise	3	(4,695,229)	-
Payments for deposits		(29,735)	(38,600)
Loans to related parties	22	-	(1,318,750)
Net cash provided by/(used in) investing activities		(3,132,758)	(1,431,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions of capital		5,105,240	1
Capital raising costs		(649,631)	-
Proceeds from borrowings		115,002	250,000
Repayment of borrowings		(128,213)	(250,000)
Finance lease payments		(4,332)	(19,472)
Net cash provided/(used in) by financing activities		4,438,066	(19,471)
Net increase/(decrease) in cash and cash equivalents held		888,268	8,049
Net foreign exchange differences		(36,817)	-
Cash and cash equivalents at the beginning of the financial period		8,049	-
Cash and cash equivalents at the end of the financial period	**9**	**859,500**	**8,049**

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

Introduction

This financial report covers the Consolidated Entity of HRL Holdings Limited (the "Company") and its controlled entities (together referred to as the "Consolidated Entity"). HRL Holdings Limited is a listed public company, incorporated and domiciled in Australia. At the 2014 AGM shareholders approved the change of the Company's name from Hot Rock Limited to HRL Holdings Limited.

As a result of the acquisition of OCTIEF Pty Ltd (as discussed in Note 2) this financial report represents a continuation of the financial statements of OCTIEF Pty Ltd being the accounting parent entity of the Group. OCTIEF Pty Ltd was registered on 15 May 2013. As a result the comparatives shown cover the period 15 May 2013 to 30 June 2014.

The accounting policies have been consistently applied, unless otherwise stated.

<u>Operations and principal activities</u>
The principal operating activities of the Group are environmental consulting and hazardous materials analytical laboratory services with offices and laboratory facilities in Brisbane, Darwin, Christchurch and Wellington.

The Group offers services including industrial hygiene, asbestos and hazardous materials management, environmental services (air, water and soil including contaminated land), building contamination assessment, and specialised NATA/IANZ - accredited laboratory analysis and on-site testing and monitoring.

Geothermal exploration projects have been placed on care and maintenance while the Group evaluates the best way to develop the projects held.

<u>Currency</u>
The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Company.

<u>Authorisation of financial report</u>
The financial report was authorised for issue on 28 August 2015.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. HRL Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

<u>Historical cost convention</u>
The financial statements have been prepared under the historical convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

<u>Critical accounting estimates and judgements</u>
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity. The estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period and future periods if the revision affects both current and future periods. The following key change in accounting estimates were made during the year:

- Useful life of intangible assets (licences and accreditations) reduced from 5 years to 2 years.

Assuming the assets are held until the end of their estimated useful lives, amortisation in future years in relation to these assets will be decreased by the following amounts:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Year ending 30 June 2016: $40,000
Year ending 30 June 2017: $40,000
Year ending 30 June 2018: $37,479

The following critical accounting estimates or judgements were made in the process of applying the entity's accounting policies that in management's assessment can significantly affect the amounts recognised in the financial statements:

Intangibles
Useful life of intangible assets estimated to be between 2 and 3 years.

Goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(p). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to Note 14 for details of these assumptions and the potential impact of changes to the assumptions.

Provisions
The Group has estimated the likely payout under the earn out payment on acquisition of Precise Consulting and Laboratory Limited (refer Note 3). This calculation requires the use of assumptions. Refer to Note 16 for details of these assumptions and the potential impact of changes to the assumptions.

Accounting policies

(a) Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(b) Income Tax

The income tax expense (benefit) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of policy for impairment).

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of asset is:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20%
Motor vehicles	25%
Office equipment	40% - 67%
Laboratory equipment	20% - 40%

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership is transferred to entities in the Consolidated Entity, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(e) Financial Instruments

<u>Recognition and initial measurement</u>
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

<u>Classification and subsequent measurement</u>
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Consolidated Entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature greater than 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold greater than 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment
At the end of each reporting period, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees
Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

– the likelihood of the guaranteed party defaulting in a year period;
– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposed if the guaranteed party were to default.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of Assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Employee Benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations
The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Contributions to defined contribution plans are expensed when incurred.

(h) Cash and Cash Equivalents

For statement of cash flow presentation purposes cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

(i) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the provision of services is recognised on an accruals basis in the period in which the service is provided. Revenue from the provision of these services is calculated with reference to the professional staff hours incurred on each client assignment adjusted for any time that may not be recoverable.

Interest revenue is recognised using the effective interest rate method.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax authority. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant tax authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Share Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Earnings per Share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(m) Comparative Figures

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Foreign Exchange

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedges. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Subsidiary companies
The financial results and position of foreign operations whose functional currency is different from the Consolidated Entity's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(o) Intangible Assets

Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from 1 to 3 years.

Licenses and accreditations

Licenses and accreditations acquired as part of a business combination are recognised separately from goodwill. The licenses and accreditations are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which is estimated at 2 years.

(p) Goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Finance Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

For non-specific borrowings, borrowing costs are capitalised using a weighted average capitalisation rate. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

(r) New Accounting Standards

The Consolidated Entity adopted all new Accounting Standards and Interpretations effective for the year ended 30 June 2015. There were no material impacts on the financial statements of the Consolidated Entity as a result of adopting these standards.

(s) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments
This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2018. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Consolidated Entity has not yet evaluated the impact adoption of this standard will have.

AASB 15 Revenue from Contracts with Customers
This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2017. This standard requires recognised revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Consolidated Entity has not yet evaluated the impact adoption of this standard will have.

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 to be issued in due course

***** 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.

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 other expenses in profit or loss and in operating cash flows in the statement of cash flows.

NOTE 3 PRECISE CONSULTING ACQUISITION ACCOUNTING

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 is 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.

NOTE 3 PRECISE CONSULTING ACQUISITION ACCOUNTING (CONT'D)

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. Consequently the earn-out consideration does not form part of the part of purchase consideration when accounting for the business combination. Refer to Note 16 for details of the accounting for the earn-out provision.

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

	1 April 2015 $AUD
Purchase consideration:	
Cash payment of $5,000,000 NZD	**4,895,721**
Fair value of assets and liabilities acquired:	
Cash and cash equivalents	200,492
Trade and other receivables	395,805
Property, plant and equipment	110,695
Intangibles – licences and accreditations	244,786
Trade and other payables	(231,410)
Tax payable	(106,074)
Deferred tax liabilities	(68,540)
Employee provisions	(12,736)
Borrowings	(148,790)
Net identifiable assets acquired	**384,228**
Goodwill on acquisition	4,511,493
Net assets acquired	**4,895,721**

The goodwill is attributable to the location, reputation, workforce and the high profitability 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 Precise Consulting's systems and processes at acquisition date.

Revenue and profit contribution

Precise Consulting contributed revenues of $987,495 and net profit of $476,531 to the group for the period from 1 April 2015 to 30 June 2015.

If the acquisition had occurred on 1 July 2014 and the operations of Precise been included from that date then the consolidated pro-forma revenue and loss for the year ended 30 June 2015 would have been $6,975,140 and ($806,054) respectively.

Outflow of cash to acquire Precise Consulting, net of cash acquired

	1 April 2015 $AUD
Cash consideration	4,895,721
Less: cash and cash equivalents acquired	(200,492)
Net outflow of cash – investing activities	**4,695,229**

Acquisition related costs

Acquisition-related costs of $147,448 that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

NOTE 4 OCTIEF CONSULTING AND LABORATORY ACQUISITION ACCOUNTING

On 7 June 2013 OCTIEF Pty Ltd acquired the assets and business of Octief Consulting & Laboratory Services, an environmental consulting business.

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

	7 June 2013 $AUD
Purchase consideration:	
Payable to Integrated Holdings Group Pty Ltd	**553,327**
Fair value of assets and liabilities acquired:	
Property, plant and equipment	187,171
Trade and other receivables	73,800
Intangibles – customer contracts	320,000
Intangibles – licences and accreditations	200,000
Intangibles – other	23,850
Trade and other payables	(19,472)
Deferred taxes	(55,264)
Employee provisions	(47,808)
Net identifiable assets acquired	**682,277**
Gain on bargain purchase	**128,950**

Revenue and profit contribution

The acquired business contributed revenues of $4,874,188 and net profit of $1,414,897 to the group for the period from 7 June 2013 to 30 June 2014.

As the acquisition occurred less than 1 month after OCTIEF Pty Ltd was registered (on 15 May 2013) the difference between the revenue and profit that would have been recognised had the acquisition occurred on 15 May 2013 is considered immaterial.

Purchase consideration – cash outflow

The acquisition was funded through a loan from OCTIEF Pty Ltd's former parent entity - Integrated Holdings Group Pty Ltd on behalf of OCTIEF Pty Ltd. As a result there was no cash outflow associated with the purchase of the business.

No cash was acquired in the acquisition.

Acquisition related costs

Acquisition-related costs of $409,553 are included in profit or loss. Included in this amount were $283,113 of legal settlement costs relating to a dispute with the vendor. $286,479 of these amounts were paid for by OCTIEF Pty Ltd's former parent entity - Integrated Holdings Group Pty Ltd on behalf of OCTIEF Pty Ltd through an intercompany loan account (refer note 22).

NOTE 5 INCOME TAX

	12 months ended 30 June 2015 $	13.5 months from 15 May 2013 to 30 June 2014 $
Income tax expense:		
Current tax		
Current tax on profit/loss for the year	139,700	500,330
Adjustments for current tax of prior periods	-	-
Total current tax expense	139,700	500,330
Deferred tax		
Movement in deferred tax assets	(455,116)	(60,545)
Movement in deferred tax liabilities	(31)	(46,735)
Total deferred tax expense/(benefit)	(455,145)	(107,280)
Total income tax expense/(benefit)	(315,445)	393,050
Reconciliation of income tax expense to prima facie tax payable:		
Profit/(loss) before tax	(1,899,200)	1,137,879
Prima facie tax at 30%	(569,760)	341,363
Tax effect of not deductible (taxable) amounts in calculating taxable income:		
Entertainment expenses	3,414	2,939
Transaction and legal costs	28,183	37,933
Amortisation of intangible assets	96,497	-
Listing expense arising on deemed acquisition	375,737	-
Other items	456	-
Gain on bargain purchase	-	(38,685)
Settlement payment	-	49,500
	(65,473)	**393,050**
Difference in overseas tax rate	(7,040)	-
Previously unrecognised tax losses used to reduce deferred tax expense	(242,932)	-
Total income tax expense	**(315,445)**	**393,050**

Amounts recognised directly in equity:

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

Current tax: share issue costs	-	-
Deferred tax: share issue costs	194,889	-
	194,889	**-**

NOTE 5 INCOME TAX (CONT'D)

	12 months ended 30 June 2015	13.5 months from 15 May 2013 to 30 June 2014
	$	$

Unrecognised temporary differences:

Temporary differences of $Nil (2014 – $Nil) have arisen as a result of the translation of the financial statements of the group's subsidiaries in New Zealand. However, a deferred tax liability has not been recognised as the liability will only eventuate in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

Deferred tax assets:

	12 months ended 30 June 2015 $	13.5 months from 15 May 2013 to 30 June 2014 $
Balance comprises temporary differences attributable to:		
Customer contracts	-	1,499
Employee benefits payable	8,909	43,032
Employee leave provisions	30,540	14,136
Accrued expenses	13,818	-
Share issue costs	194,889	-
Provision for doubtful debts	4,587	-
Precise earn-out provision	14,462	-
Lease liabilities	16,967	-
Carried forward tax losses	425,662	-
Other amounts	654	1,818
	710,488	**60,485**
Set-off of deferred tax liabilities	(49,583)	(8,469)
Net deferred tax assets	**660,905**	**52,016**

A deferred tax asset has been recognised as the consolidated entity is forecasting to generate taxable profits over the next five years. The loss in the current year has been impacted by the acquisitions that occurred and the consolidated entity expects to return to profit and utilise the losses recognised.

Movements during the period:

		Charged/credited to				
Year ended June 2015	**1 July 2014**	**Profit or Loss**	**Other Comp. Income**	**Directly to equity**	**Acquisition of subsidiary**	**30 June 2015**
Customer contracts	1,499	(1,499)	-	-	-	-
Employee benefits payable	43,032	(34,123)	-	-	-	8,909
Employee leave provisions	14,136	16,404	-	-	-	30,540
Accrued expenses	-	13,818	-	-	-	13,818
Share issue costs	-	-	-	194,889	-	194,889
Provision for doubtful debts	-	4,587	-	-	-	4,587
Precise earn-out provision	-	14,462	-	-	-	14,462
Lease liabilities	-	16,967	-	-	-	16,967
Carried forward tax losses	-	425,662	-	-	-	425,662
Other amounts	1,818	(1,163)	-	-	-	654
	60,485	**455,115**	**-**	**-**	**-**	**710,488**

NOTE 5 INCOME TAX (CONT'D)

Period ended June 2014	1 July 2014	Charged/credited to Profit or Loss	Other Comp. Income	Directly to equity	Acquisition of subsidiary	30 June 2015
Customer contracts	-	1,499	-	-	-	1,499
Employee benefits payable	-	43,032	-	-	-	43,032
Employee leave provisions	-	14,136	-	-	-	14,136
Other amounts	-	1,818	-	-	-	1,818
	-	**60,485**	-	-	-	**60,485**

	12 months ended 30 June 2015 $	13.5 months from 15 May 2013 to 30 June 2014 $
Deferred tax liabilities:		
Balance comprises temporary differences attributable to:		
Licences and accreditations	60,874	7,567
Other intangibles	-	902
Plant and equipment	13,901	-
Other amounts	2,204	-
	76,979	**8,469**
Set-off of deferred tax assets	(49,583)	(8,469)
Net deferred tax liabilities	**27,396**	**-**

Movements during the period:

Year ended June 2015	1 July 2014	Charged/credited to Profit or Loss	Other Comp. Income	Directly to equity	Acquisition of subsidiary	30 June 2015
Licences and accreditations	7,567	(15,233)	-	-	68,540	60,874
Other intangibles	902	(902)	-	-	-	-
Plant and equipment	-	13,901	-	-	-	13,901
Other amounts	-	2,204	-	-	-	2,204
	8,469	**(30)**	**-**	**-**	**-**	**76,979**

Period ended June 2014	1 July 2014	Charged/credited to Profit or Loss	Other Comp. Income	Directly to equity	Acquisition of subsidiary	30 June 2015
Licences and accreditations	-	7,567	-	-	-	7,567
Other intangibles	-	902	-	-	-	902
	-	**8,469**	**-**	**-**	**-**	**8,469**

NOTE 5 INCOME TAX (CONT'D)

Tax consolidation

HRL Holdings Limited and its wholly-owned Australian controlled entities have formed a tax-consolidated group. HRL Holdings NZ Limited (a wholly-owned subsidiary of HRL Holdings Limited) and its wholly-owned New Zealand controlled entities have formed a tax-consolidated group. The entities in the tax group have entered into a tax sharing agreement to limit the joint and several liability of the wholly-owned entities in the case of a default by the relevant Head Entity.

A tax funding agreement where the wholly-owned entities fully compensate the Head Entity for any current tax receivable and deferred tax assets related to unused tax losses or unused tax credits that are transferred to the Head Entity under the tax consolidation legislation has also been entered into. The transfer of such amounts to the Head Entity is recognised as inter-company receivables or payables.

Each entity in the tax-consolidated group continues to account for its own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, each relevant Parent entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

NOTE 6 AUDITOR'S REMUNERATION

	12 months ended 30 June 2015	13.5 months from 15 May 2013 to 30 June 2014
	$	$
Audit services – BDO Audit Pty Ltd		
Audit and review of financial reports	49,000	20,000
Audit and review of Precise Consulting financial reports	23,500	-
Independent account reports for prospectus documents	32,000	-
Total audit services	**104,500**	**20,000**
Non-audit services – BDO Audit Pty Ltd		
Assistance with the preparation of the financial report	-	2,000
Total non-audit services	**-**	**2,000**

Prior to the acquisition of OCTIEF Pty Ltd by the Company BDO prepared an Investigating Experts Report in relation to the OCTIEF Pty Ltd acquisition. The amount charged for this engagement was $48,594. As these accounts present a continuation of the financial statements of OCTIEF Pty Ltd the amount charged is not included in profit or loss.

NOTE 7 EXPENSES

Employee benefits expenses			
Defined contribution superannuation expense		113,559	138,335
Other employee benefits expenses		2,639,351	1,882,467
Remuneration expense on Precise Consulting earn-out	16	51,650	-
Total employee benefits expenses		**2,804,560**	**2,020,802**
Rental expense relating to operating leases			
Minimum lease payments		275,051	220,444
Net loss on disposal of plant and equipment		22,351	6,443

NOTE 8 EARNINGS PER SHARE

Earnings

	12 months ended 30 June 2015 $	13.5 months from 15 May 2013 to 30 June 2014 $
Earnings used to calculate basic and diluted EPS	(1,583,755)	744,829

Weighted average number of shares and options	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the period, used in calculating basic earnings per share	570,096,440	44,412,141
Weighted average number of dilutive options outstanding during the period	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period, used in calculating diluted earnings per share	570,096,440	44,412,141

Weighted average number of ordinary shares outstanding during the current period has been calculated using:

- The number of ordinary shares outstanding from the beginning of the current period to the acquisition date computed on the basis of the weighted average number of ordinary shares of OCTIEF Pty Ltd (accounting acquirer) outstanding during the period multiplied by the exchange ratio of 1 OCTIEF Pty Ltd share to 577,357,839 HRL Holdings Limited shares; and
- The number of ordinary shares outstanding from the acquisition date to the end of that period being the actual number of ordinary shares of HRL Holdings Limited (the accounting acquiree) outstanding during the period.

The basic earnings per share for the comparative period before the acquisition date presented in the consolidated financial statements has been calculated using OCTIEF Pty Ltd's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio of 1 OCTIEF Pty Ltd share to 577,357,839 HRL Holdings Limited shares adjusted for the impact of the 1:13 share consolidation that occurred in March 2015.

Options are not considered dilutive as they are currently out of the money. Options may become dilutive in the future.

NOTE 9 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	579,500	8,049
Cash on deposit	280,000	-
	859,500	**8,049**

	June 2015 $	June 2014 $
NOTE 10 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	835,236	523,481
Provision for impairment	-	-
	835,236	523,481
Accrued income	15,570	135,540
Other receivables	74,110	28
	924,916	**659,049**
NON-CURRENT		
Bonds and other deposits	**68,585**	**38,850**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Other receivables generally arise from transactions outside the usual operating activities of the group.

The non-current bonds and other deposits receivables are due and payable within three years from the end of the reporting period.

Impairment of receivables

The Group recognised a loss of $5,012 during the year (2014: $Nil) in relation to impaired receivables.

Movement in the provision for impairment of receivables was:

	June 2015 $	June 2014 $
Opening balance	-	-
Impaired receivables provided for during the period	5,012	6,969
Receivables written off during the year as uncollectible	(5,012)	(6,969)
Closing balance	**-**	**-**

Past due but not impaired

Customers with balances past due but with no provision for impairment at 30 June 2015 were $117,164 (2014: $328,769). The Group did not consider a credit risk on the aggregate balances after review credit terms of customers based on recent collection history.

The ageing of receivables past due but not provided for is:

	June 2015 $	June 2014 $
Past due 0-30 days	95,944	321,310
Past due 30-60 days	20,917	7,459
Past due > 60 days	303	-
	117,164	**328,769**

	June 2015 $	June 2014 $
NOTE 11 OTHER ASSETS		
CURRENT		
Prepaid expenses	**99,103**	**200**

NOTE 12 PLANT AND EQUIPMENT

	June 2015 $	June 2014 $
Leasehold improvements at cost	28,435	2,525
Accumulated depreciation	(3,822)	(212)
	24,613	2,313
Motor vehicles at cost	219,767	166,915
Accumulated depreciation	(78,218)	(39,964)
	141,549	126,951
Office furniture and equipment at cost	104,641	38,970
Accumulated depreciation	(44,218)	(7,929)
	60,423	31,041
Laboratory equipment at cost	177,204	35,883
Accumulated depreciation	(30,856)	(10,757)
	146,348	25,126
Total plant and equipment at cost	530,047	244,293
Total accumulated depreciation	(157,114)	(58,862)
Total plant and equipment	**372,933**	**185,431**

Movements during the year

Year ended 30 June 2015	Leasehold Improvements	Motor Vehicles	Office Furniture and Equipment	Laboratory Equipment	Total
Balance at 1 July 2014	2,313	126,951	31,041	25,126	185,431
Additions	25,910	-	5,970	107,761	139,641
Additions – leases	-	52,852	-	-	52,852
Business combinations	-	-	56,841	53,854	110,695
Disposals	-	-	(10,735)	(11,616)	(22,351)
Foreign exchange movements	-	-	(5,252)	(7,931)	(13,183)
Depreciation	(3,610)	(38,254)	(17,442)	(20,846)	(80,152)
Balance at 30 June 2015	**24,613**	**141,549**	**60,423**	**146,348**	**372,933**

Period ended 30 June 2014	Leasehold Improvements	Motor Vehicles	Office Furniture and Equipment	Laboratory Equipment	Total
Balance at 15 May 2013	-	-	-	-	-
Additions	2,525	50,559	22,433	11,305	86,822
Business combinations	-	137,845	16,537	32,879	187,171
Disposals	-	(19,443)	-	(8,211)	(27,654)
Depreciation	(212)	(42,010)	(7,929)	(10,757)	(60,908)
Balance at 30 June 2014	**2,313**	**126,951**	**31,041**	**25,126**	**185,431**

	June 2015 $	June 2014 $
NOTE 13 INTANGIBLE ASSETS		
Customer contracts at cost	320,000	320,000
Accumulated amortisation	(262,063)	(113,388)
	57,937	206,612
Licences and accreditations at cost	421,356	200,000
Accumulated amortisation	(227,380)	(42,521)
	193,976	157,479
Other intangibles at cost	-	23,850
Accumulated amortisation	-	(5,071)
	-	18,779
Total intangible assets	**251,913**	**382,870**

Movements during the year

Year ended 30 June 2015	Customer Contracts	Licences and Accreditations	Other Intangibles	Total
Balance at 1 July 2014	206,612	157,479	18,779	382,870
Additions	-	-	-	-
Business combinations	-	244,786	-	244,786
Disposals	-	-	-	-
Foreign exchange movements	-	(23,430)	-	(23,430)
Amortisation	(148,675)	(184,859)	(18,779)	(352,313)
Balance at 30 June 2015	**57,937**	**193,976**	**-**	**251,913**

Period ended 30 June 2014	Customer Contracts	Licences and Accreditations	Other Intangibles	Total
Balance at 15 May 2013	-	-	-	-
Additions	-	-	-	-
Business combinations	320,000	200,000	23,850	543,850
Disposals	-	-	-	-
Amortisation	(113,388)	(42,521)	(5,071)	(160,980)
Balance at 30 June 2014	**206,612**	**157,479**	**18,779**	**382,870**

	June 2015 $	June 2014 $
NOTE 14 GOODWILL		
Opening balance	-	-
Goodwill arising on acquisition of Precise Consulting	4,511,493	-
Foreign exchange movements	(431,815)	-
	4,079,678	**-**

Impairment tests for goodwill

Goodwill is monitored by management at the Company level for Precise Consulting.

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

The calculations use cash flow projections based on financial budgets covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The following table sets out the key assumptions for the value in use:

Assumption	Variable	Approach
Sales volume annual growth	2.5%	Average annual growth rate over the five-year forecast period based on management's expectations of market development.
Sales price annual growth	2.5%	Average annual growth rate over the five-year forecast period based on current industry trends and including long term inflation forecasts for New Zealand
Fixed costs per annum	$1.2M	Fixed costs of the Company, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed are the average operating costs for the five-year forecast period.
Annual capital expenditure	$50,000	Expected capital cash costs based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long term growth rate	3%	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	20%	Reflects specific risks relating to the relevant segments and the countries in which they operate. In performing the value-in-use calculations for each CGU, the group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows.

There is sufficient headroom in the value in use calculation such that in management's opinion a reasonably possible change in a key assumption on which management has based its determination of the cash generating unit's recoverable amount would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

	June 2015 $	June 2014 $
NOTE 15 TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	198,271	87,704
Other payables and accrued expenses	296,226	425,425
Payables to Directors – outstanding wages and fees	20,000	-
	514,497	**513,129**

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the group and comprise items such as employee taxes, employee on costs, GST and other recurring items.

NOTE 16 PROVISIONS

CURRENT		
Employee benefits	102,982	47,120
Precise Consulting earn-out	51,650	-
	154,632	**47,120**

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 is 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.

NOTE 16 PROVISIONS (CONT'D)

HRL estimates that Precise Consulting will exceed an EBIT of $1,900,000 NZD for the 12 months ended 31 December 2015, resulting in an estimated earn-out of $700,000 NZD.

As at 30 June 2015, Mr Andre Halkyard had performed 3 months of the 36 month service period (8.33%). Accordingly an amount of $51,650 (being 8.33% of $700,000 NZD [$51,650 AUD]) has been recognised in profit or loss.

Movements during the year

	June 2015 $	June 2014 $
Opening balance	-	-
Precise Consulting earn-out expense recognised	51,650	-
	51,650	**-**

NOTE 17 BORROWINGS

	June 2015 $	June 2014 $
CURRENT		
Finance leases	9,003	-
Insurance financing	105,622	-
	114,625	**-**
NON-CURRENT		
Finance leases	47,553	-
	47,553	**-**

The finance lease is secured over the individual motor vehicle that the lease relates to. The lease has an interest rate of 5.10% per annum and expires in December 2018.

Insurance financing is unsecured. The facility has an interest rate of 4.67% per annum and expires in May 2016.

Financing Facilities

The Group has access to the following lines of credit:

	June 2015 $	June 2014 $
Total facilities available		
Finance leases	56,556	-
Insurance financing	105,622	-
Bank loans	3,500,000	-
Overdraft	250,000	250,000
	3,912,178	**250,000**
Facilities used at balance date		
Finance leases	56,556	-
Insurance financing	105,622	-
Bank loans	-	-
Overdraft	-	-
	162,178	**-**

NOTE 17 BORROWINGS (CONT'D)

	June 2015 $	June 2014 $
Unused facilities at balance date		
Finance leases	-	-
Insurance financing	-	-
Bank loans	3,500,000	-
Overdraft	250,000	250,000
	3,750,000	**250,000**

Restrictions as to use or withdrawal

The bank loan facility is subject to the Group complying with covenants listed below.

Covenants

The bank loan facility is subject to the below covenants:

Debt Service Cover Ratio greater than 1

Debt Service Cover Ratio means: EBITDA divided by the total principal and interest payments for that period.

This ratio will be assessed every 6 months.

Gearing Ratio of less than 65% at June 2015 and 60% at June 2016

Gearing ratio means: Total liabilities divided by total tangible assets (including goodwill and other acquisition based intangibles).

This ratio will be assessed every 12 months.

Provision of bi-annual compliance certificates

HRL must provide within 60 days 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.

Assets pledged as security

In accordance with the security arrangements of the bank loans, all current and non-current assets of the Group are secured by floating charge.

Finance leases are also secured by mortgage over the relevant motor vehicle which at 30 June 2015 had a carrying value of $46,336.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Terms and conditions

The bank overdraft facilities may be drawn at any time. Bank loan facilities may be drawn at any time and have a maturity of 3 years. The bank loan facilities are principal and interest and amortise equally over the loan period.

	June 2015 $	June 2014 $
NOTE 18 CONTRIBUTED CAPITAL		
154,550,025 fully paid ordinary shares (30 June 2014: 1)	8,025,393	670,069

	June 2015 Number	June 2014 Number	June 2015 $	June 2014 $
Movements during the period				
Balance at beginning of period	1	-	670,069	-
Issue of shares in OCTIEF Pty Ltd	-	1	-	1
Loan forgiveness [1]	-	-	-	670,068
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 Milestone 1 & 2 (refer Note 2)	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	**154,550,025**	**1**	**8,220,282**	**670,069**

[1] Prior to acquisition of OCTIEF by the Company (refer Note 2) OCTIEF had a loan balance payable to its parent entity – Integrated Holdings Group Pty Ltd of $670,068. This loan was forgiven prior to the acquisition and has been treated as a contribution of capital.

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:

		Movements				
Expiry Date	Exercise Price	1 July 2014	Issued	Exercised	Expired	30 June 2015
30 November 2015*	$0.52	1,615,385	-	-	-	1,615,385

* Number of options and pricing adjusted for the 1:13 share consolidation

The weighted average remaining contractual life of share options outstanding at year end was 0.42 years.

	June 2015 $	June 2014 $

NOTE 19 RESERVES

Foreign currency translation reserve	(509,466)	-

The foreign currency translation reserve records exchange rate differences arising from the translation of the financial statements of foreign subsidiaries.

Movements during the year

Opening balance	-	-
Foreign exchange differences	(509,466)	-
Closing balance	(509,466)	-

NOTE 20 CASH FLOW INFORMATION

Reconciliation of cash flows from operations with profit/(loss) after tax

Profit/(loss) after income tax	(1,583,755)	744,829
Non-cash items in profit/(loss) after income tax		
Depreciation and amortisation	432,465	221,888
Loss on sale of plant and equipment	22,351	6,443
Gain on bargain purchase	-	(128,950)
Impairment of receivables	5,012	-
Listing expense arising on deemed acquisition	1,252,455	-
Movements in operating assets and liabilities		
Trade and other receivables	66,400	(592,248)
Other assets	(52,537)	(450)
Trade and other payables	(234,763)	1,315,148
Provisions	(9,223)	(688)
Tax balances	(315,445)	(107,280)
Net cash provided by/ (used in) operating activities	**(417,040)**	**1,458,692**

Non-cash investing and financing activities

Shares issued for OCTIEF acquisition (refer Note 18)	2,899,715	-
Forgiveness of loan from parent entity (refer Note 18)	-	670,068
Settlement of dividend liability (refer Note 28)	-	648,682
Funding of acquisition of OCLS (refer Note 4)		553,328

NOTE 21 SHARE BASED PAYMENTS

During the year ended 30 June 2015, HRL entered into a contract with Integrated Holdings Group Pty Ltd ("IHG") to acquire 100% of the equity of OCTIEF Pty Ltd. Further details of the acquisition and the share based payment involved are included in Note 2.

	June 2015 $	June 2014 $

NOTE 22 RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

	June 2015 $	June 2014 $
Short-term benefits	539,228	489,688
Post-employment benefits	36,225	-
Long-term benefits	66,754	22,429
Termination benefits	-	-
Share-based payments	-	-
	638,557	**526,968**

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 22.

Transactions with related parties

Transactions with Key Management Personnel related parties

Transaction	Entity	Association	12 months ended 30 June 2015 $	13.5 months from 15 May 2013 to 30 June 2014 $
Rental of office space	Paget Developers	Darren Anderson Kevin Maloney	98,484	64,000
Underwriting $5M capital raise [1]	Tulla Property Partners	Kevin Maloney	250,000	-
Software and hosting services	Octfolio	Darren Anderson Kevin Maloney	104,141	25,899
Sublet of office space to Octfolio	Octfolio	Darren Anderson Kevin Maloney	5,610	-
Corporate services [2]	Integrated Holdings Group	Darren Anderson Kevin Maloney	61,538	-
Business acquisition	Integrated Holdings Group	Darren Anderson Kevin Maloney	-	See below

[1] Tulla Property Partners, 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 other parties to sub-underwrite part of the capital raising and will have settled these sub-underwriting fees directly with the sub-underwriters. The net underwriting fee received by Tulla Property Partners was $116,369. Included in the sub-underwriting fees paid by Tulla Property Partners was an amount of $55,342 that was paid to Integrated Holdings Group, an entity associated with Mr Kevin Maloney and Mr Darren Anderson.

[2] Services provided from 1 July 2014 to 15 September 2014.

All of the above transactions were based on normal commercial terms and conditions.

Business acquisition

During the year ended 30 June 2014 OCTIEF acquired the assets and business of Octief Consulting and Laboratory Services Pty Ltd ("OCLS"), an environmental consulting business.

As disclosed in Note 4 the fair value of the net identifiable assets acquired exceeded the total consideration paid resulting in a gain on bargain purchase of $128,950. OCLS was 100% owned by Integrated Holdings Group Pty Ltd, a company that Mr Kevin Maloney and Mr Darren Anderson are directors and shareholders of. At that date Integrated Holdings Group Pty Ltd was the parent entity of OCTIEF. The contract was based on normal commercial terms and conditions.

NOTE 22 RELATED PARTY TRANSACTIONS (CONT'D)

Outstanding balances with related parties from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Nature	Entity	Association	30 June 2015 $	30 June 2014 $
Software and hosting services (included in trade payables)	Octfolio	Darren Anderson Kevin Maloney	40,046	-

	June 2015 $	June 2014 $
Loans to/ (from) related parties (Integrated Holdings Group Pty Ltd – parent entity of OCTIEF Pty Ltd until 15 September 2014)		
Beginning of the year	-	-
Funding of acquisition of OCLS (non-cash - refer Note 4)	-	(553,327)
OCLS acquisition costs funded by parent entity (refer Note 4)	-	(286,479)
Loans advanced	-	1,318,750
Recognition of OCTIEF tax expense (Refer Note 5)	-	(500,330)
Loan repayments received	-	-
Settlement of dividend liability (Refer Note 28)	-	(648,682)
Loan forgiveness (Refer Note 18)	-	670,068
Balance at end of year	**-**	**-**

NOTE 23 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is credit risk and foreign exchange risk.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Chief Finance Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity. It arises from exposure to customers as well as through deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2015. Credit risk is reviewed regularly by the Board.

The Group does not have any material credit risk exposure to any single counterparty, except for its holdings of cash which is held with the Westpac Bank.

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT'D)

Maximum exposure to credit risk

	June 2015 $	June 2014 $
Summary exposure		
Cash and cash equivalents	859,500	8,049
Trade receivables	835,236	523,481
Other receivables	89,680	135,568
	1,784,416	**667,098**

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained. Refer to Note 17 for the Group's financing facilities available at balance date:

Remaining contractual maturities

The tables below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at period end. The amounts disclosed represent undiscounted cash flows. The tables include both interest and principal cash flows and therefore the totals may differ from their carrying amount in the balance sheet.

The remaining contractual maturities of the financial liabilities are:

30 June 2015	Fixed interest rate	1 year or less $	1 to 2 years $	Over 2 years $	Total $
Trade payables	-	198,271	-	-	198,271
Other payables	-	316,226	-	-	316,226
Insurance financing	4.67%	108,104	-	-	108,104
Finance lease	5.10%	11,677	11,677	40,452	63,806
		634,278	**11,677**	**40,452**	**686,407**

30 June 2014	Interest rate	1 year or less $	1 to 2 years $	Over 2 years $	Total $
Trade payables	-	87,704	-	-	87,704
Other payables	-	425,425	-	-	425,425
		513,129	**-**	**-**	**513,129**

Market Risk

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian and New Zealand interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT'D)

All interest bearing liabilities have fixed interest rates so the sensitivity analysis has no impact.

All cash assets have floating interest rates. At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	June 2015 $	June 2014 $
Impact on profit and equity		
+1.00% (100 basis points)	6,102	80
-1.00% (100 basis points)	(6,102)	(80)

Foreign Currency Risk

Foreign currency risk arises as a result of having assets/cash flows denominated in a currency other than the home currency in which they are reported. At 30 June, the Group had the following exposure to foreign currency, shown in Australian Dollars:

Financial assets		
Cash and cash equivalents (NZD)	373,482	-
Trade and other receivables (NZD)	533,125	-
	906,607	**-**
Financial liabilities		
Trade and other payables (NZD)	122,853	-
	122,853	**-**

Exchange rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the NZD:AUD exchange rates at reporting date had been 10% basis higher or lower, with all other variables held constant. The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date:

Impact on equity		
+10.00%	(78,375)	-
-10.00%	78,375	-

Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Board of Directors monitors the return on capital as well as considers the potential of future dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

As part of complying with its borrowing covenants, the Group has an externally imposed requirement to maintain a *Gearing Ratio* of less than 65% at June 2015 and 60% at June 2016. *Gearing ratio* is defined as: Total liabilities divided by total tangible assets (including goodwill and other acquisition based intangibles). The actual gearing ratio at 30 June 2015 was 15%.

Fair Values

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

NOTE 24 COMMITMENTS

	June 2015 $	June 2014 $
Operating leases		
Minimum lease payments:		
Payable within one year	335,161	150,955
Payable within one year and five years	685,022	364,305
Total contracted at balance date	**1,020,183**	**515,260**

The Group leases various properties and motor vehicles under non-cancellable operating leases expiring within one to five years. The property leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Finance leases

	June 2015 $	June 2014 $
Future minimum lease payments:		
Payable within one year	11,677	-
Payable between one year and five years	52,129	-
	63,806	
Less future interest payments	(7,250)	-
	56,556	**-**
Present value of minimum lease payments:		
Current (Note 17)	9,003	-
Non-Current (Note 17)	47,553	-
	56,556	**-**

Finance leases relate to vehicle with a written down value of $46,336. Under the lease terms, the Group does not have the right to acquire the leased asset at the end of the lease.

Future exploration

	June 2015 $	June 2014 $
Exploration obligations to be undertaken:		
Payable within one year	800,000	-
Payable between one year and five years	18,500,000	-
	19,300,000	**-**

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. Failure to meet these obligations may result in the Group having to relinquish these tenements. It is HRL's intention to not focus any further resources on its geothermal assets until it is satisfied that the projects can be commercially viable.

NOTE 25 CONTINGENT LIABILITIES

The Consolidated Entity has arranged bank guarantees of $30,000 to the Victorian Government as security over the granted geothermal tenement. No liability has been recognised by the Group as bank deposits totalling $30,000 are in place to satisfy any obligation to the bank. Upon relinquishment of the tenements, the Victorian Government will release the security.

NOTE 26 SEGMENT REPORTING

Reportable Segments

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:

- Australia
- New Zealand

New Zealand operations were established throughout the year ended 30 June 2015 and accordingly for the period ended 30 June 2014, the Group only had one reportable segment, being environmental services in Australia.

Segment Revenues and Results

30 June 2015	Australia $	New Zealand $	Unallocated $	Consolidated $
Revenue:				
Environmental services revenue	3,263,735	1,405,874	-	4,669,609
Interest income	-	-	30,100	30,100
Expenses:				
Interest expense	(1,953)	-	-	(1,953)
Other expenses	(3,162,172)	(988,041)	(2,446,743)	(6,596,956)
Segment result	99,610	417,833	(2,416,643)	(1,899,200)
Income tax				315,445
Net Profit/(Loss)				(1,583,755)
Non-cash and other significant items included in loss above:				
Depreciation and amortisation	384,659	39,807	7,999	432,465
Impairment of receivables	5,012	-	-	5,012
Loss on disposal of plant and equipment	22,351	-	-	22,351
Listing expense arising on deemed acquisition	-	-	1,252,455	1,252,455
Acquisition expenses	-	-	268,358	268,358
Assets:				
Segment assets	1,983,500	5,334,034	-	7,317,534
Liabilities:				
Segment liabilities	605,587	488,738	-	1,094,325
Segment acquisitions:				
Acquisition of property, plant and equipment	64,778	74,863	-	139,641
Details on non-current assets:				
Trade and other receivables	38,480	30,105	-	68,585
Plant and equipment	213,945	158,988	-	372,933
Intangibles	57,937	193,976	-	251,913
Goodwill	-	4,079,678	-	4,079,678
Deferred tax assets	660,905	-	-	660,905
	971,267	4,462,747		5,434,014

NOTE 26 SEGMENT REPORTING (CONT'D)

	June 2015 $	June 2014 $
Unallocated segment - other expense reconciliation		
Employee benefits expense	747,474	-
Depreciation and amortisation expenses	8,352	-
Other expenses	170,104	-
Acquisition expenses	268,358	-
Listing expense arising on deemed acquisition	1,252,455	-
	2,446,743	**-**

NOTE 27 PARENT ENTITY INFORMATION

The legal Parent Entity of the Consolidated Entity is HRL Holdings Limited.

	June 2015 $	June 2014 $
Parent Entity Financial Information		
Current assets	465,253	1,624,003
Non-current assets	5,614,874	31,912
Total assets	6,080,127	1,655,915
Current liabilities	262,859	29,806
Non-current liabilities	47,553	-
Total liabilities	310,412	29,086
Net assets	**6,390,539**	**1,626,109**
Issued capital	19,258,814	14,298,986
Reserves	165,400	165,400
Accumulated losses	(12,868,275)	(12,838,277)
Total equity	**6,390,539**	**1,626,109**
Profit/(loss) after income tax	(29,998)	2,455,888
Other comprehensive income	-	-
Total comprehensive income	**(29,998)**	**2,455,888**

Commitments, Contingencies and Guarantees of the Parent Entity

The Parent Entity has commitments for the motor vehicle finance lease and the geothermal exploration commitments (refer Note 24).

The Parent Entity's exposure to contingent liabilities is detailed in Note 25. The Parent Entity has no contingent assets or guarantees at balance date.

Controlled Entities of the Parent Entity	Percentage Owned 2015 %	Percentage Owned 2014 %	Country of Incorporation
OCTIEF Pty Ltd	100%	-	Australia
Hot Rock Geothermal Pty Ltd	100%	-	Australia
HRL Holdings NZ Limited	100%	-	New Zealand
Octief Limited	100%	-	New Zealand
Precise Consulting and Laboratory Limited	100%	-	New Zealand

	June 2015	June 2014
	$	$

NOTE 28 DIVIDENDS

	June 2015 $	June 2014 $
Dividends		
Un-franked dividends	-	648,682
	-	**648,682**

The dividend in the prior year was from OCTIEF to its parent entity Integrated Holdings Group Pty Ltd. The dividend was offset against a loan receivable owed to OCTIEF from Integrated Holdings Group Pty Ltd and as a result there was no cash outflow related to the dividend. Refer Note 20 for details of non-cash investing and financing activities.

In the prior year OCTIEF Pty Ltd was a member of a tax consolidated group and did not have a franking account.

	June 2015 $	June 2014 $
Franked Dividends		
Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	-	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for any:

(a) franking credits that will arise from the payment of the current tax liability;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date;
(d) franking credits that may be prevented from being distributed in subsequent financial years; and
(e) franking credits acquired with subsidiaries that form a tax consolidated group with the parent entity.

NOTE 29 EVENTS AFTER BALANCE DATE

Issue of OCTIEF Milestone Shares

The Company confirms that as per Milestone 3 under the OCTIEF acquisition agreement, full year revenue for FY2015 to equal or exceed $4.25M, has not been met. If the target had been met in full then 4,934,682 shares would have been issuable to the vendors. As the target was not met in full the Company, in accordance with the agreement, will issue a reduced number of 4,353,006 shares to the OCTIEF vendors in due course.

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the Directors opinion:

(a) the attached consolidated financial statements and notes and the remuneration report in the Directors' Report are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements, including:

  (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

  (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1 to the consolidated financial statements; 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.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Darren Anderson
Director

Brisbane
28 August 2015

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of HRL Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of HRL Holdings Limited, which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of HRL Holdings Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 26 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of HRL Holdings Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

K L Colyer
Director

Brisbane, 28 August 2015

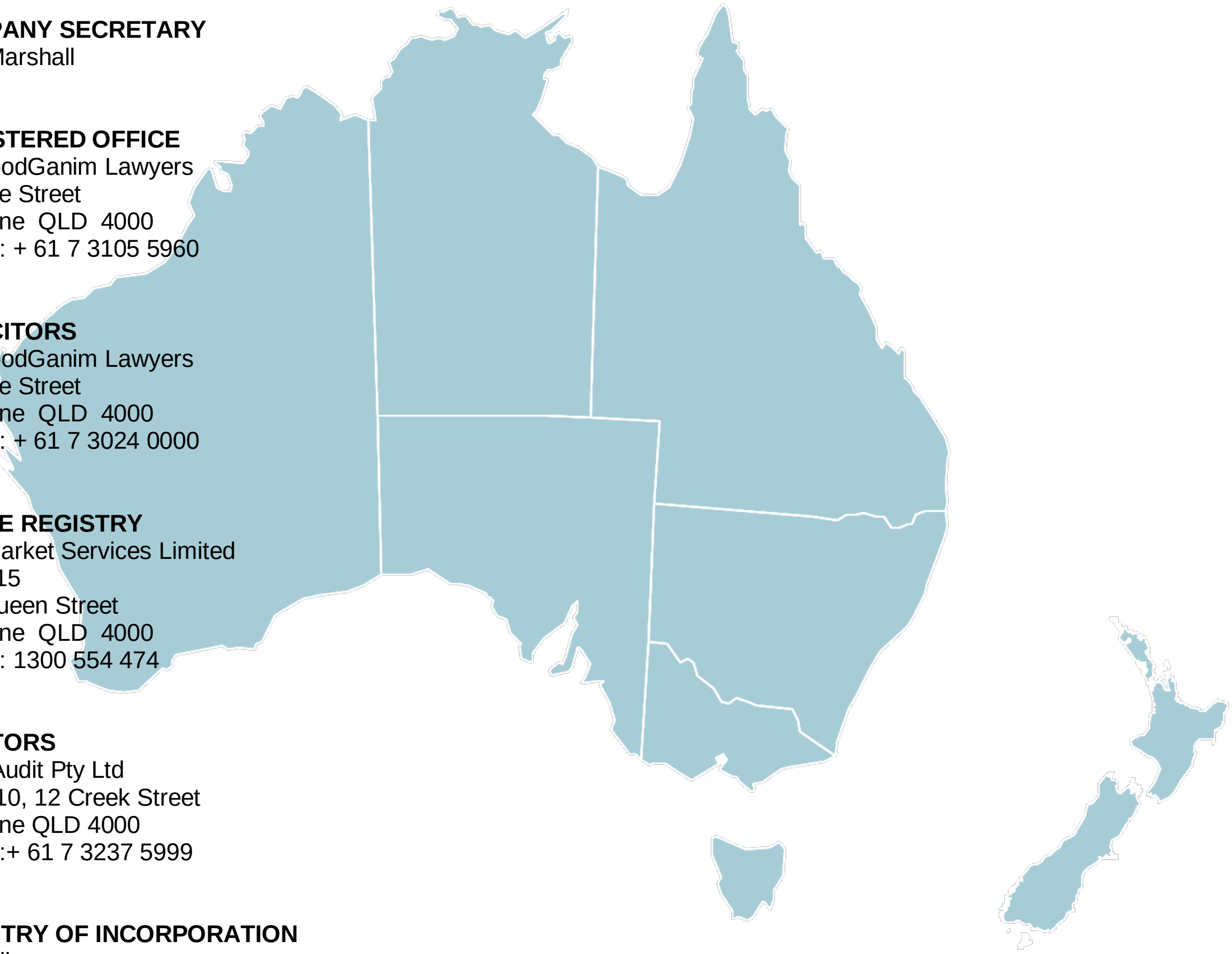
CORPORATE INFORMATION

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



REGISTERED OFFICE
HopgoodGanim Lawyers
1 Eagle Street
Brisbane QLD 4000
Phone: + 61 7 3105 5960

SOLICITORS
HopgoodGanim Lawyers
1 Eagle Street
Brisbane QLD 4000
Phone: + 61 7 3024 0000

SHARE REGISTRY
Link Market Services Limited
Level 15
324 Queen Street
Brisbane QLD 4000
Phone: 1300 554 474

AUDITORS
BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000
Phone:+ 61 7 3237 5999

COUNTRY OF INCORPORATION
Australia

STOCK EXCHANGE LISTING
Australian Securities Exchange Limited
ASX Code: HRL

INTERNET ADDRESS
www.hrlholdings.com

AUSTRALIAN BUSINESS NUMBER
ABN 99 120 896 371