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Tox Free Solutions Limited
ABN 27 058 596 124

20 August 2014

ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

RESULTS COMMENTARY, APPENDIX 4E AND ANNUAL REPORT
FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2014

Tox Free Solutions Limited (**Toxfree**) is pleased to present the results commentary, Appendix 4E and Annual Report containing details of Toxfree's audited financial results for the year ended 30 June 2014.

Yours faithfully
TOX FREE SOLUTIONS LIMITED

D McArthur

DAVID MCARTHUR
Company Secretary

ASX ANNOUNCEMENT

Financial year 2014 results commentary and Appendix 4E

Toxfree reports 2014 full year underlying net profit after tax of $23.0M*

20 August 2014

ASX Limited

Key Points

- Revenue up 30% to $369.9M (FY13: $284.7M).
- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)* up 15% to $66.6M (FY13: $58.0M).
- Underlying earnings before interest and tax (EBIT)* up 10% to $39.2M (FY13: $35.8M).
- Underlying net profit after tax (NPAT)* up 6% to $23.0M (FY13: $21.7M).
- Statutory net profit after tax up 60% to $21.7M (FY13: $13.6M).
- Dividend increased to 6 cents (2013: 5 cents) per share. Interim dividend of 3 cents per ordinary share paid to shareholders on 26 March 2014 and final dividend of 3 cents per ordinary share to be paid to shareholders on 1 October 2014.
- Net debt to equity at 34% (FY13: 41%).
- Gross cash flows generated from operations of $60.6M were 93% (FY13: 98%) of statutory EBITDA.
- Over 60% of Group revenue is secured by long-term contracts.
- Integration of Wanless with Toxfree has gone very well meeting financial and operational expectations
- Award of Total Waste Management contract with Chevron Australia – 5 year contract + 5 year option. Includes the evolution of our existing construction contract into the production phase for Gorgon and all Chevron operations in Australia.

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer Annual Report page 10 and 11 for further detail)*

Key Points (continued)

- Retention of the Total Waste Management contract with Rio Tinto Iron Ore for a further 6 year term.
- Retention of the Kimberley municipal waste and recycling services in Broome, Derby, Fitzroy Crossing and Kununurra for a further 5 year term.
- Award of Total Waste Management contract with Rio Tinto Dampier Salt – 2 year contract.
- Award of industrial services and waste management contract with Cement Australia for Tasmania, Brisbane and Gladstone operations - demonstrates Total Waste Management strategy building upon the Wanless acquisition.
- QAL contract awarded in June 2013 is performing well, meeting company and client expectations.
- Improved operating margins within the Technical and Environmental Services Division through our 'Centres of Excellence' program.
- Retention of household hazardous waste contracts with Sustainability Victoria and NSW Department of Environment and Conservation.
- New hazardous and industrial waste treatment operations commenced in Newcastle to complement Toxfree's Total Waste Management strategy.
- The new Thermal Treatment facility in the Pilbara is continuing through the approval process.
- Expansion of services in the Pilbara region with the 50% acquisition of the shares in Pilbara Logistics an indigenous waste management company with operations in the Port Hedland and Newman region of the Pilbara (Completed 1 August 2014, subsequent to these results)
- Implementation of new Enterprise Resource Planning (ERP) system designed to improve business process efficiencies, reduce risk and improve our business intelligence and analysis.

Financial

Revenue for financial year 2014 was $369.9M, an increase of 30% compared to the previous corresponding period (2013: $284.7M). Earnings (EBITDA) increased by 15% to $66.6M* (2013: $58.0M) before depreciation and amortisation expense of $27.4M (2013: $22.3M). EBIT increased by 10% to $39.2M* compared to the previous corresponding period (2013: $35.8M).

The net profit after tax of the Group for the financial year ending 30 June 2014 increased by 6% to $23.0M* (2013: $21.7M) which includes income tax expense of $9.7M* (2013: $8.6M) and a share-based payment expense of $0.373M (2013: $0.721M).

The Company views the above results as an excellent achievement at a challenging time when the Australian economy is in a period of transition as the completed capital projects in the mining and oil and gas sectors come to an end and many of the other industry sectors in Australia, such as civil infrastructure, continue to remain subdued.

The Board is pleased to announce a final dividend of 3 cents per share which will be fully franked based on tax paid of 30% bringing the total dividend for financial year 2014 to 6 cents per share fully franked. This is a 20% increase on the previous year dividend. The 6 cent dividend represents a 35%* return of underlying net profit after tax to shareholders.

The company has also offered a dividend reinvestment plan (DRP) this financial year. Further details on the DRP will be issued to shareholders during September 2014. The dividend record date to determine entitlements is 10 September 2014 and the payment date is 1 October 2014.

The Group's debtor day's sales outstanding (DSO) excluding work in progress are at 58 days, down from 72 days at the end of the period with cash in bank of $16.2M and total borrowings of $97.5M. During the period we also repaid $21.4M in debt. The Group Statement of Financial Position is in good order with net debt of $81.4M and net debt to equity of 34%. Gross cash flows generated from operations were 93% of statutory EBITDA. Net capital investment in the business was $24.0M during the period.

Table 1 | Group Results

Group results	30 June 2014 $'000	30 June 2013 $'000	% Change
Revenue – Services	369,997	284,723	30%
EBITDA *	66,639	58,037	15%
Depreciation and amortisation	(27,442)	(22,262)	23%
EBIT *	39,197	35,775	10%
Finance expenses	(6,505)	(5,454)	19%
Profit before tax *	32,692	30,321	8%
Income tax expense *	(9,710)	(8,618)	13%
Underlying Profit after tax *	22,982	21,703	6%
Statutory Profit after tax	21,724	13,604	60%
Underlying earnings per share (cents) *	17.18	16.37	5%
Shares on issue at reporting date (million) ^	133,752	132,530	1%

^ Used for the purposes of calculating underlying EPS
*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer Annual Report page 11 for further detail)*

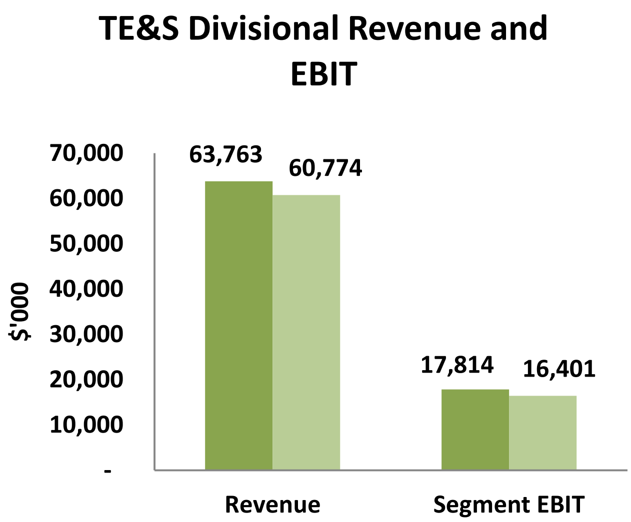
Review of Operations

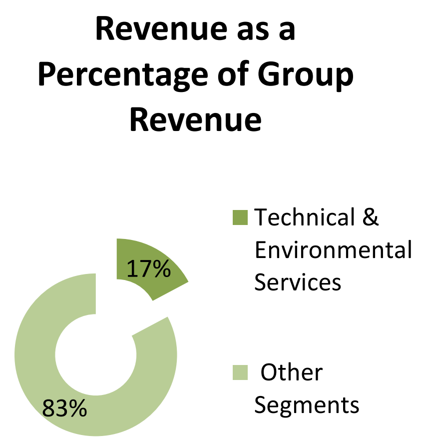
This year we continued our focus on organic growth opportunities through contract award from blue chip companies, integrating Wanless, improving our waste treatment efficiencies and upgrading our systems to lay the foundations on what we see are challenging but exciting times ahead.

I am delighted to say that we made solid progress in all of these areas with a number of contracts either retained or newly awarded, our earnings increasing from the previous year, the Technical and Environmental Services division performing very well and Wanless meeting our expectations under our first year of ownership.

DIVISIONAL PERFORMANCE

Technical and Environmental Services





Overall the Technical and Environmental Services Division (TE&S) performed well, improving operating margins and earnings on the previous year. We have worked hard to establish our 'Centres of Excellence' model where waste from all of our operations is directed to those sites with the most efficient treatment technologies. We have also invested into numerous new resource recovery technologies and site improvements. Toxfree is one of the largest recyclers of industrial wastes including fluorescent tubes, flammable waste materials, oil filters and packaged waste chemicals in Australia.

During this financial year the performance from this division was up on the previous corresponding period with revenue increasing by 5% to $63.8M and EBIT by 9% to $17.8M*. Our exposure to the resource, government and household sector has more than counteracted the downturn in volumes of waste received from manufacturing.

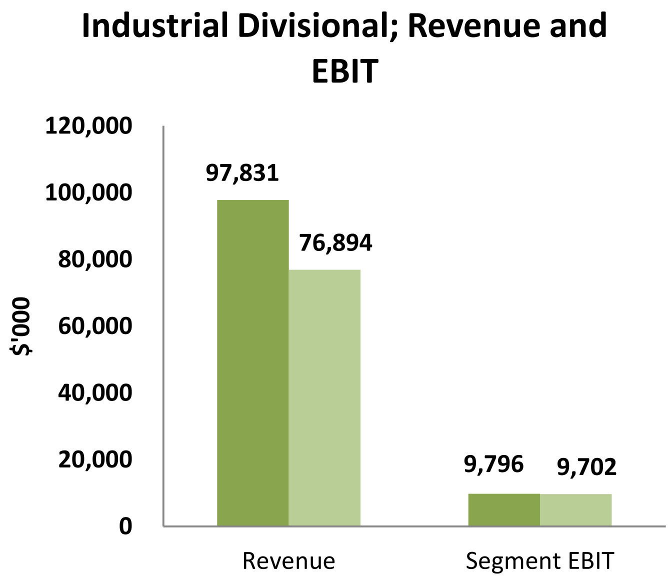
(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 11 of the Annual Report for further details).

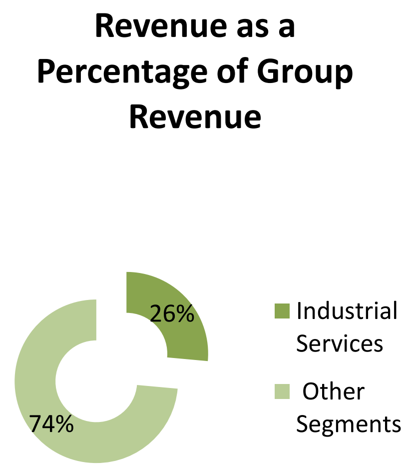
TE&S are a significant part of our total waste management strategy to treat and manage a broad range of industrial wastes produced by our clients. Volumes of waste within TE&S are up 10% on the previous period as we have grown our customer base through our total waste management strategy to blue chip clients across Australia.

In June 2013 the company decided to cease the operations of the incinerator in Port Hedland. Despite our best efforts to maintain the incinerator, the technology was unsuitable to be upgraded successfully for the long-term and was decommissioned. Focus is now on the development of our Best Practice Thermal Treatment facilities planned for our Karratha site.

The decommissioning resulted in the remaining carrying value of $976K being written off during this period. This has been normalised from the underlying operational trading of the group.

Industrial Services





Revenue was $97.8M and EBIT was $9.8M* at an operating margin of 10%. As reported within the Company's Interim Financial Report, Industrial Services provided to the infrastructure and commercial sectors in the major east coast cities remain challenging and performance from our Industrial Services division was down on expectations. This negatively impacted margins in this division.

The result was underpinned by solid performance in those areas linked to the resource sector including complementary services provided to our contracted Total Waste Management clients in the Surat basin region and Gladstone.

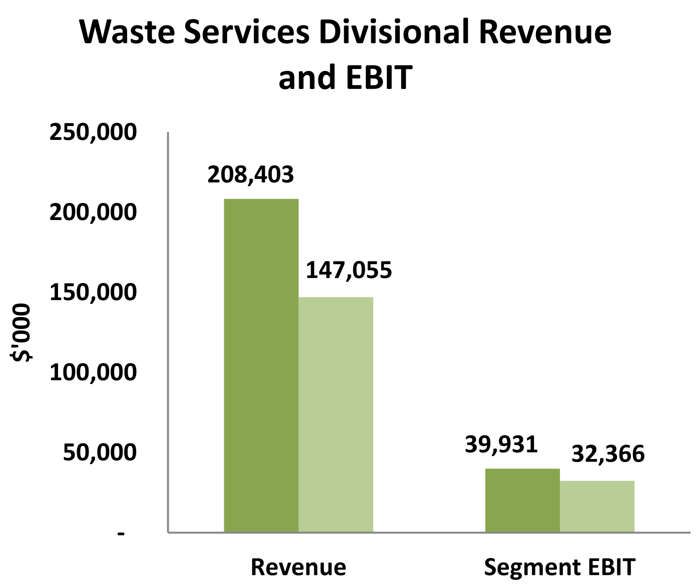
(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 11 of the Annual Report for further details).

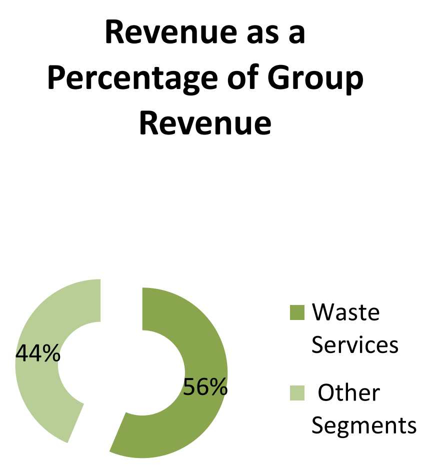
Our strategy is to ensure we have a diversified revenue stream covering all industry sectors. We believe this strategy will ensure Toxfree is well placed to get the benefits from all industry sectors as they traditionally move through their cycles. Not all industry sectors are growing at the same time and same rate. We continued to experience difficult trading conditions in east coast civil infrastructure markets which adversely affected our Brisbane, Gold Coast, NSW and Victorian operations. As the resource sector capital expenditure boom comes to an end the federal government, Victorian and NSW governments have announced significant spending of approximately $40bn in new infrastructure projects to stimulate the Australian economy over the next 3 years. Our east coast operations are well placed to receive some of the benefits of this investment.

Within the period our Queensland Industrial Services in Gladstone, Roma (Surat Basin) and Toowoomba performed well. We have a positive outlook on the Surat Basin with a further increase in drilling activity expected to continue as the upstream development and downstream LNG facilities continue construction.

The market for provision of industrial services is large and we are focussed on award of further contracts to blue chip customers.

Waste Services





The Waste Services division performed well during the period with revenue increasing by 42% to $208.4M and earnings (EBIT) by 23% to $39.9M*.

Within our Waste Services division the main business units comprise the Pilbara, Kimberley and Darwin, Gorgon and Wanless (South East Queensland, Regional Queensland and Tasmania).

(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 11 of the Annual Report for further details).

Within the Pilbara and Kimberley regions the business performed very well as we continued to see high levels of activity from both the Iron Ore and Oil and Gas sector. Toxfree was awarded a further 6 year term with Rio Tinto in February 2014 and we have continued to see organic growth from Rio Tinto and our other Iron Ore clients in the region as they progressively increase iron ore production. We have mobilised to a number of newly opened mine sites as construction has completed and the new mines start production.

Toxfree's contract with Toll Energy to manage waste produced from the Gorgon LNG Project on Barrow Island has contributed less this financial year. Toxfree has embraced an incident and injury free culture throughout its operations and is proud to have achieved over 2,000 days Lost Time Injury (LTI) free.

In August 2013, Toxfree was awarded a five year contract (with additional five year option) with Chevron Australia for all wastes produced from Chevron's operations throughout Australia. We have been working with Chevron on mobilising to the new contract which is expected to commence later this calendar year. Through the contract transition period we have invested significant time and resources of approximately $700,000 in developing transition plans for the new contract which was expensed within the financial year.

The initial Chevron scope of work includes the remaining stages of Gorgon construction and then Gorgon production. We will progressively take responsibility for waste management on all Chevron operations including Thevenard Island and Wheatstone operations in the future. For now earnings within the existing Gorgon construction waste through Toll Energy is reducing as the contract changes focus and the peak of waste production has passed.

In May 2013 the Company acquired the assets of Wanless. Wanless comprises operations in South East Queensland, Regional Queensland and Tasmania.

The operations of Wanless have been integrated with Toxfree's Waste Services Division very well over the last 12 months. We have been very impressed by the 'Can Do' and 'Service Orientated' culture of the Wanless employees.

The South East Qld business represents approximately 80% of Wanless earnings and pleasingly the region performed well during the year. The business in SE Qld services all industry sectors and is leveraged to the broader Brisbane economy which at this time remains subdued. We have successfully retained our volumes of waste managed and pleasingly have also been able to hold our margins. Our rebranding to Toxfree and fleet upgrade campaign continues. The new vehicles and fresh branding are making a positive improvement in service standards, professionalism and employee morale.

In the regional areas of Qld, market conditions are challenging. Where we have picked up further resource related contracts in places like the Surat Basin and Gladstone or through the APLNG construction contract the business has performed well, in some of the smaller regional towns the market has been tough and some of these areas performed below expectations.

Tasmania has been a real highlight for the group this year. Within 12 months, we have relocated our Hobart and Launceston operations to new sites, developed and commissioned a state of the art Materials Recovery Facility to recycle comingled household recyclables, and been awarded new contracts with Cement Australia, University of Tasmania and a number of municipal councils over the period. There have been some costs associated with this strategy resulting in the region performing slightly below expectations. However, the business foundations have now been established and we look forward to a positive year in FY15.

Subsequent to the end of FY14, Toxfree acquired 50% of the shares of Pilbara Logistics Pty Ltd, a waste management company operating in the Pilbara Region of Western Australia.

Pilbara Logistics Pty Ltd is an indigenous waste management company with operations in Newman and Port Hedland within the Pilbara region of Western Australia. Toxfree transferred its formerly wholly owned subsidiary Pilbara Waste Pty Ltd to this entity. This will create a larger business in the Pilbara. Cash consideration for the interest in the Pilbara Logistics business was $5.5m and upon completion, Toxfree will retain a 60% interest in the combined businesses of Pilbara Logistics and Pilbara Waste Pty Ltd.

Pilbara Logistics is itself currently Toxfree's joint venture (50:50) partner in a company called PT Environmental Services (PTES) which has been servicing the Fortescue Metals Group (FMG) Total Waste Management Contract for the last four years. The relationship with our client is very strong and the contract is meeting FMG's service and indigenous employment expectations.

Pilbara Logistics has operations in Newman and Port Hedland and waste contracts with BHP, Atlas Iron and many other companies in the Port Hedland, Newman and Roy Hill regions of the Pilbara.

Our focus in FY15 will continue to be on cross selling initiatives, increased sales and business development. We will also integrate the Waste Services operations into our newly upgraded ERP by the end of the calendar year.

The award of long term Total Waste Management contracts for this division remains a key focus point with a number of tenders submitted pending award or being developed.

Unallocated Corporate EBIT | Overview

Unallocated Corporate Expenses increased by $5.2M (23%) to $28.7M*. Of these total expenses, $2.3M relate to the full year contribution of existing Wanless administration costs, $7.2M relate to regional overheads from the continued expansion of our operations and $3.3M relate to our national operations division including business development.

Unallocated costs include those for the Environmental Compliance, OH&S and Risk Management teams. Overall unallocated corporate expenses amounted to 7.6% of revenue (2013: 7.9%).

Cash Conversion (Gross Cash flows from Operations / Statutory EBITDA) in the business remains very strong at 93% (2013: 98%).

Net capital expenditure at $24M was down slightly on prior year of $24.7M. The company continues to focus on recycling capital within the business to deliver incremental improvement on Return on Invested Capital.

(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 11 of the Annual Report for further details)

Health, Safety, Environment and our People

- Our safety mantra is “harmfree” – We have a zero tolerance to injuries and believe all injuries can be prevented.
- Within the period there was a reduction in the Total Recordable Injury Frequency Rate (TRIFR) of 31% and a reduction in our All Injury Frequency Rate (AIFR) of 16.9%.
- Third party triple accreditation of systems continued with a further seven sites receiving certification. We will progressively have all of our sites triple certified to ISO standards this coming year.
- Toxfree was awarded the 2014 Chamber of Minerals and Energy Award for Safety Innovation for development of Toxfree’s Confined Space i-Watch Surveillance System.
- Toxfree was recognised as a winner for ‘Innovation’ by the Australian Business Awards in 2014 for the development of Toxfree’s Confined Space i-Watch Surveillance System.
- Toxfree were finalists in the 2013 Australian Petroleum Production and Exploration Association (APPEA) Health & Safety Awards for safety innovation.
- Toxfree supports a diverse workplace – We have an active policy to improve diversity in the workplace and during the year the number of female employees has increased from 15.6% in FY13 to 18.7% in FY14.
- Toxfree have an endorsed Indigenous Reconciliation Action Plan and throughout the period our number of indigenous Australian employees has increased by seven. Across the Group we have 2.5% indigenous employment; 6% in the Pilbara, 10% employment on our Gorgon contract and 30% on the Fortesque Metals Group (FMG) contract.
- Toxfree has developed our first indigenous traineeship programme in the Pilbara and have three new indigenous trainees from the Thalangi group from the Ashburton region of Western Australia.

Outlook

The Australian economy is in a period of transition as the newly completed major capital projects in the resource sector come to an end and those same projects commence production. In the coming years Australia will increase its volume of iron ore and coal exported considerably and the number of LNG production facilities will increase from two to seven over the next three years.

Major capital projects in the civil infrastructure sector are expected to begin, mainly on the east coast of Australia, as Federal and State Governments announce considerable infrastructure spending.

The pleasing thing about the waste management industry is all industry sectors produce waste whether they are in construction or production phases. It’s only the volumes and types of waste that change. For instance, during construction of an LNG plant there are large waste volumes of construction related material such as steel, wood, packaging materials and camp wastes produced by the thousands of contractors required to build the project.

These waste types reduce during production as the number of people required to run the production facility are a lot less, but the waste types also change. During production there are greater volumes of hazardous and industrial waste produced and there is a requirement for regular and ongoing maintenance. This maintenance process by itself generates wastes as well as providing the opportunity to undertake industrial cleaning services as part of maintenance programmes.

At Toxfree we have structured our business to ensure it is diversified across all industry sectors. Approximately 28% of our revenue is derived from the oil and gas sector, 18% from mining, 12% from commercial, 13% from infrastructure and 20% from government. Our strategy has been to offer Total Waste Management Services for all waste produced from the industries we service. We provide solid waste management, recycling services, organic waste management and hazardous and industrial waste treatment as well as our complementary industrial services which provide an important service to producing assets.

Our services to construction projects in the resource sector are relatively low and include two projects, the Gorgon LNG project on Barrow Island, WA and the APLNG LNG project on Curtis Island, Qld. Both projects are at different stages of construction. The APLNG project is still in peak of construction and as a result waste volumes are expected to remain at high levels in the short-term. The Gorgon project commenced construction in 2009. In August 2013, Toxfree was awarded a five year contract (with additional five year option) with Chevron Australia for all wastes produced from Chevron's operations throughout Australia. As outlined previously, the initial Chevron scope of work includes the remaining stages of Gorgon construction and then Gorgon production. We will progressively take responsibility for waste management on all Chevron operations including Thevenard Island and Wheatstone operations in the future. For now, earnings within the existing Gorgon construction work is reducing and our challenge in the short-term will be to continue to increase our services and capture further market share as volumes of waste from Gorgon construction are expected to reduce.

In diversifying our revenue streams across multiple sectors and providing Total Waste Management Solutions we believe we are well placed to continue to grow our business over the long-term. The available waste market is large and our cash flows and balance sheet are strong and through a combination of further award of Total Waste Management and Industrial Service contracts, organic growth of our operations through winning market share and complementary acquisitions, Toxfree are optimistic we can grow our business over the long-term.

We are committed to ensuring we provide safe, reliable and sustainable services to our clients and through this commitment Toxfree will strengthen our long-term relationships.

The continuing success of the Company can only be achieved through the hard work and commitment of all Toxfree employees. On behalf of the Toxfree Board of Directors I would like to take this opportunity to thank all employees for their efforts during the year.

STEVE GOSTLOW
Managing Director

APPENDIX 4E – FINAL REPORT Results for announcement to the market (1) For the year ended 30 June 2014 Previous corresponding period: year ended 30 June 2013				
				$'000
Total Revenue from ordinary activities	up	**30%**	to	**370,823**
Profit/(loss) from ordinary activities after tax attributable to members	up	**60%**	to	**21,724**
Net profit/(loss) for the period attributable to members	up	**60%**	to	**21,724**
Total comprehensive income for the period attributable to members	up	**65%**	to	**21,528**

Dividends
It is proposed to pay a fully franked final 2014 dividend of 3 cents per share on 1 October 2014.

	30 June 2014 cents	30 June 2013 Cents
Net tangible assets per security	**65.35**	53.33

	30 June 2014 cents	30 June 2013 Cents
Basic Earnings per share	**16.33**	11.54
Diluted earnings per share	**16.18**	11.35

Entities over which control has been gained or lost during the period:

Nil

Audit status:

(1) This report is based on audited accounts.

An explanation of the results is included in the 2014 Annual Report.