



ANNUAL REPORT 2014

safe.reliable.sustainable



**OUR CORPORATE
IDEALS ARE BASED ON
SAFETY, RELIABILITY
AND SUSTAINABILITY**

CONTENTS

Corporate Directory	1
Managing Director's Review of Operations	3
Directors' Report	18
Corporate Governance Statement	40
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	44
Consolidated Statement of Profit or Loss and Other Comprehensive Income	45
Consolidated Statement of Financial Position	46
Consolidated Statement of Cash Flows	47
Consolidated Statement of Changes in Equity	48
Contents of the Notes to the Consolidated Financial Statements	50
Directors' Declaration	83
Independent Auditor's Report to the Members	84
Shareholder Information	86



CORPORATE DIRECTORY

Directors and Company Secretary



Robert McKinnon
Non-Executive Chairman



Stephen Gostlow
Managing Director



Katherine Hirschfeld
Non-Executive Director



Michael Humphris
Non-Executive Director



Richard Allen
Non-Executive Director



David McArthur
Company Secretary

Principal Place of Business

24 Sangiorgio Court
OSBORNE PARK WA 6017
PO Box 1108
OSBORNE PARK WA 6916

Registered Office in Australia

Level 2, 55 Carrington Street
NEDLANDS WA 6009
PO Box 985
NEDLANDS WA 6909

TEL: +61 8 9423 3200
FAX: +61 8 9389 8327

Share Register

Computershare Investor
Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

TEL: +61 8 9323 2000
FAX: +61 8 9323 2033

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

TEL: +61 8 6382 4600
FAX: +61 8 6382 4601

Bankers

ANZ – Corporate Banking
Level 2, 100 Queen Street
MELBOURNE VIC 3000

Legal Advisor

Clayton Utz, Perth
QV1 250 St Georges Terrace
PERTH WA 6000

Securities Exchange

Tox Free Solutions Limited's
shares are listed on the Australian
Securities Exchange (ASX) –
code TOX. The home exchange
is in Perth.

www.toxfree.com.au



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Tox Free Solutions Limited (“Toxfree”, the “Company” or “Group”) is pleased to present the following operational and financial results for the financial year ended 30 June 2014.



KEY HIGHLIGHTS

Financial

- Revenue from Services 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: \$35.7M).
- Underlying net profit after tax (NPAT)* up 6% to \$22.9M (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.

(*Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 8 for further details).

Safety



To meet customer expectations with no incidents, no harm to people or the environment and no damage to property.

- 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%.
- Over the last 12 months we have instigated a number of leading performance measures including safety interactions and job site safety inspections in an effort to improve our safety culture.
- 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.

Sustainability

Our people – Engaged and talented

- Our people are the cornerstone of our business and the reason Toxfree is the leading provider of industrial and waste management services in Australia.
- 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.
- Our annual staff survey continues to demonstrate our employees are motivated and excited to work for Toxfree with a 6% improvement in overall scores and a 2% increase in employee participation.
- We have developed our first indigenous traineeship programme in the Pilbara and have three new indigenous trainees from the Thalanyji group from the Ashburton region of Western Australia.
- Toxfree has established a graduate employment programme focussed on Chemical Engineering, Environmental Science and Chemistry to ensure our continued success in developing innovative waste treatment and resource recovery solutions.

Environment

- Establishment of our 'Centres of Excellence' programme to more efficiently treat and recycle industrial wastes in the most environmentally sustainable way.
- As part of Toxfree's continuous environmental improvement programme a number of site upgrades and improvement plans have been completed improving aesthetics, compliance and working conditions.

Community

- During the period we continued to support the communities in which we operate, donating services and sponsorship to numerous community events, local sporting and volunteer organisations including the Royal Flying Doctor Service, Port Hedland Environmental Association and Ronald McDonald House.

Sustainable business practices

- Enterprise Resource Planning (ERP) – After more than 12 months of planning, on 1 July 2014 our Technical and Environmental Services and Shared Services Division went live on our new ERP. The transition to the new system was seamless and over the remainder of the calendar year all of our other two service lines will be integrated onto the new ERP. Ultimately the new ERP will improve business process efficiencies, reduce risk and improve our business intelligence and analysis.
- Legal entity consolidation – During the year Toxfree embarked on a project to consolidate thirty legal entities into two by the end of this calendar year. Within the period we consolidated ten of these companies into the one operating entity and are in the process of winding them up. Having one operating entity will improve business efficiencies, licensing processes and ensure a strong low cost platform for future growth.



Operations

Technical and Environmental Services

- Revenue of \$63.76M
- EBIT of \$17.81M *
- Our best performing service line in the period with solid performance from all sites throughout Australia.
- Creating 'Centres of Excellence' has resulted in improved margins and waste treatment efficiencies.
- Retention of household hazardous waste contracts with Sustainability Victoria and NSW Department of Environment and Conservation.
- New operations commenced in Newcastle to complement Toxfree's Total Waste Management strategy.
- New Waste to Energy facility in the Pilbara is continuing through the approval process.
- Expansion of fluorescent tube, alternative fuel manufacture and industrial waste recycling technologies in strategic locations throughout Australia.
- New green field resource recovery facilities coming online in FY15.

Industrial Services

- Revenue of \$97.83M
- EBIT of \$9.80M *
- Rapid Growth of Industrial Services in the Surat Basin and Gladstone in Queensland continued.
- Services in Western Australia to the oil and gas and mining sector continued to perform well.
- 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.
- Awarded industrial and waste services contract with Titan Energy Ltd for Coal Seam Gas drilling related wastes produced in the Surat Basin region.

Waste Services

- Revenue of \$208.40M
- EBIT of \$39.93M *
- Integration of Wanless with Toxfree has gone very well. We are very impressed with Wanless employee morale and feedback from clients regarding the smooth transition to Toxfree and the benefits of the combined group service offering.
- 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.
- Further success within our waste services within Queensland and Western Australia with award of additional contracts including:
 - 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; and
- Major contracts and operations linked to the resource sector continued to perform well.

(*Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 8 for further details).

FINANCIAL YEAR 2014

Overview

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 \$22.9M * (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.

One of the attractive attributes of the waste management industry is the fact that all industries, whether in construction or production stage, produce waste. The only difference is the types and volumes of waste produced. At Toxfree our strategy has been to diversify our earnings over a number of industry sectors that produce waste on a continuing basis. Although we have seen a decline in earnings as construction based activities are completed, our exposure to construction is relatively low and Toxfree is in a good position to continue to benefit from waste generated from these newly commissioned production assets, as well as the expected re-emergence of the civil infrastructure, and in time, the commercial sector across Australia.

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.

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.

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. This is a significant event in Toxfree's history and we look forward to further developing our long-term relationship with Chevron. Through the contract transition period we have invested significant time and resources in developing transition plans for the new contract. The initial 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. Earnings from the existing Gorgon construction waste through Toll Energy is reducing as the contract changes focus and the peak of waste production has passed.

We are extremely satisfied with the integration and financial results of Wanless under Toxfree's first year of ownership. The business has met our expectations financially, and we have also been overwhelmingly pleased with the Wanless employee's morale and enthusiasm as they have integrated into Toxfree. While integration of systems will continue until the end of calendar year 2014, our focus in FY15 shifts toward revenue and earnings growth as we cross sell our services and focus on total waste management services to our clients.

*(*Non-IFRS Financial Information – Normalised for non-operational adjustments –refer table 1 page 8 for further details).*

At Toxfree our strategy has been to diversify our earnings over a number of industry sectors that produce waste on a continuing basis.



FINANCIAL YEAR 2014 (Continued)

Overview

Services provided within the resource hubs of Western Australia, Northern Territory and Queensland were the main areas of consistent and improved performance. These include services to ongoing production facilities within the Iron Ore and Oil and Gas Sector as well as services provided to the Coal Seam Gas sector in the Surat Basin and Gladstone regions.

Our industrial services enjoyed strong organic growth in central Queensland with the addition of the QAL contract (June 2013) and through our services to Bechtel on the APLNG project. Our industrial services in the infrastructure markets in NSW, Brisbane and Victoria were again below our expectations as these industry sectors remain subdued. Margins and earnings in industrial services were adversely impacted as a result.

From a corporate perspective we have been actively working through the integration of all of our business onto our upgraded Enterprise Resource Planning (ERP) system, rationalising our corporate structure to allow greater efficiency within the business and extending our shared services administration platform.

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 \$97.6M. During the period we also repaid \$22.3M 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 \$24M during the period.

We remain focused on the organic growth opportunities through the award of total waste management and industrial service contracts throughout Australia. Toxfree's tender book remains buoyant with a number of tenders submitted pending award. The Total Waste Management market is large and Toxfree expects to continue to win its share of this essential service offering.

SUMMARY OF RESULTS

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: FY2014 and FY2013 adjustments that were adjusted to reflect the underlying performance of the business are:

FY2014

- Acquisition costs including advisor, consultant, legal and rebranding costs of \$0.82M (Corporate \$0.73M and Operational segments \$0.09M).
- Net loss on plant and equipment written off (incinerator) \$0.976M (Technical and Environmental Services segment).

These adjustments resulted in an increase in underlying NPAT of \$1.257M (before tax of \$1.796M).

FY2013

- Acquisition costs including advisor, consultant, legal and rebranding costs of \$3.696M.
- Stamp duty associated with the Wanless acquisition in Queensland of \$4.1M.
- SSAA impairment of patent and assets and royalty write back of \$2.231M.
- Milperra office closure costs of \$0.502M.
- Reduction in the contingent consideration for the acquisition of MMS \$(1.267)M.

These adjustments resulted in an increase in underlying NPAT of \$8.099M (before tax of \$9.262M).

Table 2 | Divisional Revenue

The Company has three segments. The three reportable segments are:

1. Technical and Environmental Services
2. Industrial Services
3. Waste Services

Divisional Revenue	30 June 2014 \$'000	30 June 2013 \$'000	% Change
Technical and Environmental Services	63,763	60,774	5%
Industrial Services	97,831	76,894	27%
Waste Services	208,403	147,055	42%
Total consolidated revenue	369,997	284,723	30%

Table 3 | Divisional EBIT

Divisional EBIT	30 June 2014 \$'000	30 June 2013 \$'000	% Change
Technical and Environmental Services (1)*	17,814	16,401	9%
Industrial Services (2)*	9,796	9,702	1%
Waste Services (3)*	39,931	32,366	23%
Unallocated corporate EBIT (4)*	(28,344)	(22,694)	25%
Total consolidated EBIT *	39,197	35,775	10%

(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 8 for further details).

FY2014

Acquisition costs including advisor, consultant, legal and rebranding costs of \$0.82M:

- (1) Technical and Environmental Services \$0.028M.
- (2) Industrial Services \$0.034M.
- (3) Waste Services \$0.033M.
- (4) Corporate \$0.725M.

Net loss on plant and equipment written off (incinerator) \$0.976M:

- (1) Technical and Environmental Services \$0.976M.

FY2013

- (1) SSAA related costs \$2.776M and inter-company debt forgiveness \$0.734M.
- (2) Milperra closure costs \$0.502M.
- (4) Acquisition and other related costs \$7.796M; reduction in MMS contingent consideration \$(1.267)M; royalty write back \$(0.545)M and inter-company debt forgiveness \$(0.734)M.

Table 4 | Divisional Margins

Divisional Margins	30 June 2014 \$'000	30 June 2013 \$'000
Technical and Environmental Services *	28%	27%
Industrial Services *	10%	13%
Waste Services *	19%	22%

(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 8 for further details).



To meet customer expectations with no incidents, no harm to people or the environment and no damage to property.

REVIEW OF OPERATIONS

Health and Safety

Toxfree's 'harmfree vision' is a future in which all of our operations are free of harm and Toxfree is recognised as Australia's leading industrial and waste services provider as judged by the quality of our services, environmental achievements and safety standards compared with peers, customers and best practice industries.

Our harmfree vision is built on the twin pillars of systems and culture. Our integrated Quality, Safety, Environmental and Training management system (QUEST) ensures we have the processes and systems in place to manage our business effectively. Toxfree recognise that each and every person must own safety in the workplace and the safety of those who work around them. The system on its own is not enough, it is only through the culture of the organisation that our vision can be realised.

The Company continues to drive toward 100% certification of the Quality, Environment, Safety and Training (QUEST) system, with all existing sites accredited to AS/NZS 4801, AS/NZS ISO 9001 and AS/NZS ISO 14001 whilst we continue to integrate acquired businesses.

This year again has been a story of success around our key performance metrics for safety [^] with a Lost Time Injury Frequency Rate (LTIFR) reduction of 71%, Total Recordable Injury Frequency Rate (TRIFR) reduction of 31%, and an All Injury Frequency Rate (AIFR) reduction of 16.9%. It is a great achievement that Toxfree has sustained continuous improvement and operates at rates far below fraction of industry benchmark rates such as Transport and Logistics at a 4.7^{^^} LTIFR compared to Toxfree of 0.9 LTIFR.

Toxfree utilises a range of risk profiling tools to identify key risks and tailor solutions to the businesses needs through focus, innovation and leadership.

Our risk management programmes encompass a range of initiatives designed to confirm commitment and drive culture change. This commitment has also been recognised through the completion of over 3,928 Job Site Inspections, a key behavioral tool that ensures that we continue to build a culture focused on understanding as well as compliance to the QUEST system.

- Toxfree was awarded the 2014 Chamber of Minerals and Energy (CME) Safety and Health Innovation Award in the Systems Category for development of Toxfree's Confined Space i-Watch System. The Safety and Health Innovation Awards, presented by CME recognise individuals, teams and companies who have developed new initiatives or original solutions to specific safety and health problems in the workplace.
- Toxfree was also 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.



[^] Safety metrics are accurate as at the time of publication

^{^^} Safe Work Australia Australian Lost-Time Injury Frequency Rates by Industry



Our People

Toxfree is a vibrant, multi-stream waste services provider, offering a diverse range of solutions to a wide range of customers. Our varied service offering means we can provide multiple job opportunities in a number of waste management processes and services and many rewarding career paths for our employees.

Driven by our guiding values of safety, reliability and sustainability, we have made a significant investment in development programs for our people this year, based on our comprehensive competency based training framework. The prime benefit derived from this investment is the increased depth and breadth of our current employee skill base and we pride ourselves on the unique position these programs have allowed us to occupy in the marketplace.

Highlights of these programs have included opportunities for employees from all levels and all sites around the country to achieve qualifications in Waste Management; first time Leadership Development for all front line supervisors; nationally provided safety compliance training and the requirement for all Operators to undergo verification of competency processes on a regular basis so that their skills are constantly updated and recognised.

A strong focus on increasing diversity in our recruitment and selection strategies has seen the percentage of women employees in the organisation increase by 3% over the year to 18.7%, and our employee engagement efforts have resulted in a 3.5% decrease in employee turnover.

Engaging local communities and Indigenous groups is an important objective of Toxfree and one that highlights our commitment to support the growth and development of the communities where we operate. Through our Reconciliation Action Plan, we provide a number of pathways to engage with Aboriginal people in a meaningful way, such as supporting communities to move into private enterprise, self-employment or full time employment with Toxfree.

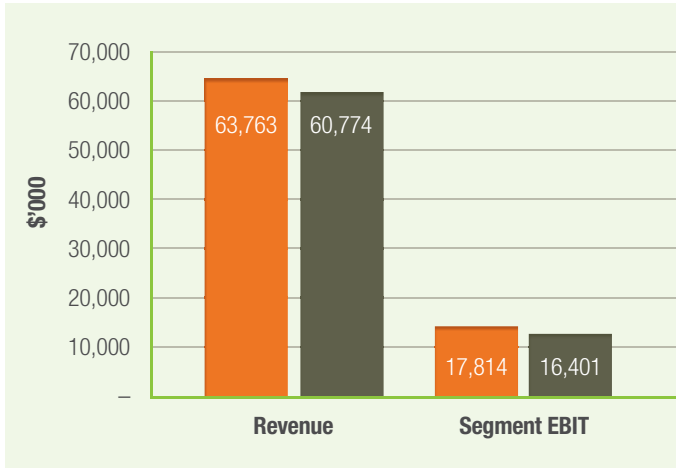
We have been successful this year in the recruitment and retention of Aboriginal employees, particularly on our large corporate contracts and have doubled the number of Aboriginal people working for us in Western Australia. We have established our first Aboriginal traineeship program in the Pilbara with great success and we intend to make it a signature program in the organisation nationally, as it provides both training and jobs for unskilled Aboriginal people.

We have also set up a number of labour and service hire contracts with Aboriginal enterprises for the first time, mainly in Western Australia and based on the model of a successful joint venture in the Pilbara, have made valuable inroads into the creation of a number of joint ventures with Aboriginal enterprises in the remainder of the company.

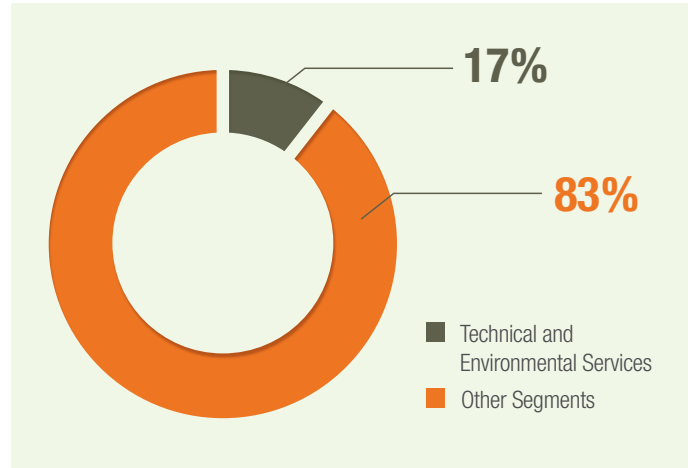
DIVISIONAL PERFORMANCE

Technical and Environmental Services

TE&S Divisional Revenue and EBIT



Revenue as a Percentage of Group Revenue



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 of \$17.8M*. Our exposure to the resource, government and household sector has more than counteracted the downturn in volumes of waste received from manufacturing.

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.

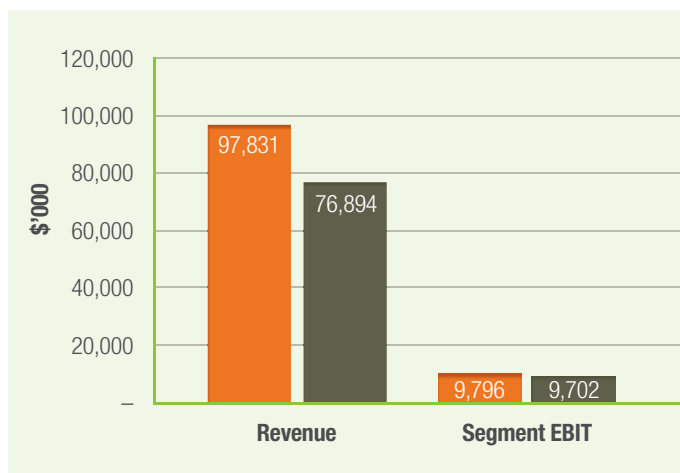
(*Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 8 for further details).

Toxfree is one of the largest recyclers of industrial wastes including fluorescent tubes, flammable waste materials, oil filters and packaged waste chemicals in Australia.



Industrial Services

Industrial Divisional Revenue and EBIT

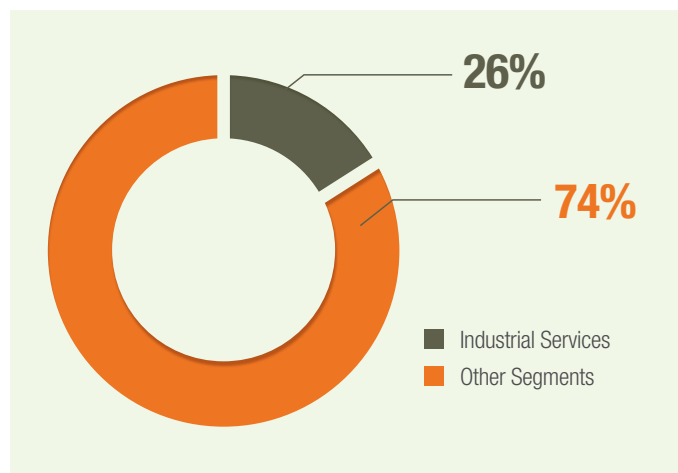


Revenue was \$97.8M and EBIT was \$9.8M* at an operating margin of 10%. As reported within the Company's Interim Financial Report, Industrial Services provided to the infrastructure and commercial sectors in the major east coast cities remain challenging and performance from our Industrial Services division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

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

Revenue as a Percentage of Group Revenue



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.

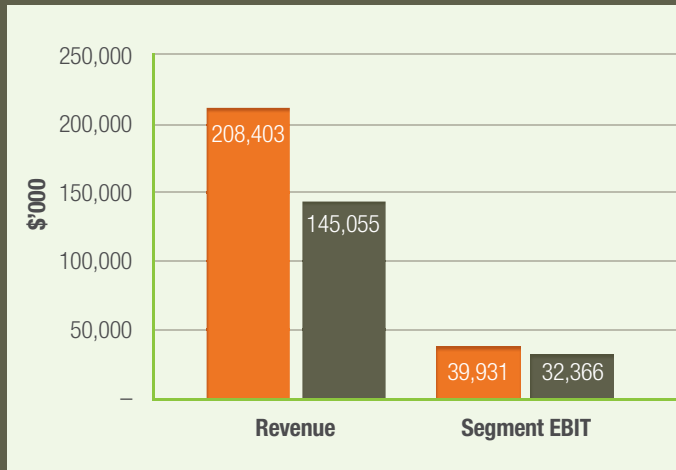
(*Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 8 for further details).



DIVISIONAL PERFORMANCE (Continued)

Waste Services

Waste Services Divisional Revenue and EBIT



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).

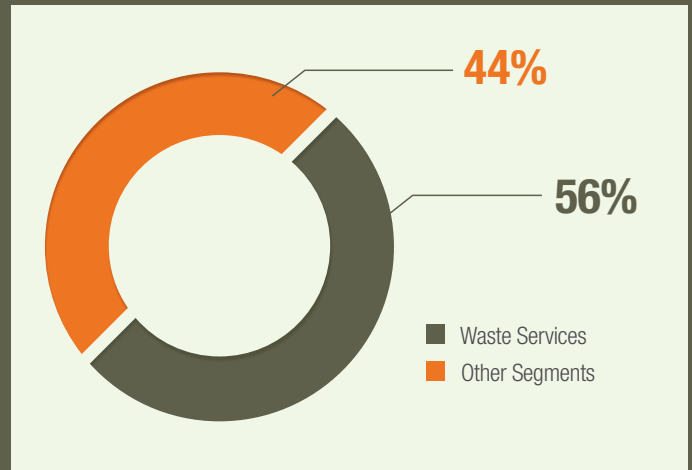
Within the Pilbara and Kimberley regions the business performed very well as we continued to see high levels of activity from both the Iron Ore and Oil and Gas sector. Toxfree was awarded a further 6 year term with Rio Tinto in February 2014 and we have continued to see organic growth from Rio Tinto 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.

Revenue as a Percentage of Group Revenue



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 Queensland 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.

*(*Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 8 for further details).*

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 8 for further details).*



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.



CASH FLOW STATEMENT

Table 5 | Group Cash Flow

Group Cash Flow	30 June 2014 \$'000	30 June 2013 \$'000	% Change
Gross operating cash flow	60,565	47,870	27%
Net interest paid	(6,130)	(4,886)	25%
Income taxes paid	(7,192)	(13,045)	(45)%
Net operating cash flows	47,243	29,939	58%
Payments for acquisition of businesses and intangibles	(911)	(94,988)	(99)%
Proceeds from sale of property, plant and equipment	1,521	1,662	(8)%
Purchases of property, plant and equipment	(25,574)	(26,416)	(3)%
Net investing cash flows	(24,964)	(119,742)	(79)%
Net proceeds from borrowings / (repayment of borrowings)	(21,422)	46,729	(146)%
Dividends paid	(10,624)	(4,613)	(130)%
Proceeds from the issue of share capital (net of capital raising costs)	3,199	51,499	(94)%
Net financing cash flows	(28,847)	93,615	(131)%
Net (decrease) / increase in cash	(6,568)	3,812	(272)%
Cash at the beginning of the year	22,736	18,924	20%
Cash at the end of the year	16,168	22,736	(29)%

STATEMENT OF FINANCIAL POSITION

Table 6 | Group Statement of Financial Position

Group Statement of Financial Position	30 June 2014 \$'000	30 June 2013 \$'000	% Change
Cash	16,168	22,736	(29)%
Trade and other receivables	81,633	85,468	(4)%
Inventories and work in progress	296	204	45%
Tax assets	8,167	11,414	(28)%
Property, plant and equipment	134,858	129,904	4%
Intangibles	149,572	151,495	(1)%
Total assets	390,694	401,221	(3)%
Trade and other payables	38,076	43,854	(13)%
Loans and borrowings	97,463	113,169	(14)%
Employee benefits	7,430	7,000	6%
Tax liabilities	2,674	4,054	(34)%
Provisions	6,971	9,820	(29)%
Derivative financial instruments	1,098	818	34%
Total liabilities	153,712	178,715	(14)%
Total equity	236,982	222,506	7%
Gross debt to equity	41%	51%	
Net debt to equity	34%	41%	



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 we 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

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



DIRECTORS' REPORT

CONTENTS

Directors	19
Result	19
Principal Activities	19
Dividends	19
Review of Operations	19
Significant Changes in the State of Affairs	19
Events since the end of the financial year	19
Likely developments and expected results of operations	19
Environmental Regulation	19
Information on Directors	20
Company Secretary	21
Meetings of Directors	21
2014 Remuneration Report Summary (Unaudited)	21
2014 Remuneration Report (Audited)	22
Options and Rights	38
Insurance and Indemnity of Officers	39
Indemnity of Auditors	39
Proceedings on behalf of the Company	39
Loans to Directors and Executives	39
Non-audit services	39
Auditor's Independence Declaration	39
Rounding of Amounts	39
Auditor	39

DIRECTORS' REPORT

30 June 2014

The Directors of Toxfree are pleased to present their report, together with the financial statements of the Group, being Tox Free Solutions Limited (Toxfree) and its controlled entities (the "Group"), for the financial year ended 30 June 2014.

Directors

The following persons were Directors of Toxfree during the whole of the financial year and up to the date of this report, unless indicated:

Non-Executive Directors

Robert McKinnon (Non-Executive Chairman)

Richard (Dick) Allen

Michael Humphris

Katherine Hirschfeld

Executive Director

Stephen Gostlow

Result

The statutory profit attributable to ordinary equity holders of the Group was \$21,724,000 (2013: \$13,604,000).

Non-IFRS Financial Information

The underlying profit after tax of the Group was \$22,982,000 (2013: \$21,703,000).

The underlying profit includes adjustments that are one off in nature and do not reflect the underlying performance of the business. Please refer to the Managing Director's Review of Operations on pages 3 to 16 of this Annual Report for additional information.

Principal Activities

The principal activities of the Group during the financial year were the provision of industrial services and waste management.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Dividends – Tox Free Solutions Limited

Dividends paid to members during the financial year were as follows:

	2014 \$'000	2013 \$'000
The following dividends were declared and paid:		
Final ordinary dividend for the year ended 30 June 2013 of 5 cents (2012: 4 cents) per share	6,626	4,613
Interim ordinary dividend for the year ended 30 June 2014 of 3 cents (2013: nil cents) per share	3,998	–
Total dividends provided for or paid	10,624	4,613

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of \$4,012,571 (3 cents per fully paid ordinary share) to be paid on 1 October 2014 out of retained earnings at 30 June 2014.

Review of operations

Information on the operations and financial position of the Group and its strategies and prospects is set out in the Managing Director's Review of Operations on pages 3 to 16 of this Annual Report.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events Since the End of the Financial Year

On 1 August 2014, 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.

Toxfree, through this expanded agreement, will be one of the largest employers of indigenous Australians in the region. Toxfree has a Reconciliation Action Plan (RAP) endorsed by Reconciliation Australia and are focussed on creating opportunities for indigenous Australians throughout all of our operations Australia wide.

Subsequent to the year end, the Directors of Toxfree recommended the payment of a final dividend on ordinary shares in respect of the 2014 financial year. The total amount of the dividend is \$4,012,571 which represents a fully franked dividend of 3 cents per share.

Except for the above, no other matters or circumstances have arisen since 30 June 2014 that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results of Operations

The Group will continue to pursue its strategy of developing Australia's leading industrial services and waste management Group and increasing market share of its major business segments during the next financial year.

Additional comments on the operations of the Group, its strategies and prospects are set out in the Managing Director's Review of Operations on pages 3 to 16 of this Annual Report.

Environmental Regulation

The Group's operations are subject to significant environmental regulations and as such hold environmental licences for the operation of its waste facilities and waste transport fleet throughout Australia. These licences relate to the management of waste including; storage, treatment, transportation and disposal.

There have been no prosecutions commenced or pending against the Group's licences during the period.

National Greenhouse and Energy Reporting Guidelines

The Group is undertaking an assessment of its annual greenhouse gas emissions and energy use and expects it will be subject to the reporting requirements under the National Greenhouse and Energy Reporting Act 2007. If required to report, the Group will register with the Clean Energy Regulator by 31 August 2014. The Group has implemented systems for the collection and calculation of the data required to report from the 2013/2014 year to the Clean Energy Regulator by the 31 October 2014.

Information on Directors – 30 June 2014

The following information is current as at the date of this report.

Robert McKinnon	Non-Executive Director
Qualifications	Fellow CPA Australia; Fellow of the Governance Institute of Australia; Member of the Australian Institute of Company Directors
Experience	Robert has been Managing Director of Fleetwood Corporation Limited and Austal Limited. His career spans over 30 years in senior financial and general management positions
Interest in shares, options and rights	50,000 ordinary shares
Special responsibilities	Chair of the Board and Nomination Committee. Member of the Remuneration, Audit and Risk Committees
Other current Directorships in listed entities	Non-Executive Director of Programmed Maintenance Services Limited and Peet Limited (appointed 19 May 2014)
Other Directorships in listed entities held in the previous three years	Non-Executive Director of Brierty Limited (resigned 26 September 2011)

Stephen Gostlow	Managing Director
Qualifications	Environmental Scientist, Graduate of the Australian Institute of Company Directors
Experience	Stephen has over 17 years' experience in the waste management industry. His background includes experience in waste treatment, waste technologies and regulatory compliance. Stephen has been employed by Toxfree since 2002 and was appointed Managing Director in 2005
Interest in shares, options and rights	1,127,012 ordinary shares, granted 153,103 share performance rights and 633,336 appreciation rights
Special responsibilities	Nil
Other current Directorships in listed entities	Nil
Other Directorships in listed entities held in the previous three years	Nil

Michael Humphris	Non-Executive Director
Qualifications	Chartered Accountant; Member of the Australian Institute of Company Directors
Experience	Michael has over 30 years' experience in the areas of business advice, corporate recovery and dispute resolution. He has extensive experience in business reconstructions and enhancing value for Shareholders
Interest in shares, options and rights	710,000 ordinary shares
Special responsibilities	Chair of the Audit Committee, Member of the Risk, Remuneration and Nomination Committees
Other current Directorships in listed entities	None
Other Directorships in listed entities held in the previous three years	Non-Executive Director of Virax Holdings Ltd (16 January 2008 to 2 September 2013), Non-Executive Director of Centro Retail Ltd (1 October 2009 to 15 December 2011)

Richard Allen	Non-Executive Director
Qualifications	Civil Engineer, Member of the Australian Institute of Company Directors
Experience	Richard has extensive national and international experience in the management of public and private companies. He has managed businesses in Australia, the Middle East and Asia, with the bulk of his experience focussed around upstream oil and gas exploration, environmental services and the renewable energy sector
Interest in shares, options and rights	164,874 ordinary shares
Special responsibilities	Chair of the Remuneration Committee; Member of the Audit, Risk and Nomination Committees
Other current Directorships in listed entities	Nil
Other Directorships in listed entities held in the previous three years	Non-Executive Chairman of Mobilarm Limited (13 October 2010, resigned 1 March 2012)

Katherine Hirschfeld		Non-Executive Director	
Qualifications	Chemical Engineer, Graduate of the Australian Institute of Company Directors		
Experience	Katherine has significant experience in management and leadership of public and private companies, both nationally and internationally. She has operated businesses in Turkey, as well as Australia, with the bulk of her experience focussed around oil refining, logistics, exploration and production		
Interest in shares, options and rights	13,850 ordinary shares		
Special responsibilities	Chair of the Risk Committee; Member of the Audit, Remuneration and Nomination Committees		
Other current Directorships in listed entities	Transfield Services Limited (appointed 28 October 2013)		
Other Directorships in listed entities held in the previous three years	Nil		

Each Director has been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr David McArthur has a Bachelor of Commerce Degree and is also a Chartered Accountant. David spent four years with a major international accounting firm and has been actively involved in the financial and corporate management of a number of public listed companies over the past 30 years. David has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions by public companies.

David has been Company Secretary for the full financial year and up to the date of this report.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

Name	Directors' Meetings		Audit Committee		Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McKinnon	11	11	6	6	4	4
Stephen Gostlow ^	11	11	–	–	–	–
Michael Humphris	11	10	6	6	4	4
Richard Allen	11	11	6	6	4	4
Katherine Hirschfeld	11	11	6	6	4	4

^ Executive Director and therefore not a member of the relevant Committees.

Name	Remuneration Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McKinnon	4	4	–	–
Stephen Gostlow ^	–	–	–	–
Michael Humphris	4	3	–	–
Richard Allen	4	4	–	–
Katherine Hirschfeld	4	4	–	–

^ Executive Director and therefore not a member of the relevant Committees.

The Nomination Committee was established on 1 April 2014 and did not meet during the period 1 April 2014 to 30 June 2014.

2014 Remuneration Report Summary (unaudited)

During the year remuneration of Key Management Personnel (KMP) was benchmarked at the request of the Remuneration Committee by Price-waterhouse-Coopers (PwC) against a peer group of companies of a similar size, in order to determine whether any adjustments were required. This information has been used to support and develop executive remuneration in the current and future financial years to ensure continued alignment with financial and strategic objectives.

The following Peer Group was used for the KMP benchmark review:

Company	3 month average market cap(\$\$) as at 30 June 2013 (\$M)	Primary Industry
Clough Limited	901.84	Construction and Engineering
Cardno Limited	843.65	Construction and Engineering
Ausdrill Limited	479.85	Construction and Engineering
Forge Group Limited	428.50	Construction and Engineering
Tox Free Solutions Limited	421.53	Environmental and Facilities Services
MACA Limited	377.81	Construction and Engineering
NRW Holdings Limited	330.11	Construction and Engineering
Ausenco Limited *	312.26	Construction and Engineering
Decimil Group Limited	306.01	Construction and Engineering
RCR Tomlinson Limited	294.09	Construction and Engineering
Programmed Maintenance Services Limited	283.38	Environmental and Facilities Services

* Data for companies in the peer group has been extracted from their FY13 annual reports, with the exception of Ausenco Limited; data was extracted from its FY12 annual report as the Company had a 31 December year end.

3 month average market cap(\$\$) as at 30 June 2013 (\$M)	
75 th percentile	467.01
50 th percentile	353.96
25 th percentile	307.57
Average	455.75

Toxfree's policy is to position remuneration around the median of the peer group. Any adjustments proposed to be made to the KMP remuneration will take effect in respect of the 2014/2015 financial year.

Changes post FY 2013

There have been no significant changes to the Toxfree remuneration framework post FY13.

2014 REMUNERATION REPORT (audited)

The Directors are pleased to present your Company's 2014 Remuneration Report prepared in accordance with the Corporations Act 2001. The Report sets out detailed remuneration information for Toxfree's Non-Executive Directors, Executive Directors and other KMP of the Group.

The report contains the following sections:

- A. Directors and other KMP disclosed in this report (page 22)
- B. Remuneration Governance (page 22)
- C. Use of Remuneration Consultants (page 22)
- D. Executive Remuneration Strategy and Framework (page 22)
- E. Detailed overview of the operation of the STI and LTI – 30 June 2014 (page 25)
- F. Remuneration paid to the MD and other KMP (page 33)
- G. Service Agreements (page 34)
- H. Non-Executive Director Remuneration (page 34)
- I. Other – KMP disclosures (page 35)
- J. Voting and comments made at the Company's 2013 Annual General Meeting (page 37)

A. Directors and other KMP disclosed in this report

Name	Position
Directors	
Robert McKinnon	Non-Executive Chairman
Stephen Gostlow	Managing Director (MD)
Michael Humphris	Non-Executive Director
Katherine Hirschfeld	Non-Executive Director
Richard Allen	Non-Executive Director
Other KMP	
David McArthur	Company Secretary
Michael Constable	Chief Financial Officer (CFO)
Edward Goodwin	Chief Operating Officer (COO)
Jason Dixon	Executive General Manager – Corporate & Risk (EGM C&R)
Joshua Bovell	Chief Information Officer (CIO) (from 14 October 2013)
Sarah Bagshawe	Executive General Manager – Human Resources (EGM HR)

There were no changes to Directors and other KMP since the end of the reporting period to the date of this report.

B. Remuneration Governance

The Remuneration Committee (formerly named the 'Nomination and Remuneration Committee') is a committee of the Board. It assists the Board in fulfilling its responsibilities relating to the remuneration of Directors, the remuneration of, and incentives for the MD and other KMP, and remuneration practices, strategies and disclosures generally. The Remuneration Committee also reviews gender pay equity.

It is critical that the Remuneration Committee is independent of management when making decisions affecting employee remuneration. Accordingly, the Remuneration Committee is comprised solely of Non-Executive Directors, all of whom are independent.

A critical objective of the Remuneration Committee is to ensure that remuneration policies and structures are fair, competitive and aligned with the long-term interests of the Group. In doing this, during the year the Remuneration Committee sought assistance from independent remuneration consultants. Refer to section C below for details.

The membership of the Remuneration Committee did not change during the 2013/2014 financial year. However, it should be noted that a separate Nomination committee was formed on 1 April 2014 whose purpose is to look after the nomination and selection of new Directors and KMP.

The Corporate Governance Statement set out on pages 40 to 43 provides further information on the role of the Remuneration Committee.

C. Use of Remuneration Consultants

During the year PwC was engaged to provide market data on executive remuneration to enable the Remuneration Committee to determine whether any adjustments to KMP remuneration were required. PwC did not provide any remuneration recommendations (as defined in the Corporations Act 2001) during the year ended 30 June 2014. For the provision of benchmarking market data, PwC was paid a total of \$14,300 (including GST).

D. Executive Remuneration Strategy and Framework

The Group's executive remuneration strategy is designed to attract, retain and motivate a highly qualified and experienced management team with the necessary skills and attributes to lead the Group in achieving its business objectives. The strategy also aims to encourage management to strive for superior performance by rewarding the achievement of targets that are challenging, clearly understood and within the control of individuals to achieve through their own actions.

The objective of the Group's executive remuneration framework is to ensure that remuneration for performance is competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward.

The Board ensures that executive remuneration satisfies the following key criteria for good reward governance practices:

- Competitive and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation; and
- Transparency.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority within the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The Executive Remuneration Framework has three components:

1. Fixed Remuneration – Total Employment Cost (TEC)
2. Short-term incentives – Cash Bonus
3. Long-term incentives – Through the issue of Share Performance Rights (SPR) and Share Appreciation Rights (SAR) under the Tox Free Solutions Limited Long-Term Incentive Plan

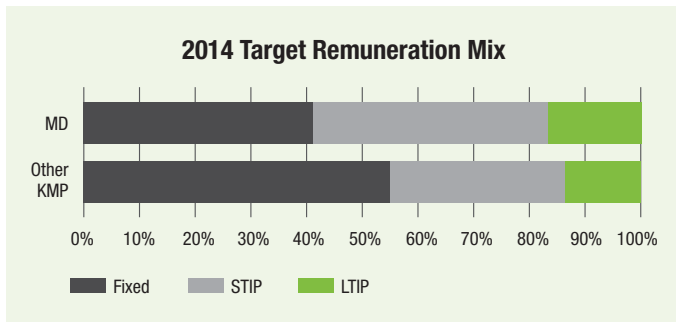
The combination of the above comprises an executive's total remuneration.

Executive Remuneration Mix

The remuneration of the MD and other KMP * was structured as a mix of fixed remuneration and variable or “at risk” remuneration through short term and long-term incentive components.

* Excludes the Company Secretary who is paid an agreed monthly fee for secretarial services rendered. Refer to Part F “Remuneration Paid to the MD & other KMP” on page 33 for additional details.

Target remuneration mix for the year to 30 June 2014 was:



1. Fixed Remuneration – Total Employment Cost (TEC)

Executives receive their base pay, allowances and superannuation as a total employment cost package.

TEC:

- Comprises cash salary, allowances, superannuation and other prescribed benefits;
- Provides a base level of reward for effective completion of business and specific accountabilities; and
- Is not “at risk” but is appropriately benchmarked and set with reference to role, responsibilities, skills and experience.

There are no guaranteed TEC increases in any executive employment agreements. TEC levels are reviewed annually by the Remuneration Committee with reference to an individual’s role, experience and performance, as well as relevant comparative market data. Independent remuneration consultants and surveys. Internal relativities and market conditions also provide guidance. An executive’s TEC is also reviewed on a change in role and upon promotion.

2. Short Term Incentive (STI) – Cash Bonus

Executives have the opportunity to earn an annual cash bonus under the STI Plan if predefined performance measures are achieved. The measures may include Group, team and individual performance and behavioural measures linked to business objectives including environmental, social and governance principles.

This aligns executive interests with the Group’s financial performance, as well as management principles and the Group’s cultural values as:

- Annual rewards are tied to pre-determined individual and business performance measures;
- Individual targets reflect individual specific accountabilities and key drivers for growth and success; and
- Group performance targets linked to achievement of business plan, working capital management, return on investment (ROIC) and safety.

STI performance measures are set at the beginning of a financial year and include a threshold, target and stretch component. The setting of performance measures and components also depend on the senior executive’s level and seniority. An executive’s individual (key performance indicators) and Group performance targets are set by the Board.

For the year ended 30 June 2014, the performance measures for the STI cash bonus were linked to:

- Achievement of Business Plan;
- Working Capital;
- Return on Investment;
- Safety Performance; and
- Individual Performance Review.

More detail on the performance measures are set out in Section E on pages 25 to 32.

3. Long Term Incentive (LTI) – Issue of SPR and SAR

As outlined in the FY13 report, on 24 November 2011 Toxfree shareholders approved the adoption of a new Tox Free Solutions Executive Long-Term Incentive (LTI) Plan. Under the LTI Plan, the Board has the discretion to grant SPR and/or SAR annually to certain executives. Vesting of awards granted under the LTI Plan will be subject to the satisfaction of performance hurdles determined by the Board.

During the year ended 30 June 2014, the value of all long-term incentive awards granted under the LTI Plan was split evenly between SPR and SAR. Both SPR and SAR (collectively referred to as “Rights”) have a performance period of three years. The performance measures for the LTI awards granted during the year ended 30 June 2014 are as follows:

- Total Shareholder Return (TSR) (50% of the grant) – measured against selected ASX 300 companies; and
- Earnings Per Share (EPS) (50% of the grant).

Both SPR and SAR are subject to the two performance hurdles:

- 50% of each SPR and SAR grant will be subject to an EPS growth hurdle (Tranche 1); and
- The remaining 50% of each SPR and SAR grant will be subject to a TSR hurdle (Tranche 2).

The performance measures are mutually exclusive such that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant. There is no retesting of performance for the LTI. If any of the Rights fail to become exercisable due to failure to satisfy the vesting conditions, the grant will be forfeited.

Quantum of LTI award

The LTI quantum to be granted will be determined with reference to current market practice and will be subject to approval by the Board. The LTI dollar value that Senior Executives will be entitled to receive is set at a fixed percentage of their annual base salary and ranges from 25% to 50% depending on the participants’ level and seniority.

SPR

Each SPR represents a right to be issued one ordinary share at a future point in time. No exercise price will be payable and eligibility to receive an SPR under the LTI Plan will be at the Board’s discretion.

SAR

Each SAR represents the right to receive a payment equal to the positive difference between the share price at grant and the share price at the vesting date. The total value of all SAR on the vesting date will be settled via the provision of shares of an equivalent value.

The share price at the start date and at the vesting date will be determined by reference to the 30-day value weighted average share price (VWAP) at the time of grant and vesting.

The following simple example demonstrates how SAR is to be settled:

- 100,000 SAR are granted
- 30-day VWAP at the start date is \$1.00
- 30-day VWAP at the vest date is \$2.00

At the vest date (and provided all performance hurdles are satisfied), the 100,000 SAR vest and the dollar value of SAR is \$100,000 (100,000 SAR x (\$2.0 - \$1.0)). The SAR is settled via an issue of 50,000 shares (\$100,000 / \$2.00) to the Executive.

EPS Performance Condition

EPS performance is assessed against compound annual growth rate (CAGR) targets that are set by the Board.

Performance vesting is staggered in the following manner:

EPS performance – CAGR (%)	Performance vesting outcome
0% to <5%	No rights vest
5% <6%	50% vest
6% <7%	60% vest
7% <8%	70% vest
8% <9%	80% vest
9% <10%	90% vest
10% and greater	100% vest

In setting the CAGR that determines vesting, the Remuneration Committee reviewed the returns of a comparable index and reviewed industry growth rates.

Comparable index

The comparable index was determined to be the ASX300 Industrials (excluding companies within the metals and mining, financial services, infrastructure, investment and property sectors). This determination is consistent with the prior year. This is the same index that will be used to measure TSR performance (refer to TSR Performance Condition on pages 24 to 25).

Industry growth rates

The Remuneration Committee referenced the IBIS World Industry Report of March 2012 (Waste Disposal Services in Australia) and the National Waste Report of 2010 (Australian Government – Department of the Environment, Water, Heritage and the Arts). The forecast for the industry growth rate was an IBIS forecast growth of 5.7% per annum from 2012-2017 and the National Waste Report forecast growth of 4.5% per annum 2006-2007 until 2020-2021, a combined average of 5.1%.

Toxfree targets

Based on its review, the Remuneration Committee determined that 10% CAGR over a three year period was substantially above the comparable index and looking forward, well exceeded the long-term ten year average for the comparator group.

Further, it felt that 10% CAGR in EPS was a high hurdle rate as it represented approximately twice the industry forecast growth rate. The 10% growth hurdle has been exceeded historically due to some strategic acquisitions which may not reoccur in the future.

Accordingly, the Remuneration Committee determined that full vesting would occur at an EPS CAGR of 10% or greater and that staggered vesting would commence from 5% CAGR onwards (which was a comparable level with the comparable index and the industry). This determination is consistent with the prior year.

Calculation of EPS

EPS measures the earnings generated per ordinary share and the formula for calculating EPS is shown below:

$$\frac{\text{Underlying operating profit attributable to shareholders}}{\text{Weighted average number of ordinary shares}}$$

The weighted average number of ordinary shares for the year will be used to calculate EPS.

TSR Performance Condition

TSR measures the return received by shareholders from the holding shares in a Company over a particular period. TSR is calculated by taking into account the growth in the Company's share price over the period and also takes into account the dividends received during that period. The formula for calculating TSR is detailed below:

$$\frac{(\text{Share Price at Test Date} - \text{Share Price at Start Date}) + (\$ \text{ Dividends Reinvested})}{\text{Share Price at Start Date}}$$

A VWAP is used to determine share price at test date and share price at start date.

Toxfree's TSR is ranked against a peer group of companies in order to adequately measure the performance hurdle:

- TSR of the companies in the peer group is calculated; then
- These companies are ranked according to their TSR;
- Toxfree's TSR is calculated to determine what percentile in the peer group it relates to;
- This percentile determines how many Rights will vest.

The TSR will be measured against the S&P ASX300 index as at 1 July 2013 (excluding companies within the metals and mining, financial services, infrastructure, investment and property sectors).

Vesting for the Relative TSR portion of the grant will occur as follows:

Relative TSR performance	Performance vesting outcomes
Less than the 50 th percentile	0% vesting
At the 50 th percentile	50% vesting
Between 50 th and 75 th percentile	For each percentile over the 50 th , an additional 2% of the SPR and SAR will vest
At or above 75 th percentile	100% vesting

For the SPR and SAR grants in FY2014, the peer group included the following companies:

Tox Free Solutions Ltd	Acrux Limited
Adelaide Brighton Ltd	AGL Energy Limited
ALS Limited	Amcor Limited
Ansell Ltd	APA Group
APN News & Media Ltd	ARB Corporation Limited
Ardent Leisure Group	Aristocrat Leisure Ltd
Asciano Limited	Ausdrill Ltd
Ausenco Limited	Austin Engineering Ltd
Australian Agricultural Co Ltd	Billabong International Limited
Boart Longyear Limited	Boral Limited
Bradken Limited	Brambles Limited
Cabcharge Australia Ltd	Cardno Limited

Carsales.com Limited	Cash Converters International
Chorus Limited	Coca-Cola Amatil Limited
Cochlear Ltd	Computershare Limited
Credit Corp Group Ltd	Crown Resorts Limited
CSG Limited	CSL Ltd
CSR Limited	David Jones Limited
Decmil Group Limited	Downer EDI Limited
DUET Group	DuluxGroup Limited
Echo Entertainment Group Limited	Emeco Holdings Limited
Energy World Corp Ltd	Envestra Limited
Fairfax Media Limited	Fleetwood Corp Ltd
Fletcher Building Ltd	Flight Centre Travel Group Ltd
Forge Group Limited	Goodman Fielder Ltd
GrainCorp Ltd	GUD Holdings Limited
GWA Group Limited	Harvey Norman Holdings Ltd
Hills Holdings Limited	iiNet Ltd
Incitec Pivot Limited	Infigen Energy
InvoCare Ltd	IRESS Limited
James Hardie Industries plc	JB Hi-Fi Limited
Kathmandu Holdings Limited	Leighton Holdings Limited
M2 Group Ltd	MacMahon Holdings Ltd
McMillan Shakespeare Ltd	Mermaid Marine Australia
Mesoblast Limited	Metcash Limited
Mineral Resources Ltd	Monadelphous Group Limited
Myer Holdings Limited	Navitas Limited
News Corp	NEXTDC Limited
NRW Holdings Limited	Nufarm Limited
Orica Ltd	Oroton Group Limited
Pacific Brands Limited	Premier Investments Ltd
Prima Biomed Ltd	Primary Health Care Limited
Programmed Maintenance Serv Ltd	Qantas Airways Limited
Aurizon Holdings Limited	Ramsay Health Care Limited
ResMed Inc	SAI Global Limited
Sedgman Limited	SEEK Limited
Seven Group Holdings Limited	Seven West Media Limited
Sigma Pharmaceuticals Ltd	Silex Systems Ltd
Singapore Telecommunications Ltd	SMS Management & Technology Ltd
Sonic Healthcare Limited	Southern Cross Media Group
Spark Infrastructure Group	Starpharma Holdings Limited
Super Retail Group Limited	Tabcorp Holdings Ltd
Tassal Group Limited	Tatts Group Limited
Telecom Corporation of NZ Ltd	Telstra Corporation Limited
Ten Network Holdings Limited	The Reject Shop Limited
The SP AusNet Group	Thorn Group Limited
Toll Holdings Limited	TPG Telecom Limited
Transfield Services Limited	Transpacific Industries Group Ltd
Treasury Group Limited	UGL Limited
Virgin Australia Holdings Limited	Webjet Limited
Wesfarmers Limited	Woolworths Limited
Wotif.com Holdings Limited	

E. Detailed overview of the operation of the STI and LTI – 30 June 2014

1. Short Term Incentive – Cash Bonus

STI disclosure

The FY2014 STI amounts have been reviewed and approved by the Board through the Company's Remuneration Committee and will be paid in September 2014. These amounts have been accrued within the 2014 financial results.

For additional information please refer to Part F "Remuneration paid to the MD and Other KMP" set out on page 33.

STI measures, outcomes and the relationship between performance and STI for FY2014

STI performance measures are reviewed and set at the beginning of a financial year and include a threshold, target and stretch component.

There were five categories of STI performance measures for the MD and other KMP for the year ended 30 June 2014. Those measures were chosen to provide a balance between corporate, individual, operational, strategic, financial and behavioural aspects of performance and are described below.

The five performance measures for FY2014 are:

- Group – Achievement of Business Plan
- Group – Safety Performance
- Group – Working Capital
- Group – Return on Investment
- Individual – Performance Review

Outcome summary of the Group STI performance measures for the year ended 30 June 2014:

Group Measure	Target	FY 2014 Result
Achievement of Business Plan (a) [†]	Achieve FY14 Business Plan as set by the Board	Objectives met
Safety Performance (b) [†]	10% decrease in AIFR on FY2013 result	16.9% decrease
Working Capital (c) [†]	55 days outstanding	58 days
Return on Investment (d) [†]	1% increase from FY2013 result	1%
Individual Performance Review (e) [†]	Personal development plan objectives	Objectives met

[†] Refer to "Further detail on STI measures" set out on pages 26 to 27.

For the year ended 30 June 2014, the MD and the COO had a target STI opportunity of 50% of their base salary and a maximum opportunity of 100% of their base salary. Other KMP had a target STI opportunity of 20% to 40% of their base salary and a maximum STI opportunity of 50% of their base salary.

The weighting of the performance measures in relation to each Senior Executive's STI for FY2014 is:

Measure	MD & COO Weighting %	CFO Weighting %	EGM (C&R) Weighting %	CIO & EGM (HR) Weighting %
Achievement of Business Plan	40	20	20	20
Safety Performance	20	20	30	20
Working Capital	15	15	10	10
Return on Investment	15	15	10	10
Performance Review	10	30	30	40

Senior Executive STI awards for the year ended 30 June 2014 are set out in the table below:

Name	Eligible Annual Base Salary (\$) [¥]	Maximum STI Opportunity %	Maximum STI Value (\$)	Actual STI awarded (\$) ^{# ^}	Actual STI awarded % of base	STI forfeited (%)
Stephen Gostlow	473,550	100%	473,550	340,000	72%	28%
Edward Goodwin	405,000	100%	405,000	275,000	68%	32%
Michael Constable	290,000	50%	145,000	100,000	34%	31%
Jason Dixon	290,000	50%	145,000	125,000	43%	14%
Josh Bovell	235,000	50%	117,500 ^Ω	80,000	34%	32%
Sarah Bagshawe	185,000	50%	92,500	65,000	35%	30%

[^] The STI payments in respect of FY2014 have been accrued but will only be paid in September 2014.

[¥] Excludes motor vehicle allowances and superannuation.

[#] Amount excludes superannuation.

^Ω Employed from 14 October 2013, however entitled to earn the maximum STI opportunity in terms of the conditions of his employment agreement.

Further detail on STI measures

(a) Achievement of Business Plan

To measure the performance of KMP against agreed financial targets and objectives set by the Board, the Company develops a financial year business plan. The business plan is endorsed by the Board prior to the commencement of the new financial year. The business plan includes a number of key areas of focus and strategic initiatives that the management team have been set to achieve during the financial year. The business plan includes, but is not limited to a number of Key Performance Indicators (KPIs) relating to growth in earnings, debt management, capital management and earnings per share targets. Management is assessed against the business plan, which addresses these businesses focus points for the financial year.

In adopting the business plan the Board considers the fluctuations in market conditions and any changes within the company that may assist or adversely affect the business plan for the year.

Target

Measure	Target
Achieve FY14 Business Plan	Achieve the FY14 business plan endorsed by the Board

Outcome

At the commencement of financial year 2014, the Managing Director and Executive team prepared a business plan outlining financial expectations for the coming year together with a number of key areas of focus and strategic initiatives in the areas of safety, environment, systems integration, indigenous employment, diversity, working capital, capital expenditure and return on invested capital.

Additional focus points included the successful integration of recently completed acquisitions, including Wanless, in terms of employee retention, financial performance and systems integration.

The Board considered the Executive team met the business plan objectives for the financial year. The Board considered the following results:

- Revenue of \$367 M up 30% on prior period.
- Underlying EBITDA \$66.6M * up 15% on prior period.
- Underlying EBIT of \$39.2M * up 10% on prior period.
- Underlying NPAT of \$22.9M * up 6% on prior period.
- Systems – successful implementation of the ERP on time and budget.
- Diversity – increase in the number of female employees of 3% bringing the total of women to 18.7% of total employees.
- Indigenous employment – increase of seven indigenous employees bringing the total to 2.5% of total employees.
- Successful integration of Wanless meeting financial and integration targets.

(*Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 8 for further details).

Additional information

The Board can decide to exclude specific items when determining performance incentives. A normalisation policy is in place.

The normalising of the operating profit in internal reporting is necessary to:

- Ensure that management are appropriately and fairly incentivised to implement the Company's Corporate Strategy;
- Ensure that the underlying operational trading results which management can reasonably be held accountable for are accurately identified; and
- Enable management's performance to be assessed in a consistent manner under which the underlying targets were established.

These abnormal items may include, but are not limited to

The expensing of one-off costs associated with acquisitions, such as:

- Legal Advice; advisory; accounting and due diligence; consultancy and rebranding costs.

The Board has the discretion to review any other items that may also be considered "one-off" in nature or items that are outside of management's control when considering the normalised operating profit.

At the end of each financial year the Remuneration Committee will approve management's normalisation adjustments.

Exclusions from the statutory NPAT results for FY2014 and FY2013 are as follows:

FY2014
Acquisition costs including advisor, consultant, legal and rebranding costs of \$0.820M.

The exclusions resulted in an increase in underlying NPAT for STI purposes of \$0.574M (before tax of \$0.820M).

The \$0.976M OEC incinerator write-off was not included in the exclusions for STI calculation purposes.

FY2013
Acquisition costs including advisor, consultant, legal and rebranding costs of 3.696M.
Stamp duty associated with the Wanless acquisition in Queensland of \$4.1M.
SSAA impairment of patent and assets \$2.231M due to an unexpected change in regulatory conditions imposed on the final end use of the product.
Reduction in the contingent consideration for the acquisition of MMS \$(1.267)M.
Milperra office closure costs \$0.502M are not included in the exclusions.

The exclusions resulted in an increase in underlying NPAT for STI purposes of \$7.748M (before tax of \$8.76M).

(b) Safety Performance

To measure safety performance, the Group uses the All Injury Frequency Rate (AIFR). The AIFR measures the frequency of injuries per million man hours worked. The Board has set a target to reduce the Group's AIFR by 10% each year across the business.

Target

Measure	Target
Safety Performance	10% decrease on FY2013 AIFR result

Outcome

The AIFR result for the year was 39.89 (2013: 48), a decrease of 16.9% from the previous year.

(c) Working Capital

To measure working capital performance the Group uses Debtors Collection Days.

Target

Measure	Target
Working Capital	Group Debtor Collection Days <55 days

Outcome

The Group's Debtor Collection Days result for the year ended was 58 days (2013: 72 days).

(d) Return on Investment

To measure return on investment performance, the Group uses return on invested capital after tax (ROIC). The definition of ROIC is underlying net operating profit after tax for STI purposes divided by employed assets (includes property, plant and equipment, intangibles and trade debtors but would exclude cash and cash equivalents, inventory, prepayments and deferred tax assets).

Target

Measure	Target
Return on Investment	100 basis points increase on FY2013 ROIC result

The FY2013 ROIC result was 7%. The Directors set a ROIC target of 1% improvement on the previous year of 8% for the FY2014.

Outcome

The ROIC result for the year was 8% (2013: 7%), an increase of 1% from the previous year. The calculation was based on underlying net operating profit after tax.

(e) Individual Performance Review

The executive's annual performance review is taken into account for the purposes of this performance measure. The performance review recognises the individual's behaviour and performance as well as the delivery of any other agreed projects and other KPIs.

Target

Set out in the Senior Executive's individual performance development plan (PDP) that is prepared and assessed on an annual basis.

Outcome

All Senior Executives met or exceeded their individual performance review targets for FY2014.

Group Performance Summary

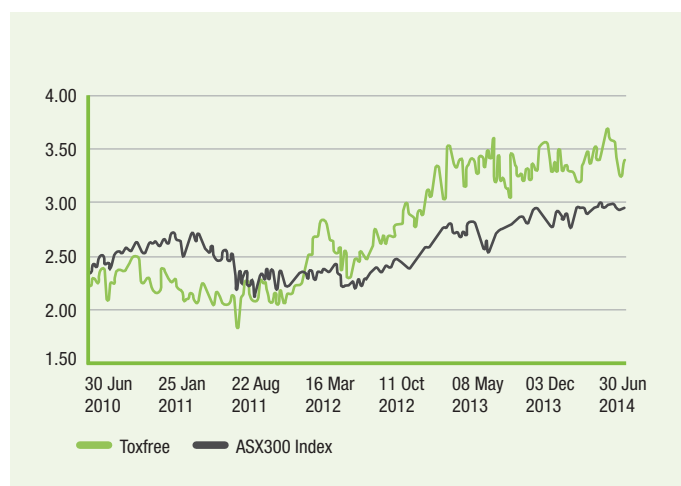
Measure	2014	2013	2012	2011	2010
Share price at year end (cents)	338	345	250	212	235
Dividend paid per share (cents)	6	5	4	3	2
Statutory NPAT (\$'000)	21,724	13,604	15,726	11,865	7,964
Underlying NPAT (\$'000) *	22,982	21,703	17,208	13,094	7,964
Number of ordinary shares ('000)	133,752	132,530	115,322	92,670	91,574
Weighted average number of shares ('000)	133,064	117,917	105,562	91,985	86,088
Market capitalisation(\$'000)	452,083	457,228	288,304	196,483	215,199
Statutory earnings per share (cents)	16.33	11.54	14.90	12.89	9.25
Service Revenue (\$'000)	369,997	284,723	207,963	143,556	98,686
KMP STI incentive ^ as a % of Underlying NPAT *	4.3%	4.4%	4.9%	5.0%	3.6%

^ STI excludes superannuation component.

* Non-IFRS financial information, please refer to the Managing Director's Review of Operations on pages 3 to 16 of this Annual Report for additional information.

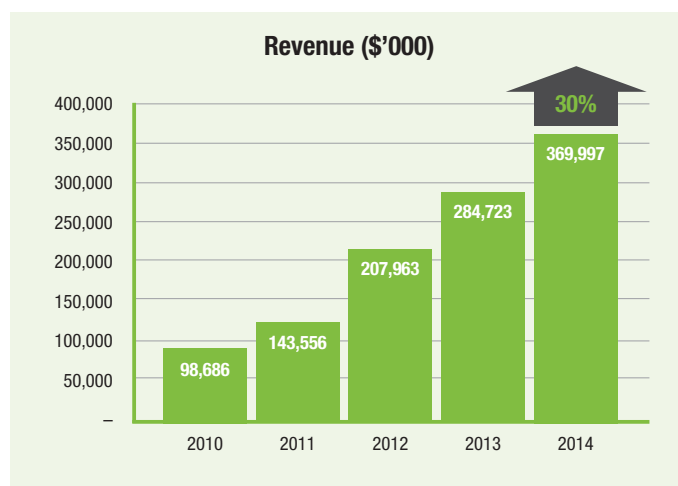
Share Price Performance

Toxfree's share price has performed relative to the S&P / ASX 300 Index since June 2010 as follows:



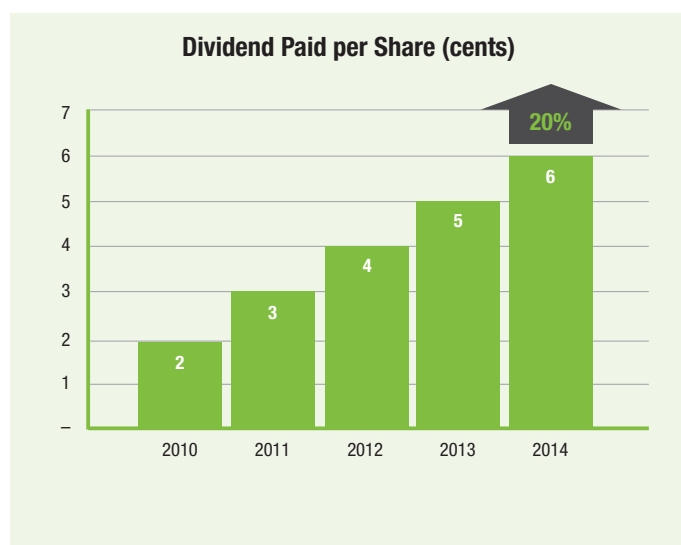
Growth in Revenue

The chart below demonstrates how Toxfree's Revenue has increased since 2010:



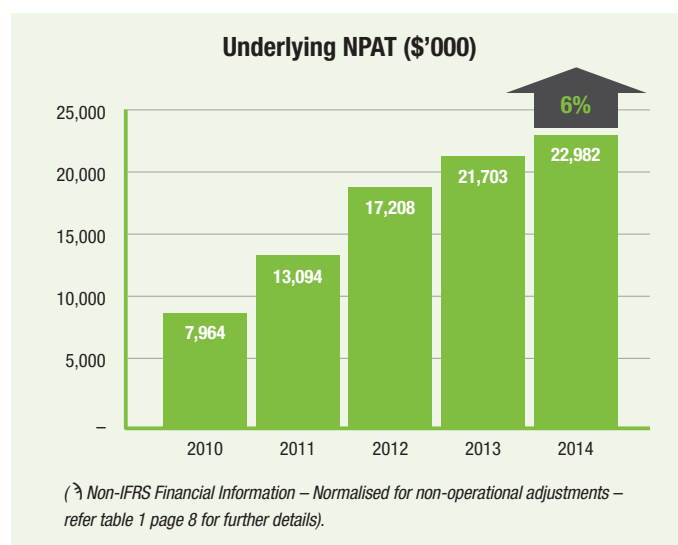
Dividend Performance

The chart below reflects the Dividends paid per Share since 2010:



Underlying NPAT ↗

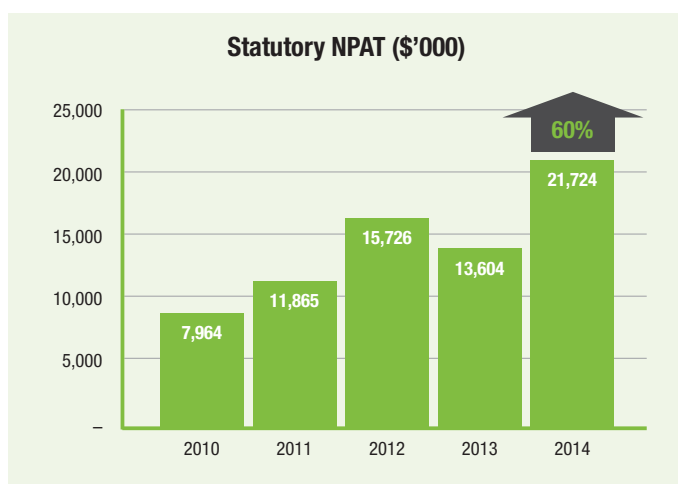
The chart below reflects the Underlying NPAT since 2010:



(↗) Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 8 for further details).

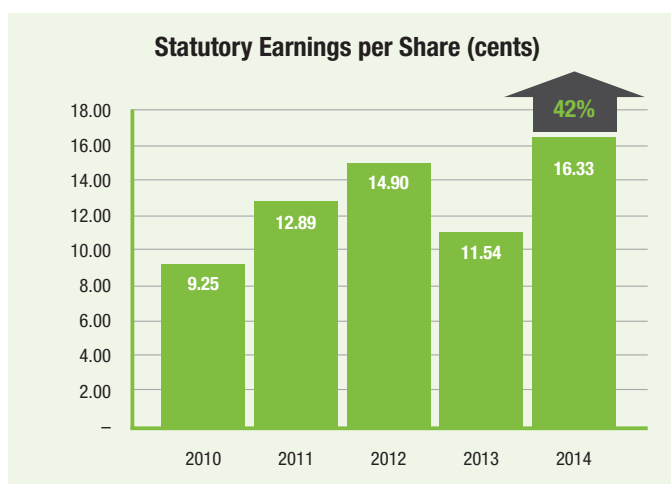
Statutory NPAT

The chart below reflects the Statutory NPAT since 2010:



Statutory Earnings per Share

The chart below reflects the Statutory earnings per share since 2010:



Additional STI Information

Assessment of Performance

Performance against the Group's targets is assessed by the Board.

The MD's performance against individual KPIs is assessed by the Remuneration Committee which then makes recommendations to the Board. The performance of other KMP against their individual KPIs is assessed by the MD, who confers with the Remuneration Committee and then the Board regarding this assessment.

After the year end accounts have been audited and related KPIs have been assessed, the Board approved the STI awards. STI cash awards for the year ended 30 June 2014 will be paid in September 2014.

The Board believes the method of assessment is rigorous and provides a balanced evaluation of the MD and other KMP performance. Long-term KMP retention issues are addressed via the LTI Plan.

Cessation of Employment

Under the service agreements for Senior Executives in place for the year ended 30 June 2014, if a Senior Executive ceased employment with the Group before performance against STI targets were assessed, they would generally not be entitled to receive any STI award, unless otherwise determined by the Board.

2. Long-term Incentives – SPR and SAR

Details of Rights issued for the year ended 30 June 2014 are as follows:

On 1 July 2013, 203,763 Share Performance Rights and 807,770 Share Appreciation Rights were granted to Key Management Personnel and to Senior Management under the Executive LTI Plan. The rights vest on 30 June 2016. Specific disclosure details of the 1 July 2013 grant are as follows:

Details	Share Performance Rights Granted	Share Appreciation Rights Granted	Total	Value of Rights Granted (\$)	Rights value / Annual Base salary value (%)
Directors					
S Gostlow	49,010	194,286	243,296	236,775	50%
KMP					
E Goodwin	41,915	166,162	208,077	202,500	50%
M Constable	15,007	59,490	74,497	72,500	25%
J Dixon	15,007	59,490	74,497	72,500	25%
S Bagshawe	9,573	37,950	47,523	46,250	25%
J Bovell ^	9,120	36,156	45,276	44,063	25%
Senior Management					
	64,131	254,236	318,367	309,833	25%
	203,763	807,770	1,011,533	984,421	

^ Appointed in Oct 2013, so pro-rata portion granted.

Included in the 1 July 2013 grant are 49,010 Share Performance Rights and 194,286 Share Appreciation Rights granted to the Managing Director Mr S Gostlow. The grant to Mr S Gostlow was approved by the shareholders at the Annual General Meeting held on 27 November 2013.

The above grants made under the Executive LTI Plan will vest subject to the satisfaction of Relative Total Shareholder Return (TSR) (50% of the grant) and Absolute Earnings Per Share (EPS) (50% of the grant) hurdles. These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if that other hurdle is not met.

The valuation of the Rights is based on an adjusted form of the Black Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation model to value the TSR right. The Monte Carlo model has been modified to incorporate an estimate of the probability of achieving the TSR hurdle and the number of associated Rights vesting.

The fair market value of the Rights at valuation date is as follows:

Fair Market Value	Tranche 1 SPR (EPS) \$	Tranche 2 SPR (TSR) \$	Tranche 1 SAR (EPS) \$	Tranche 2 SAR (TSR) \$
Grant – 1 July 2013	3.20	1.94	0.63	0.59

Key valuation assumptions made at grant date are summarised below:

Key value assumptions	1 July 2013
Share price	\$3.39
Effective exercise price (SAR only)	\$3.39
Annualised volatility (midpoint)	27.5%
Annual dividend yield	2.0%
Risk free rate	2.8%

Rights to Deferred Shares - Remuneration

For each grant of Rights to Deferred Shares, the percentage of the grant that was paid, or that vested in the financial year, and the percentage that was forfeited because the KMP did not meet the service and performance criteria is set out below. The minimum value of the Rights yet to vest is nil, as the Rights will be forfeited if the vesting conditions are not met. The maximum value of the Rights yet to vest has been determined as the amount of the grant date fair value that is yet to be expensed.

Share Performance Rights

Name	FY granted	Number granted	Share price at date of grant (\$)	Vested % ^	Vested number	Forfeited %	Financial years in which shares may vest	Maximum value yet to vest (\$)
Director								
S Gostlow	2012	59,088	2.10	100%	59,088	–	2014	–
	2013	45,005	2.84	–	–	–	2015	35,875
	2014	49,010	3.39	–	–	–	2016	78,925
KMP								
E Goodwin	2014	41,915	3.39	–	–	–	2016	67,500
M Constable	2012	19,312	2.10	100%	19,312	–	2014	–
	2013	17,516	2.66	–	–	–	2015	11,709
	2014	15,007	3.39	–	–	–	2016	24,167
J Dixon	2012	19,312	2.10	100%	19,312	–	2014	–
	2013	16,519	2.66	–	–	–	2015	11,042
	2014	15,007	3.39	–	–	–	2016	24,167
S Bagshawe	2012	6,726	2.10	100%	6,726	–	2014	–
	2013	10,347	2.66	–	–	–	2015	6,917
	2014	9,573	3.39	–	–	–	2016	15,417
J Bovell	2014	9,121	3.39	–	–	–	2016	14,688

^ EPS and TSR performance conditions met. EPS outcome >10% compound annual growth rate target over the 3 year performance period and TSR outcome was above the 75th percentile in the Peer Group.

Share Appreciation Rights

Name	FY granted	Number granted	Share price at date of grant (\$)	Vested % ^	Vested number	Forfeited %	Financial years in which shares may vest	Maximum value yet to vest (\$)
Director								
S Gostlow	2012	253,434	2.10	100%	253,434	–	2014	–
	2013	185,616	2.84	–	–	–	2015	35,875
	2014	194,286	3.39	–	–	–	2016	78,925
KMP								
E Goodwin	2014	166,162	3.39	–	–	–	2016	67,500
M Constable	2012	82,830	2.10	100%	82,830	–	2014	–
	2013	71,714	2.66	–	–	–	2015	11,709
	2014	59,490	3.39	–	–	–	2016	24,167
J Dixon	2012	82,830	2.10	100%	82,830	–	2014	–
	2013	67,630	2.66	–	–	–	2015	11,042
	2014	59,490	3.39	–	–	–	2016	24,167
S Bagshawe	2012	28,846	2.10	100%	28,846	–	2014	–
	2013	42,365	2.66	–	–	–	2015	6,917
	2014	37,950	3.39	–	–	–	2016	15,417
J Bovell	2014	36,156	3.39	–	–	–	2016	14,688

^ EPS and TSR performance conditions met. EPS outcome >10% compound annual growth rate target over the 3 year performance period and TSR outcome was above the 75th percentile in the Peer Group.

LEGACY LTI Plan – Options

The Tox Free Employee Share Option Program (ESOP) was designed as an incentive for Senior Employees to deliver long-term Shareholder returns. Under the ESOP, Executives and Senior Managers were awarded Options over shares in the Company. Participation in the program is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The Options vest on a time scale as specified in the ESOP and are granted for no consideration. Options granted under the ESOP carry no dividend or voting rights. When exercisable, each Option is converted into one ordinary share. The maximum term of an Option is 5 years from grant date and Options are generally settled in cash. On 24 November 2011, the Shareholders approved the adoption of a new Toxfree Executive Long-Term Incentive Plan that provides the Board with the discretion to grant Share Performance Rights and/or Share Appreciation Rights to Executives. Options are therefore no longer the preferred LTI Plan offering to Executives.

No options were granted as remuneration during the reporting period (2013: Nil).

Directors and Other KMP Options:

30 June 2014	Number of Options at beginning of year	Number of Options granted as Remuneration	Number of Options exercised	Number of Options at the end of year	Number of Options vested during the year	Number of Options vested and exercisable	Unvested
Directors							
S Gostlow	368,000	–	(368,000)	–	–	–	–
Other KMP							
E Goodwin	1,500,000	–	(500,000)	1,000,000	500,000	1,000,000	–
M Constable	134,000	–	(134,000)	–	–	–	–
J Dixon	168,000	–	(168,000)	–	–	–	–
	2,170,000	–	(1,170,000)	1,000,000	500,000	1,000,000	–

No Options were forfeited during the financial year under review.

There have been no changes in Directors and other KMP in the period after the reporting date and prior to the date when the financial report is authorised for issue.

Equity instruments granted as a result of exercise of Options:

Details of ordinary shares in the Group provided as a result of the exercise of remuneration Options to Directors and other KMP of the Group for FY2014 are set out below:

Name	Number of shares issued as result of exercise of Options	Exercise price per share \$	Exercise Date	Intrinsic value of Options exercised during the year †
Stephen Gostlow	368,000	2.74	1 November 2013	\$209,760
Edward Goodwin	500,000	2.50	19 May 2014	\$590,000
Michael Constable	134,000	2.74	1 November 2013	\$76,380
Jason Dixon	168,000	2.74	1 November 2013	\$95,760

† The fair value is determined at the date of exercise and reflects the intrinsic value of the Options.

Options – remuneration:

The terms and conditions of each grant of Options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Number	Vesting date	Expiry date	Exercise price	Value per Option at grant date (cents)	Performance achieved	% vested
E Goodwin							
23/11/2010	500,000	1/09/2012	1/11/2015	\$2.75	79.50	100%	100%
23/11/2010	500,000	1/09/2013	1/11/2015	\$3.00	81.70	100%	100%

The maximum total value of the Options yet to vest from a Share-based payment expense perspective is \$nil.

F. Remuneration paid to the MD and other KMP

	Short-Term Benefits				Post-employment Benefits	Long-term benefits	Share-based payment (SBP)		Total	Fixed Remuneration %	At risk – STI %	At risk – LTI %
	Salary, fees and allowances \$	STI [△] 2014 \$	STI 2012 & 2013 \$	Other / Non-monetary Benefits [¥] \$	Super-annuation [†] \$	Annual and long service leave [®] \$	Options \$	Rights \$				
Executive Director												
Stephen Gostlow												
2014	524,498	340,000	–	12,578	81,620	4,759	–	104,220	1,067,675	55%	35%	10%
2013	464,870	–	665,000	10,935	103,022	5,229	21,246	247,356	1,517,658	34%	48%	18%
Other KMP												
David McArthur												
2014	48,000	–	–	–	–	–	–	–	48,000	100%	–	–
2013	48,000	–	–	–	–	–	–	–	48,000	100%	–	–
Edward Goodwin												
2014	434,144	275,000	–	29,932	66,106	(2,708)	23,985	67,500	893,959	56%	34%	10%
2013	423,615	–	580,000	26,055	91,675	6,666	174,329	–	1,302,340	38%	49%	13%
Michael Constable												
2014	324,522	100,000	–	2,176	42,194	27,058	–	32,416	528,366	73%	21%	6%
2013	304,577	–	220,000	1,602	47,475	(131)	3,549	85,123	662,195	51%	36%	13%
Jason Dixon												
2014	323,907	125,000	–	2,261	41,521	(4,115)	–	31,714	520,288	68%	26%	6%
2013	287,654	–	230,000	1,403	46,861	(312)	4,449	83,422	653,477	49%	38%	13%
Sarah Bagshawe												
2014	206,965	65,000	–	2,570	25,501	1,664	–	21,281	322,981	71%	22%	7%
2013	165,881	–	86,000	–	22,502	(3,808)	–	17,639	288,214	61%	33%	6%
Joshua Bovell (from 14 October 2013)												
2014	181,908	80,000	–	1,269	24,647	2,085	–	14,688	304,597	66%	29%	5%
2013	–	–	–	–	–	–	–	–	–	–	–	–
Total												
2014	2,043,944	985,000	–	50,786	281,589	28,743	23,985	271,819	3,685,866			
2013	1,694,597	–	1,781,000	39,995	311,535	7,644	203,573	433,540	4,471,884			

[△] The 2014 STI (Bonus) has been accrued and will be paid in September 2014.

[¥] Other and non-monetary benefits include fringe benefits tax and insurance paid.

[®] Represents the value of the movement in the annual leave and long service leave entitlement accruals.

[†] Superannuation includes the values paid and accrued related to salary and fees, STI and the movement in the annual leave and long service leave.

G. Service Agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Group in the form of a contract of appointment. The contract summarises the Board's policies and terms, including compensation, relevant to the Officer or Director.

Remuneration and other forms of employment for the MD, COO and other KMP are also formalised in service agreements. Each of these agreements provides for performance related short-term incentives, and other benefits including car allowances and participation, where eligible, in a long-term incentive plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with Executives may be terminated without cause early by either party providing notice, subject to termination payments detailed below:

Name	Term of agreement	Employee notice period	Employer notice period	Base salary *	Termination benefit **
Stephen Gostlow	Ongoing from November 2010	6 months	12 months	\$555,591	***
Edward Goodwin	Ongoing from December 2010	6 months	12 months	\$475,238	12 months base salary
Michael Constable	Ongoing from July 2010	6 months	6 months	\$343,045	6 months base salary
Jason Dixon	Ongoing from October 2010	6 months	6 months	\$343,045	6 months base salary
Sarah Bagshawe	Ongoing from November 2011	1 month	1 month	\$228,323	1 month base salary
Joshua Bovell	Ongoing from October 2013	3 months	3 months	\$282,958	3 months base salary

* Base salaries are quoted for the year ended 30 June 2014. They are reviewed annually by the Remuneration Committee and include motor vehicle allowances and superannuation.

** Termination benefits are payable on early termination by the Group, other than for gross misconduct. Unless otherwise indicated they are equal to base salary (including superannuation) for the notice period.

*** Annual contractual remuneration including short-term incentive or an amount equal to the average remuneration received from the Company during the last 12 months prior to termination, whichever is the lesser amount.

H. Non-executive Director Remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board.

The current base fees were last reviewed with effect from 1 January 2013. The fees approved by the Board were inclusive of the statutory superannuation amount which at the time was 9% of base fees.

From 1 July 2013 the statutory superannuation rate was increased from 9% to 9.25%. If remuneration amounts were left unaltered, this would effectively result in a reduction in the amount received by Non-Executive Directors on a post superannuation payment basis.

It was resolved that the net payment post superannuation should remain unaltered which in effect means an increase in total remuneration for Non-Executive Directors of 0.25%. The change is effective from 1 July 2013. It was further resolved that this policy should relate to any future increases in the statutory rate of superannuation.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$700,000 per annum and was approved by Shareholders at the Annual General Meeting on 24 November 2011.

Fees from 1 July 2013:

	Board fees including Superannuation \$	Chair fees including Superannuation \$
Chair	150,344	–
Other Non-Executive Directors	85,195	10,023

Fees prior to 30 June 2013:

	Board fees including Superannuation \$	Chair fees including Superannuation \$
Chair	150,000	–
Other Non Executive Directors	85,000	10,000

Superannuation contributions required under the Australian superannuation guarantee legislation continue to be made and are deducted from the Directors' overall fee entitlements.

Remuneration paid to Non-Executive directors

Details of Non-Executive Directors Remuneration for the years ended 30 June 2014 and 30 June 2013 are set out below:

	Short-term benefits Fees \$	Post –employment benefits Superannuation † \$	Total \$
Current Non-Executive Directors			
Robert McKinnon			
2014	137,615	12,729	150,344
2013 ^	123,853	11,147	135,000
Michael Humphris			
2014	87,156	8,062	95,218
2013	80,275	7,225	87,500
Richard Allen			
2014	95,000	–	95,000
2013	87,500	–	87,500
Katherine Hirschfeld			
2014	87,156	8,062	95,218
2013	26,690	2,402	29,092
Former Non-Executive Directors			
Douglas Wood (resigned 28 August 2012)			
2014	–	–	–
2013	11,468	1,032	12,500
Total			
2014	406,927	28,853	435,780
2013	329,786	21,806	351,592

^ 2012 overpayment (\$2,500) including superannuation deducted from 2013 remuneration.

† Superannuation contributions are made on behalf of Non-Executive Directors to satisfy the Group's obligations under applicable superannuation guarantee legislation.

I. Other – KMP disclosures

There have been no changes in KMP in the period after the reporting date and prior to the date when the financial report is authorised for issue.

KMP Holdings – 30 June 2014

1. KMP – Option Holdings

No options were granted to KMP as remuneration during the reporting period (2013: Nil).

30 June 2014	Number of Options at beginning of year	Granted as remuneration	Exercised	Number of Options at the end of year	Number of Options vested and exercisable	Unvested
Directors						
S Gostlow	368,000	–	(368,000)	–	–	–
Other KMP						
E Goodwin	1,500,000	–	(500,000)	1,000,000	1,000,000	–
M Constable	134,000	–	(134,000)	–	–	–
J Dixon	168,000	–	(168,000)	–	–	–
	2,170,000	–	(1,170,000)	1,000,000	1,000,000	–

2. KMP – Share Performance Right Holdings

30 June 2014	Balance at beginning of year	Granted as remuneration	Exercised	Balance at the end of year	Vested and exercisable	Unvested
Directors						
S Gostlow	104,093	49,010	–	153,103	59,088	94,015
Other KMP						
E Goodwin	–	41,915	–	41,915	–	41,915
M Constable	36,828	15,007	–	51,835	19,312	32,523
J Dixon	35,831	15,007	–	50,838	19,312	31,526
S Bagshawe	17,073	9,573	–	26,646	6,726	19,920
J Bovell	–	9,121	–	9,121	–	9,121
	193,825	139,633	–	333,458	104,438	229,020

3. KMP – Share Appreciation Right Holdings

30 June 2014	Balance at beginning of year	Granted as remuneration	Exercised	Balance at the end of year	Vested and exercisable	Unvested
Directors						
S Gostlow	439,050	194,286	–	633,336	253,434	379,902
Other KMP						
E Goodwin	–	166,162	–	166,162	–	166,162
M Constable	154,544	59,490	–	214,034	82,830	131,204
J Dixon	150,460	59,490	–	209,950	82,830	127,120
S Bagshawe	71,211	37,950	–	109,161	28,846	80,315
J Bovell	–	36,156	–	36,156	–	36,156
	815,265	553,534	–	1,368,799	447,940	920,859

4. KMP – Shareholdings

The number of ordinary shares in Toxfree held by KMP (and their related parties) of the Group during the financial year is as follows:

30 June 2014	Balance at beginning of year	On exercise of options	Other changes	Balance at end of year
Directors				
R McKinnon	50,000	–	–	50,000
M Humphris	750,000	–	(40,000)	710,000
R Allen ^Δ	164,874	–	–	164,874
K Hirschfeld ^Δ	–	–	13,850	13,850
S Gostlow ^Δ	1,491,012	368,000	(732,000)	1,127,012
Other KMP				
E Goodwin	10,099	500,000	(510,099)	–
M Constable	2,000	134,000	(136,000)	–
J Dixon	46,000	168,000	(130,000)	84,000
	2,513,985	1,170,000	(1,534,249)	2,149,736

^Δ Shareholding includes related party holdings.

5. Loans to Key Management Personnel

Details of loans made to Directors and other Key Management Personnel of the Group are set out below:

Aggregates for Key Management Personnel

	2014 \$	2013 \$
Beginning of year	897,290	–
Loans advanced	3,085,800	1,582,620
Loan repayments received	(3,957,782)	(733,097)
Interest charged	90,469	47,767
End of year	115,777	897,290

The purpose of these loans is to enable KMP to exercise previously awarded Options. There were two loan balances outstanding at the end of the year.

Key Management Personnel with loans above \$100,000 during the financial year

30 June 2014	Balance at beginning of year \$	Interest paid and payable for the year \$	Balance at end of year \$	Highest indebtedness during the year \$
Directors				
S Gostlow	897,290	76,029	102,319	1,981,639
KMP				
M Constable	–	982	–	368,142
J Dixon	–	13,458	13,458	472,865
	897,290	90,469	115,777	2,822,646

During the eligible period, interest of 6.12% per annum was charged on the loan balances brought forward from the previous financial year. Interest of 6.5% was charged on new amounts advanced in FY14.

J. Voting and comments made at the Company's 2013 Annual General Meeting

Toxfree received more than 95% of "yes" votes on its Remuneration Report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**THIS IS THE
END OF THE
REMUNERATION
REPORT AUDITED.**

Options and Rights

Further details relating to Options and Rights are set out below.

Unissued ordinary Shares of Tox Free under Option / Rights *at the date of this report* are as follows:

Options

Grant Date	Vesting Date	Expiry Date	Exercise price	Number of Options
26 February 2010	Vested	15 January 2015	\$2.64	20,000
26 February 2010	Vested	15 January 2016	\$2.39	20,000
23 November 2010 ^	Vested	1 November 2015	\$2.75	500,000
23 November 2010 ^	Vested	1 November 2016	\$3.00	500,000
Total				1,040,000

^ E Goodwin (KMP) options.

Share Performance Rights

Grant Date	End of performance period	Tranche	Number of Rights
24 November 2011 **	30 June 2014 €	1	44,843
24 November 2011 **	30 June 2014 €	2	59,595
3 October 2012 *	30 June 2015	1	22,093
3 October 2012 *	30 June 2015	2	34,756
14 November 2012 ^	30 June 2015	1	18,882
14 November 2012 ^	30 June 2015	2	26,123
1 July 2013 **	30 June 2016	1	68,664
1 July 2013 **	30 June 2016	1	113,262
Total			388,218

^ Executive-Director performance rights.

* Other KMP and other employee performance rights.

** Includes Executive-Director, other KMP and other employee performance rights.

€ The rights vested 100% on 30 June 2014. EPS and TSR performance conditions met. EPS outcome >10% compound annual growth rate target over the 3 year performance period and TSR outcome was above the 75th percentile in the Peer Group.

Share Appreciation Rights

Grant Date	End of performance period	Tranche	Number of Rights
24 November 2011 **	30 June 2014 €	1	215,675
24 November 2011 **	30 June 2014 €	2	232,265
3 October 2012 *	30 June 2015	1	114,000
3 October 2012 *	30 June 2015	2	118,751
14 November 2012 ^	30 June 2015	1	91,208
14 November 2012 ^	30 June 2015	2	94,408
1 July 2013 **	30 June 2016	1	348,778
1 July 2013 **	30 June 2016	2	372,423
Total			1,587,508

^ Executive-Director performance rights.

* Other KMP and other employee appreciation rights.

** Includes Executive-Director, other KMP and other employee appreciation rights.

€ The rights vested 100% on 30 June 2014. EPS and TSR performance conditions met. EPS outcome >10% compound annual growth rate target over the 3 year performance period and TSR outcome was above the 75th percentile in the Peer Group.

For additional information, refer to note 26 "Share-based payment" to the financial statements.

Insurance and Indemnity of Officers

During the financial year, Toxfree paid a premium of \$55,345 (2013: \$20,050) excluding GST, to insure the Directors and Secretary of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against Officers in their capacity as Officers of entities in the Group, and any other payments arising from liabilities incurred by the Officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Officers or the improper use by the Officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Group paid a premium of \$10,311 (2013: \$8,639) excluding GST for life and income protection insurance for the Executive-Directors. The Group has agreed to indemnify the Directors of the Group against all liabilities to another person (other than the Group) that may arise from their position as Directors of the Group, except where the liability arises out of conduct involving lack of good faith.

Indemnity of Auditors

No agreements have been entered into to indemnify the Group's current auditors against any claims by third parties arising from their report on the Annual Financial Report.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2011 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Loans to Directors and Executives

Information on loans to Directors and Executives are set out in the Remuneration Report (refer to pages 22 to 37) and note 30 to the financial statements.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and / or the Group are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in note 32 to the financial statements.

The Board of Directors has considered the position and, in accordance with advice from the Audit Committee, is satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services are reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants.

The following fees were paid or payable to the auditors (BDO Audit (WA) Pty Ltd) and its related practices for non-audit services provided during the year ended 30 June 2014:

	2014 \$'000	2013 \$'000
Tax advice and compliance services (BDO Corporate Tax (WA) Pty Ltd)	297,958	201,961
Other services		
Accounting advice and review of information	2,750	16,750
Business combinations and acquisitions	–	24,602
Group restructure	2,834	3,250
Total – Other services	5,584	44,602
Total	303,542	246,563

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 44.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and in the financial statements. Amounts in the Directors' report and the financial statements have been rounded to the nearest thousand dollars.

Auditor

BDO (Audit) WA Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This Director's report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Director – Chairman Robert McKinnon:

Dated this 19th day of August 2014

CORPORATE GOVERNANCE STATEMENT

For the Year Ended 30 June 2014

Toxfree (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure that they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. Additionally, they comply with the ASX Corporate Governance Principles and Recommendations.

The Board of Directors

Role of the Board

The primary responsibilities of the Board of Directors are set out in a written policy and include:

- Establishment of long-term goals of the Group and strategic plans to achieve these goals;
- Monitoring the achievement of these goals;
- Review of the management accounts and reports to monitor the progress of the Group;
- Review and adoption of budgets for the financial performance of the Group and monitoring the results on a regular basis to assess performance;
- Review and approval of the annual and interim financial reports;
- Nominating and monitoring the external auditor;
- Approving all significant business transactions;
- Appointing and monitoring senior management;
- All remuneration, development and succession issues; and
- Ensuring the Group has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities.

The Board evaluates this policy on an ongoing basis.

Board Composition

The Directors' Report contains details of the Directors' skills, experience and education. The Board seeks to establish a Board that consists of Directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Group's business with excellence. To maintain this, the Group's policy is that Executive Directors should serve at least 3 years. At the completion of the first 3 years, the position of the Director is reviewed to ascertain if circumstances warrant a further term.

The Board comprises a Non-Executive Chairman, one Executive Director, and three Non-Executive independent Directors. Details of the Directors are set out in the Directors' Report.

The Board, through the Nomination Committee, is primarily responsible for identifying potential new Directors and has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. The appointment of the Directors must be approved by the majority of the Shareholders at the first Annual General Meeting after the appointment.

Retirement and re-election of Directors

The Constitution of the Group requires one third of Directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken in to account in determining the number of Directors to retire at that Annual General Meeting. Retiring Directors are eligible for re-election by Shareholders.

Independence of Directors

The Board has reviewed the position and association of each of the Directors in the office at the date of this report and considers that four Directors are independent. In considering whether a Director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principles and Recommendations Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate.

The Board considers that Mr Robert McKinnon, Mr Michael Humphris, Mr Richard Allen and Ms Katherine Hirschfeld meet the criteria in Principle 2. They have no material business or contractual relationship with the Group, other than as Directors, and no conflicts which could interfere with the exercise of independent judgement. Accordingly, they are considered to be independent.

Independent Professional Advice

With prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board Performance Review

The performance of all Directors is assessed through review by the Board as a whole of a Director's attendance at and involvement in Board meetings, their performance and other matters identified by the Board or other Directors. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a Director's performance.

The Directors conducted an internal performance evaluation of the Members of the Board during the reporting period, with the assistance of an external advisor.

Director Remuneration

Details of the Group's remuneration policies are included in the "Remuneration Report" section of the Directors' Report.

Non-Executive Directors will be remunerated by cash benefits alone (including statutory superannuation) and will not be provided with any benefits for ceasing to be a Director. Executive Directors may be remunerated by both fixed remuneration and equity performance based remuneration. A reasonable period of notice of termination will be required and will be detailed in the Executive's employment contract.

Managing Business Risk

The Group maintains policies and practices designed to identify and manage significant risks including:

- Regular budgeting and financial reporting;
- Procedures and controls to manage financial exposures and operational risks;
- The Group's business plan;
- Corporate strategy guidelines and procedures to review and approve the Group's strategic plans; and
- Insurance and risk management programs which are reviewed by the Board.

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Group's risk profile is reviewed annually. The Board may consult with the Group's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required.

The Board's review of business risk is also based on reports from the Risk Committee.

The Board receives regular reports about the financial condition and operating results of the consolidated Group. The Managing Director (or in his absence the Chairman) and Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- The Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards; and
- The Group's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

Internal Controls

Procedures have been established at the Board and Executive management levels that are designed to safeguard the assets and interests of the Group, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To achieve this, the Executive Directors perform the following procedures:

- Ensure appropriate follow up of significant audit findings and risk areas identified;
- Review the scope of the external audit to align it with Board requirements; and
- Conduct a detailed review of published accounts.

Audit and Risk Committee

The Board decided to split the Audit and Risk Committee functions on 1 July 2013 into separate Audit and Risk Committees.

Audit Committee

The role of the Audit Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be Non-Executive Directors.

The primary role of the Audit Committee is to:

- Assist the Board in fulfilling its overview of the audit process;
- Assist the Board in overseeing financial reporting;
- Assist the Board in fulfilling its overview of the systems of internal control which the Board and management have established;
- Monitor, review and recommend the adoption of the financial

statements of the Company;

- Regularly review the adequacy of accounting, internal controls, reporting and other financial management systems and practices of the Company;
- Review the financial report and other financial information distributed externally;
- Review any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- Review audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- Review the nomination and performance of the auditor;
- Liaise with external auditors and ensure that the annual and half-year statutory audits are conducted in an effective manner;
- Monitor the establishment of appropriate ethical standards;
- Monitor the procedures in place to ensure compliance with the Corporations Act 2001 and Australian Securities Exchange Listing Rules and all other regulatory requirements;
- Address any matters outstanding with the auditors, the Australian Taxation Office, the Australian Securities and Investments Commission, the Australian Securities Exchange and financial institutions; and
- Improve the quality of the accounting function.

The Committee consists of the following Non-Executive Directors, all of whom are independent:

- Mr M Humphris (Chair)
- Mr R McKinnon
- Mr R Allen
- Ms K Hirschfeld

The auditors and the Managing Director are invited to attend Audit Committee meetings at the discretion of the Committee. The Committee met six times during the year.

Risk Committee

The purpose of the Risk Committee is to assist the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. The Risk Committee's role includes oversight of risk management of the Company's wholly-owned subsidiaries.

Risk assessment and risk management are the responsibility of the Company's management. The Risk Committee has an oversight role and in fulfilling that role, it relies on the reviews and reports described below.

The Risk Committee shall have the following authority and responsibilities:

- Review and discuss with management the Company's risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes for risk management;
- Review and discuss with management the Board's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks;
- Discuss with the Company's executive team the Company's risk assessment and risk management guidelines, policies and processes, as the case may be. The Risk committee shall meet separately at least twice a year with the executive team;
- Receive, as and when appropriate, reports from the Company's EGM-Corporate & Risk on the results of risk management reviews and assessments;

- Review disclosure regarding risk contained in the Company's Annual Report;
- Review and assess the nature and level of insurance coverage;
- Review reports on selected risk topics as the Risk Committee deems appropriate from time to time;
- Initiate and monitor special investigations into areas of corporate risk or breakdowns in internal controls;
- Discharge any other duties or responsibilities delegated to the Risk committee by the Board;
- Delegate any of its responsibilities to subcommittees as the Risk Committee may deem appropriate;
- Retain such outside counsel, experts and other advisors as the committee may deem appropriate in its sole discretion and approve related fees and retention terms;
- Report its actions and any recommendations to the Board and conduct and present to the Board an annual performance evaluation of the Risk Committee; and
- Review at least annually the adequacy of this Charter and recommend any proposed changes to the board for approval.

The Committee consists of the following Non-Executive Directors, all of whom are independent:

- Ms K Hirschfeld (Chair)
- Mr M Humphris
- Mr R McKinnon
- Mr R Allen

The Committee met four times during the year.

Nomination and Remuneration Committee

The Board decided to split the Nomination and Remuneration Committee functions on 1 April 2014 into separate Nomination and Remuneration Committees.

Remuneration Committee

The Remuneration Committee operates in accordance with its Charter. The main responsibilities of the Remuneration Committee are:

- Determine remuneration policies and remuneration of Directors;
- Determine remuneration and incentive policies of Key Executives;
- Determine the Group recruitment, retention and termination policies and procedures for senior management;
- Determine and review incentive schemes;
- Determine and review superannuation arrangements of the Group; and
- Determine and review professional indemnity and liability insurance for Directors and senior management.

The Committee consists of the following Non-Executive Directors, all of whom are independent:

- Mr R Allen (Chairman)
- Mr R McKinnon
- Mr M Humphris
- Ms K Hirschfeld

The Committee met four times during the year.

Nomination Committee

The Nomination Committee operates in accordance with its Charter. The main responsibilities of the Nomination Committee are:

- Review the Board composition;
- Appointment of the Managing Director and the Company Secretary;
- Approve the recommendation for the appointment of key management personnel presented to the Committee by the Managing Director;
- Performance appraise the Board and the Managing Director;
- Succession planning for Board and Managing Director; and
- Approve the recommended succession planning for key management personnel presented to the Committee by the Managing Director. This includes identifying, evaluating and recommending candidates for the Board, the position of Managing Director and the position of Company Secretary.

The Committee consists of the following Non-Executive Directors, all of whom are independent:

- Mr R McKinnon (Chair)
- Mr R Allen
- Mr M Humphris
- Ms K Hirschfeld

The Nomination Committee did not meet during the period since it was established on 1 April 2014 to 30 June 2014.

Ethical Standards

In pursuit of the highest level of ethical standards, the Group has adopted a Code of Conduct which establishes the standards of behaviour required of Directors and employees in the conduct of the Group's affairs. This code is provided to all Directors and employees. Unethical behaviour is to be reported to the Group's Managing Director (or in his absence, the Chairman) as soon as possible.

The Code of Conduct is based on respect for the law, and acting accordingly, dealing with conflicts of interest appropriately, using the consolidated entity's assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences.

Trading in the Company's Securities by Directors and Employees

The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all Directors and employees. Under the policy, Directors are prohibited from short-term or "active" trading in the Group's securities and Directors and employees are prohibited from dealing in the Group's securities whilst in the possession of price sensitive information. The Company's Managing Director (or in his place the Chairman) must be notified of any proposed transactions.

This policy is provided to all Directors and employees. Compliance with it is reviewed on an on-going basis in accordance with the Company's risk management systems.

Continuous Disclosure

The Group has in place a continuous disclosure policy, a copy of which is provided to all Group officers and employees who may from time to time be in possession of undisclosed information that may be material to the price or value of the Group's securities.

The continuous disclosure policy aims to ensure timely compliance with the Group's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and to ensure officers and employees of the Group understand these obligations.

The procedure adopted by the Group is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who, in consultation with the Board (where practicable) and any other appropriate personnel will consider the information and whether disclosure is required and prepare an appropriate announcement.

At least once every 12 month period, the Board will review the company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

Shareholders

The Board aims to ensure that Shareholders are kept informed of all major developments affecting the Group. Information is communicated to Shareholders as follows:

- As the Group is a disclosing entity, regular announcements are made to the Australian Securities Exchange in accordance with the Group's disclosure policy, including the half-year review, the year-end audited accounts and an Annual Report;
- The Board ensures that the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- Shareholders are advised in writing of key issues affecting the Group by effective use of the Group's share registry or electronically via the website;
- Any proposed major changes in the Group's affairs are submitted to a vote of Shareholders, as required by the Corporations Act 2001 and the Australian Securities Exchange Listing Rules;
- The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Group's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Group; and
- The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report.

The Board reviews this policy and compliance with it on an ongoing basis.

Diversity Policy

The Group is committed to workplace diversity and recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improved employee retention, accessing different perspectives and ideas, and benefitting from all available talent. To the extent practicable, the Group will address recommendations and guidance provided in the ASX Corporate Governance Council's June 2010 amendments to the August 2007 *"Corporate Governance Principals and Recommendations (Second Edition)"*.

The Group strives to:

- Recruit and manage on the basis of an individual's competence, qualification and performance;
- Create a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- Appreciate and respect the unique aspects that an individual brings to the workplace;
- Where possible and practicable, increase participation and employment opportunities for indigenous people;
- Create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workplace diversity and successful management of diversity, and at all times recognising that employees may have restrictions placed on them by domestic responsibilities outside the workplace;
- Take action to prevent discrimination; and
- Create awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Board is committed to workplace diversity and has developed measurable objectives and strategies to support the framework and objectives of the Diversity Policy, and the Nomination Committee is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms. For the 2014 financial year the Boards' objectives were met by the Group. The Nomination Committee (formerly the Nomination and Remuneration Committee) reports annually to the Board on the progress and achievement of the objectives.

Pursuant to Recommendation 3.4, the Group policy discloses the following information as at the date of this report:

	Women	Men
Women and Men employed within the Group	19%	81%
Women and Men at senior management level	20%	80%
Women and Men employed at Board level	20%	80%

	Total
Indigenous staff employed within the Group	2.50%

ASX Corporate Governance principals and recommendations not followed "if not, why not" approach

Pursuant to the ASX Listing Rule 4.10.3, the Company advises that it follows all of the ASX *"Corporate Governance Principals and Recommendations (Second Edition)"*.



Tel: +8 6382 4600

Fax: +8 6382 4601

www.bdo.com.au

38 Station Street

Subiaco, WA 6008

PO Box 700 West Perth WA 6872

Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF TOX FREE SOLUTIONS LIMITED

As lead auditor of Tox Free Solutions Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

1. the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Tox Free Solutions Limited and the entities it controlled during the period.

DEAN JUST

Director

BDO Audit (WA) Pty Ltd

Perth, 19 August 2014

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Revenue from continuing operations			
Services	7	369,997	284,723
Other revenue	7	826	727
Total Revenue		370,823	285,450
Other income	8	1,149	1,867
Expenses			
Waste disposal, consumables and other non-employee benefit related direct costs		(109,542)	(86,189)
Outsourcing costs		(35,012)	(19,250)
Employee benefits expense		(127,098)	(97,272)
Administrative expenses		(19,745)	(14,731)
Amortisation		(2,697)	(1,797)
Depreciation		(24,745)	(20,465)
Impairment losses and write-offs		(976)	(2,576)
Insurance costs		(3,894)	(4,155)
Finance costs		(6,505)	(5,454)
Occupancy costs		(9,592)	(5,973)
Acquisition and rebranding costs		(820)	(7,646)
Other expenses		(451)	(750)
Profit before income tax		30,895	21,059
Income tax expense	10	(9,171)	(7,455)
Profit for the year		21,724	13,604
Other comprehensive income (expense)			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges	23	(280)	(818)
Income tax relating to these items	10	84	245
Other comprehensive income (expense) for the year, net of tax		(196)	(573)
Total comprehensive income for the year		21,528	13,031
Profit is attributable to: Owners of Tox Free Solutions Limited			
		21,724	13,604
Total comprehensive income for the year is attributable to: Owners of Tox Free Solutions Limited			
		21,528	13,031
Earnings per share for profit attributable to the ordinary equity holders of the company:			
		Cents	Cents
Basic earnings per share (cents)	33	16.33	11.54
Diluted earnings per share (cents)	33	16.18	11.35

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	16,168	22,736
Trade and other receivables	12	81,633	85,468
Prepaid tax	13	–	1,248
Inventories	14	296	204
TOTAL CURRENT ASSETS		98,097	109,656
NON CURRENT ASSETS			
Property, plant and equipment	15	134,858	129,904
Deferred tax assets	13	8,167	10,166
Intangible assets	16	149,572	151,495
TOTAL NON CURRENT ASSETS		292,597	291,565
TOTAL ASSETS		390,694	401,221
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	38,076	43,854
Borrowings	18	9,868	11,975
Derivative financial instruments	21	60	–
Current tax liabilities	13	273	–
Employee benefits	19	7,430	6,991
Provisions	20	6,971	9,820
TOTAL CURRENT LIABILITIES		62,678	72,640
NON CURRENT LIABILITIES			
Borrowings	18	87,595	101,194
Derivative financial instruments	21	1,038	818
Deferred tax liabilities	13	2,401	4,054
Employee benefits	19	–	9
TOTAL NON CURRENT LIABILITIES		91,034	106,075
TOTAL LIABILITIES		153,712	178,715
NET ASSETS		236,982	222,506
EQUITY			
Contributed equity	22	170,885	167,686
Reserves	23	6,376	6,199
Retained earnings	23	59,721	48,621
TOTAL EQUITY		236,982	222,506

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of goods and services tax)		418,885	293,112
Payments to suppliers and employees (inclusive of goods and services tax)		(358,320)	(245,242)
Interest received		299	356
Interest paid		(6,429)	(5,242)
Income taxes paid		(7,192)	(13,045)
Net cash inflow from operating activities	25	47,243	29,939
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of property, plant and equipment		1,521	1,662
Purchase of property, plant and equipment		(25,574)	(26,416)
Payments for the acquisition of businesses	6	(911)	(94,988)
Loans to related parties		(3,086)	(1,582)
Repayment of loans from related parties		3,957	733
Net cash (outflow) from investing activities		(24,093)	(120,591)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issue of shares		3,199	51,499
Proceeds from borrowings		22,361	79,440
Repayment of borrowings		(44,654)	(31,862)
Dividends paid to company's shareholders		(10,624)	(4,613)
Net cash (outflow) / inflow from financing activities		(29,718)	94,464
Net increase in cash and cash equivalents		(6,568)	3,812
Cash and cash equivalents at beginning of year		22,736	18,924
Cash and cash equivalents at end of financial year	11	16,168	22,736
Non-cash financing and investing activities (refer to note 25)			

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

2014	Note	Ordinary Shares \$'000	Share-based Payment Reserve \$'000	Cash Flow Hedging Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2013		167,686	6,772	(573)	48,621	222,506
Profit for the year		–	–	–	21,724	21,724
Other comprehensive income (expense)	23	–	–	(196)	–	(196)
Total comprehensive income for the year		–	–	(196)	21,724	21,528
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs and tax		3,199	–	–	–	3,199
Share-based payment – net movements	23	–	373	–	–	373
Dividends paid or provided for	24	–	–	–	(10,624)	(10,624)
		3,199	373	–	(10,624)	(7,052)
Balance at 30 June 2014		170,885	7,145	(769)	59,721	236,982

2013	Note	Ordinary Shares \$'000	Share-based Payment Reserve \$'000	Cash Flow Hedging Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2012		114,856	6,020	–	39,630	160,506
Profit for the year		–	–	–	13,604	13,604
Other comprehensive income (expense)	23	–	–	(573)	–	(573)
Total comprehensive income for the year		–	–	(573)	13,604	13,031
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs and tax		52,830	–	–	–	52,830
Share-based payment – net movements	23	–	752	–	–	752
Dividends paid or provided for	24	–	–	–	(4,613)	(4,613)
		52,830	752	–	(4,613)	48,969
Balance at 30 June 2013		167,686	6,772	(573)	48,621	222,506

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

Contents of the notes to the Consolidated Financial Statements

1.	Summary of Significant Accounting Policies	51
2.	Critical Accounting Estimates and Judgements	59
3.	Functional and Presentation Currency and Rounding	59
4.	Financial Risk Management	59
5.	Segment Information	62
6.	Business Combination	64
7.	Revenue	65
8.	Other Income	65
9.	Expenses	65
10.	Income Tax Expense	65
11.	Cash and Cash Equivalents	66
12.	Trade and Other Receivables	66
13.	Tax Assets and Tax Liabilities	66
14.	Inventories	68
15.	Property, Plant and Equipment	68
16.	Intangibles	68
17.	Trade and Other Payables	69
18.	Borrowings	69
19.	Employee Benefits	70
20.	Provisions	70
21.	Derivative Financial Instruments	71
22.	Contributed Equity	71
23.	Other Reserves and Retained Earnings	72
24.	Dividends	73
25.	Cash Flow Information	73
26.	Share-based Payment	74
27.	Parent Entity Financial Information	78
28.	Commitments	79
29.	Controlled Entities	80
30.	Related Party Transactions	80
31.	Contingencies	81
32.	Remuneration of Auditor	81
33.	Earnings per Share	81
34.	Deed of Cross-Guarantee	82
35.	Events occurring after the Reporting Period	82
36.	Company Details	82

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

This financial report includes the consolidated financial statements and notes of Tox Free Solutions Limited and its subsidiaries (the 'Group'). The financial statements were authorised for issue by the Board of Directors on 19 August 2014.

Tox Free Solutions Limited is a for-profit Group domiciled in Australia.

The separate financial statements and notes of the parent entity, Tox Free Solutions Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. The Parent entity summary is included in note 27.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

(i) Reporting basis and conventions

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS).

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(ii) Rounding of amounts

The Group is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Tox Free Solutions Limited at the end of the reporting period. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 29 to the financial statements.

In preparing the consolidated financial statements, all inter-Group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Business combinations

A business combination is accounted for by applying the acquisition method, including a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities and the fair value of any pre existing interest in the subsidiary will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of Goodwill (refer Note 1(f)) or a gain from a bargain purchase. The method adopted for the measurement of Goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration comprises the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the consolidated statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable.

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 a liability is remeasured each reporting period to fair value through the consolidated statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs when incurred in relation to the business combination are expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Non-controlling interests in the acquiree are recognised either at the non-controlling interests proportionate share of the acquiree's net identifiable assets. The decision is made on an acquisition-by-acquisition basis.

If the Group recognises previously acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to Goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions 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.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or cost. *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the assumption that market participants would act in their best economic interest when pricing the asset or liability, by using the assets at its highest and best use. When available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments; and
- (c) less any reduction for impairment.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. at the date the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable in question. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the carrying allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form part of an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the Cash Flow Statement.

Finance income comprises interest income on funds invested. Interest income is recognised as it is accrued in profit and loss, using the effective interest method. Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit and loss using the effective interest method.

(ii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(iii) Impairment of financial assets

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the securities exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(e) Property, plant and equipment

(i) General information

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.

(ii) Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

(iii) Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

(iv) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group 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. Land is not depreciated.

The estimated useful lives used for each class of depreciable assets are:

Category of Fixed Asset	Useful Life
Buildings	10 – 25 years
Plant and Equipment	3 – 12 years
Motor Vehicles	4 – 7 years
Leasehold Improvements	Period of lease

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(v) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in profit and loss as incurred.

(vi) Depreciation – gains and losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included within "Other Income (gains) or Other Expenses (losses)" in the consolidated statement of profit or loss and other comprehensive income.

(f) Intangibles

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. When the excess is negative (negative Goodwill), it is recognised immediately in profit and loss. Goodwill is not amortised. Instead, Goodwill 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 one of seven cash generating units for the purpose of impairment testing. Each of those cash generating units is represented in the Group's operating segments. Refer to note 16 for additional information.

(ii) Business licences

Business licences acquired as part of a business combination are recognised separately from Goodwill. The Business licences are carried at their fair value at the date of acquisition less impairment losses. Business licences have an indefinite useful life on the basis that they will continue to be renewed and future cash flows cannot be earned without them.

Business licences are allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's operating segments.

(iii) Intellectual property and Customer contracts

Both Intellectual property and Customer contracts have a finite useful life and are carried at cost plus future royalty payments less accumulated amortisation and impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the intangible asset, from the date that they are available for use, which can vary anywhere up to 20 years.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories comprise consumables and fuels paid for and on-hand at year end and are not for resale, rather for consumption in providing services.

(h) Impairment of non-financial assets

The carrying amount of the Group's non financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

The Goodwill and Business licences acquired in a business combination, for the purpose of impairment testing, are allocated to cash generating units that are expected to benefit from the synergies of combination.

An impairment loss is recognised if the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any Goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of Goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment testing is performed annually for Goodwill and intangible assets with indefinite lives.

(i) Employee benefits

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(ii) Defined contribution schemes

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer is accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and personal leave represent present obligations resulting from employee's services provided to reporting date, expected to be settled wholly within 12 months after the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation, insurance and payroll tax.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. This liability is included in the provisions in the Statement of Financial Position.

(v) Other long-term benefits

The Group's net obligation in respect of long-term employee benefits and not expected to be settled wholly within 12 months after reporting date, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. This discount rate is the yield at the reporting date on AA credit terms or Government Bonds that have maturity dates approximating the terms of the Group's obligation. The calculation is performed using the projected unit credit method. These obligations are included in provisions in the Statement of Financial Position.

(vi) Share-based payment transactions

The Group provides benefits to senior management personnel with a combination of Options, Share Performance Rights and Appreciation Rights in exchange for them rendering their services. Details of the Long-Term Incentive are disclosed in the Remuneration Report; refer to pages 22 to 37.

The grant date fair value of Options and Share Performance Rights granted to employees is valued by a Black Scholes Option Pricing Model and is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the Options. No ongoing adjustment is made to the expense except where an employee leaves the business.

For Appreciation Rights, the cost is measured by reference to the fair value of the instruments at the date of the grant using an externally prepared Monte Carlo simulation model and brought to account via a liability.

(j) Revenue and Other Income

(i) Services

The Group recognises Service revenue in the following three categories:

- Waste Services
- Industrial Services
- Technical and Environmental Services

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is generally recognised upon delivery of the waste treatment service to the customer.

(ii) Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

(iii) Revenue – net of tax

All revenue is stated net of the amount of goods and services tax (GST).

(k) Income tax

(i) Current income tax expense

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(ii) Accounting for deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

(iii) Deferred tax calculation

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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, based on tax rates enacted or substantively enacted at the end of the reporting year. 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.

(iv) Benefit brought to account

Current 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 legally enforceable right of set off exists, 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.

(v) Tax consolidation

Tox Free Solutions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The head entity, Tox Free Solutions Limited, and the controlled entities in the tax consolidated Group continue to account for their 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, Tox Free Solutions Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under the tax funding arrangement with the tax consolidated entities are recognised as accounts receivable from or payable to other entities in the Group.

(l) 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 Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. The Group was GST Consolidated from 1 April 2013.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares. The basic earnings per share is calculated by dividing the profit attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(n) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as an unsecured current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Consolidated Statement of Financial Position.

(q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(r) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of the derivative financial instruments used for hedging purposes are disclosed in note 21. Movements in the Hedging Reserve in Shareholders' Equity are shown in note 23. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. The remaining maturity of the hedged item is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within Other Income or Other Expense.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognised in Other Comprehensive Income and accumulated in Reserves in Equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within Other Income or Other Expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in Other Comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within Other income or Other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in Other income or Other expenses.

(s) New and amended standards adopted by the Group

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements effective from 1 July 2013, now require the individual requirements of AASB 124 to be removed from the notes to the financial statements and these requirements will be disclosed in the Remuneration Report only; and additional fair value note disclosures are required under AASB 13 Fair Value Measurement effective from 1 July 2013.

(t) New accounting standards for application in future periods

Certain new accounting Standards and Interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new Standards and Interpretations is set out below. In all cases the Group intends to apply these standards from the application date as indicated in the table below.

Reference	Title	Standard application date	Group application date	Key Requirements	Impact
AASB 9	Financial Instruments	1 January 2018	1 July 2018	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p> <p>The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013 which incorporated three primary changes, which included that the mandatory effective date will be 1 January 2018.</p>	There will be no material impact on the Group on the adoption of this standard.
Interpretation 21	Levies	1 January 2014	1 July 2014	The interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	There will be no material impact on the Group on the adoption of this interpretation on 1 July 2014.
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014	1 July 2014	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	There will be no material impact on the Group on the adoption of this standard on 1 July 2014.
AASB 1031	Materiality	1 January 2014	1 July 2014	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p>	There will be no material impact on the Group on the adoption of this standard on 1 July 2014.
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2017	1 July 2017	<p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</p>	There will be no material impact on the Group on the adoption of this standard on 1 July 2017.

Reference	Title	Standard application date	Group application date	Key Requirements	Impact
Annual Improvements 2010-2012 Cycle	Annual Improvements to IFRS 2010-2012 Cycle	1 July 2014	1 July 2014	<p>This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> • IFRS 2 – Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. • IFRS 3 – Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. • IFRS 8 – Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's assets. • IAS 16 & IAS 38 – Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. • IAS 24 – Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. 	The amendments made will have no material impact on the disclosures or on any of the amounts recognised in the Group financial statements on the adoption of this standard on 1 July 2014.
Annual Improvements 2011-2013 Cycle	Annual Improvements to IFRS 2011-2013 Cycle	1 July 2014	1 July 2014	<p>This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> • IFRS 13 – Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. • IAS 40 – Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is based on guidance in IFRS 3. 	The minor amendments made will have no material impact on the disclosures or on any of the amounts recognised in the Group financial statements on the adoption of this standard on 1 July 2014.
IFRS 15 (issued June 2014)	Revenue from Contracts with Customers	1 January 2017	1 July 2017	An entity will recognise 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.	Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

(u) Leases

(i) Finance leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases. Please refer to note 18 and note 28 for additional details.

Finance leases are capitalised by recording 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.

(ii) Operating leases – expense on straight line basis over lease life

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term (note 28). Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

2 Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(i) Key estimates – Impairment of Goodwill and other Intangibles

The Group tests annually whether Goodwill and other Intangibles have suffered any impairment, in accordance with the accounting policy stated in note 1 (h). The recoverable amount of Goodwill and other Intangibles has been calculated using a number of assumptions as discussed in Note 16. No impairment has been recognised in respect of Goodwill at the end of the reporting period.

(ii) Key estimates – Provision for Impairment of Receivables

The Group tests annually whether receivables have suffered any impairment, in accordance with the accounting policy stated in note 1 (d) (iii). The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history. Refer to note 12 for details on the Provision for Impairment of Receivables and Receivables written off during the year as uncollectible.

(iii) Key estimates – other

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 6 – Business Combination
- Note 10 – Income Tax Expense
- Note 20 – Provisions
- Note 26 – Share-based Payment
- Note 28 – Commitments
- Note 31 – Contingencies

3 Functional and Presentation Currency and Rounding

The consolidated financial statements are presented in Australian Dollars, which is the Group's functional currency.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian Dollars has been rounded to the nearest thousand Dollars unless otherwise stated.

4 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk. The Group is not exposed to foreign currency risk and equity price risk.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans, loans to and from subsidiaries, finance leases and derivatives.

The Group holds the following financial instruments by category:

	Note	2014 \$'000	2013 \$'000
Financial Assets			
Cash and cash equivalents	11	16,168	22,736
Trade and other receivables [¥]	12	79,675	83,408
Total financial assets		95,843	106,144
Financial Liabilities			
Financial liabilities at amortised cost Trade and other payables	17	38,076	43,854
Borrowings [¥]	18	97,608	113,401
Derivatives used for hedging			
Derivative financial instruments	21	1,098	818
Total financial liabilities		136,782	158,073

[¥] Excludes prepayments.

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance and risk functions under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate risk and assessment of market forecasts for interest rate movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

The Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Tox Free Solutions Limited does not actively engage in the trading of financial assets for speculative purposes.

There have been no significant changes from the way financial risk was managed in the prior financial year.

Mitigation strategies for specific risks faced are described below:

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential failure by a customer to meet contractual obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables from customers and cash and cash equivalents. The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. The demographics of the Group's customer base have little influence on credit risk. There is no concentration of risk with one particular debtor within the Group and there is no concentration of risk geographically.

It is the Group's policy that all customers who wish to trade on credit terms undergo a credit assessment process which takes into account the customer's financial position, past experience and other factors. Credit limits are then set based on ratings in accordance with the limits set by the Board of Directors; these limits are reviewed on a regular basis.

Key customers have been transacting with the Group for a long period of time and losses have occurred infrequently.

The Group has established an allowance for impairment that represents the estimate of potential incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Please refer to the Financial Instruments accounting policy note 1(d).

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

	Consolidated	
	2014 \$'000	2013 \$'000
Current assets		
Trade and other and receivables †	79,675	83,408
Cash and cash equivalents	16,168	22,736
	95,843	106,144

† Excludes prepayments.

The Group's maximum exposure to credit risk for trade receivables at the reporting date was all attributable to Australian customers. No collateral risk is held as security for this credit risk. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

There were no favourable derivative financial instruments at the end of the reporting period.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- Monitoring undrawn credit facilities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses and servicing financial obligations for a period of 30 days. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The banking funds available to the Group are disclosed in note 18 and the contractual commitments of the Group are disclosed in note 28.

The tables below reflect the contractual undiscounted maturity analysis for financial liabilities including estimated interest payments and excluding the impact of netting agreements. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities

At 30 June 2014	Within 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Non-derivatives					
Trade and other payables	38,076	–	–	38,076	38,076
Borrowings †	9,888	37,068	49,250	96,206	84,250
Finance lease liabilities	3,831	11,380	31	15,242	13,358
Total contractual outflows	51,795	48,448	49,281	149,524	135,684
† Excludes prepayments.					
Derivatives					
Net settled – Interest rate swaps	60	1,038	–	1,098	1,098

At 30 June 2013	Within 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Non-derivatives					
Trade and other payables	43,854	–	–	43,854	43,854
Borrowings †	10,334	38,886	62,250	111,470	97,250
Finance lease liabilities	5,948	12,211	314	18,473	16,151
Total contractual outflows	60,136	51,097	62,564	173,797	157,255
† Excludes prepayments.					
Derivatives					
Net settled – Interest rate swaps	–	818	–	818	818

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate swaps

Interest rate risk is managed by maintaining a portion of borrowings at fixed interest rates through the use of interest rate swaps. At 30 June 2014, approximately 63% (2013: 58%) of the Group secured bank loan debt is hedged at a fixed rate.

Bank loans of the Group currently bear an average variable interest rate of 3.56% (2013: 3.54%) before applicable line fees. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover 63% (2013: 58%) of the variable loan principal outstanding. The fixed interest rates range between 2.96% and 3.97% (2013: 2.96% and 3.97%) and the variable rates between 3.32% and 3.60% (2013: 2.85% and 2.87%).

The contracts require settlement of net interest receivable or payable on a monthly basis. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

At the end of the reporting period, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

Category	30 June 2014		30 June 2013	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank Loans – cash advance facilities	3.56	84,250	3.54	97,250
Interest rate swaps	3.59	(53,250)	3.61	(56,250)
Net exposure to variable cash flow interest rate risk		31,000		41,000

Finance lease liabilities are not disclosed above as they are financed at fixed interest rates. The weighted average fixed interest rate at the end of the 2014 reporting period was 6.8% (2013: 7.2%).

Sensitivity analysis

The following analysis summarises the sensitivity of the Group's financial assets and liabilities to interest rate risk.

At 30 June 2014, if interest rates had increased by 100 basis points or decreased by 100 basis points from year end rates with all other variables held constant, post tax-profit for the period would have been \$382,000 (2013: \$293,000) higher / lower mainly as a result of higher / lower interest costs from variable rate debt.

The sensitivity analysis has been calculated on a consistent basis with the previous reporting period.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows:

Consolidated	2014		2013	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
Trade and other receivables [¥]	79,675	79,675	83,408	83,408
Cash and cash equivalents	16,168	16,168	22,736	22,736
Secured bank loans ^{¥†}	(84,250)	(85,902)	(97,250)	(98,218)
Finance lease liabilities [€]	(13,358)	(13,678)	(16,151)	(16,871)
Trade and other payables	(38,076)	(38,076)	(43,854)	(43,854)
	(39,841)	(41,813)	(51,111)	(52,799)

[¥] Excludes prepayments.

[†] The fair value of borrowings are based on cash flows discounted at a rate of 3.32% (2013: 3.57%).

[€] The fair value of finance lease liabilities are based on cash flows discounted at a rate of 6.15% (2013: 5.57%).

(ii) Price risk

The Group is not exposed to equity securities or commodity price risk at 30 June 2014 (30 June 2013: Nil).

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's applicable assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013:

At 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Liabilities				
Derivatives used for hedging	–	1,098	–	1,098
Total liabilities				1,098

At 30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Liabilities				
Derivatives used for hedging	–	818	–	818
Total liabilities				818

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of interest

rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

5 Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of service offerings as the diversification of the Group's operations inherently has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on the aggregation of seven cash generating operating units; refer to note 16. The Managing Director considers the business strategically and operationally from a service perspective and has identified the three reportable segments as being:

- Waste Services
- Industrial Services
- Technical and Environmental Services

The three reportable segments remain unchanged from the previous financial year. Additionally, these services are currently provided in Australia only.

Performance is measured based on segment earnings before interest and tax (EBIT) as included in the internal financial reports. Interest income and expenditure are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

Types of services by reportable segment

(i) Waste services

Waste services are provided in regional areas of Australia as part of Toxfree's total waste management service offering. Services are currently provided throughout the Kimberley, Pilbara and South West regions of Western Australia and throughout regional Queensland.

Waste services includes the collection, resource recovery, recycling and disposal of solid, industrial, municipal and commercial wastes.

(ii) Industrial services

Toxfree's industrial services division provides onsite industrial cleaning to the oil and gas, mining, heavy manufacturing, civil infrastructure, municipal and utilities sectors. Services include; tank and drain cleaning, high pressure water jetting, vacuum loading and liquid and industrial waste collection.

The provision of industrial services is an extremely important part of the Group's integrated service offering. Not only are industrial services the main interface with our clients, they also harvest the waste that is subsequently managed through the Group's treatment facilities.

Toxfree is a leading provider of industrial services in Australia, through ensuring the employment of competent and trained personnel, a commitment to the safest work practices, safest equipment and mobile vehicle fleet.

(iii) Technical and environmental services

Toxfree has a national network of liquid and hazardous waste management facilities throughout Australia. Services are provided from our Kwinana, Henderson, Karratha, Port Hedland, Kalgoorlie, Sydney, Brisbane and Melbourne facilities. Toxfree uses a number of technologies to manage this waste stream including, thermal desorption, incineration, plasma arc, base catalytic dechlorination, stabilisation and fixation, physiochemical treatment and reuse and recycling.

(a) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(b) Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

	Waste Services		Industrial Services		Technical and Environmental Services		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
(c) Segment performance								
Revenue								
Total segment revenue	208,403	147,055	109,984	84,625	97,073	82,208	415,460	313,888
Inter-segment revenue	–	–	(12,153)	(7,731)	(33,310)	(21,434)	(45,463)	(29,165)
External customers	208,403	147,055	97,831	76,894	63,763	60,774	369,997	284,723
Depreciation and amortisation	13,049	8,856	8,653	6,927	4,628	5,445	26,330	21,228
Impairments / write-offs (note 9)	–	–	–	–	976	2,576	976	2,576
Segment EBIT	39,899	32,366	9,762	9,200	16,810	12,891	66,471	54,457
(d) Segment assets								
Total segment assets	198,475	203,098	69,043	65,051	90,721	89,960	358,239	358,109
Capital Expenditure	15,800	7,799	8,354	11,316	3,139	6,518	27,293	25,633
(e) Segment liabilities								
Total segment liabilities	(18,490)	(21,196)	(9,937)	(9,766)	(13,171)	(17,236)	(41,598)	(48,198)

(f) Reconciliations

	2014 \$'000	2013 \$'000
<i>Reconciliation of segment EBIT to operating profit before income tax:</i>		
Segment EBIT	66,471	54,457
Share-based payments	(373)	(721)
Finance costs	(6,505)	(5,454)
Employee expenses	(19,140)	(12,565)
Business combination costs	(521)	(7,646)
Information technology expenses	(854)	(1,067)
Travel and motor vehicle expenses	(1,946)	(2,312)
Depreciation and amortisation	(1,113)	(1,034)
Occupancy costs	(916)	(708)
Other corporate costs	(4,830)	(3,451)
Other income	622	1,560
Total net profit before tax	30,895	21,059

	2014 \$'000	2013 \$'000
<i>Reconciliation of segment assets to total assets per the Consolidated Statement of Financial Position:</i>		
Segment operating assets	358,239	358,109
Cash and cash equivalents	16,168	22,736
Other receivables	1,440	2,695
Inventories	296	204
Prepayments	1,958	2,060
Prepaid tax	–	1,248
Deferred tax assets	8,167	10,166
Property, plant and equipment	4,426	4,003
Total assets per the Consolidated Statement of Financial Position	390,694	401,221
<i>Reconciliation of segment liabilities to total liabilities per the Consolidated Statement of Financial Position:</i>		
Segment liabilities	41,598	48,198
Other payables and derivative liabilities	4,547	6,294
Loans and borrowings	97,463	113,169
Employee benefits	7,430	7,000
Current tax payable	273	–
Deferred tax liability	2,401	4,054
Total liabilities per the Consolidated Statement of Financial Position	153,712	178,715

6 Business Combination

(a) Acquisition of the business assets of Hazmat Pty Ltd

On 13 December 2013, Toxfree acquired the business assets of Hazmat Pty Ltd, a provider of technical and environmental services in the Hunter Valley area of New South Wales for \$1,000,000, with \$89,143 in liabilities taken over. The acquisition of the business assets provides Toxfree with a new geographic presence in New South Wales, which will complement the Group's existing operations and provide an avenue for expansion into an area not previously covered.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration:	
– Cash paid	1,000
– Liabilities taken over	(89)
Total purchase consideration	911

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

	Fair Value \$'000
Plant and equipment	200
Waste provisions	(78)
Employee entitlements	(11)
Provision for deferred income tax asset	27
Net identifiable assets acquired	138
Add: Goodwill	773
	911

The goodwill is attributable to the future foothold that will be obtained in the New South Wales Hunter Valley region's heavy industrial market, with a technical and environmental services capability being added to the business there, the increase in exposure to a resource market sector based on both the Hunter coal fields, the PNG Oil and Gas, and Gold industries, and the increase in our network of hazardous waste licenced facilities. None of the goodwill is expected to be deductible.

The Group has reported provisional amounts for goodwill and plant and equipment acquired as part of the purchase of the Hazmat business assets.

(i) Acquisition-related costs

Acquisition-related costs for the acquisition of Hazmat business assets of \$0.014M are included in profit or loss.

(ii) Revenue and profit contribution

The acquired businesses assets contributed revenues of \$1.1M and net profit of \$0.2M to the Group from the date of acquisition to 30 June 2014. Had the results been consolidated from 1 July 2013, revenue contributed would have been \$2.0M and net profit contributed would have been \$0.37M for the year ended 30 June 2014.

(b) Prior reporting period

Details of provisional amounts were disclosed in note 6: Business Combination of the Group's annual financial statements for the reporting period ended 30 June 2013. There have been no adjustments made to any of these provisional amounts in total in the current reporting period.

7 Revenue

	2014 \$'000	2013 \$'000
Revenue from continuing operations:		
Sales revenue	369,997	284,723
Provision of services	369,997	284,723
Other Revenue:		
Interest received	388	382
Rental income	438	345
	826	727
Total Revenue	370,823	285,450

8 Other Income

	2014 \$'000	2013 \$'000
Other Income includes the following items:		
Write-back of site remediation provision	405	–
Reduction to contingent consideration	–	1,267
Other	744	600
Total Other Income	1,149	1,867

9 Expenses

Profit before income tax includes the following specific expenses:

	2014 \$'000	2013 \$'000
Interest and finance charges paid/payable	4,893	3,770
Establishment and other fees	1,612	1,684
Total finance costs	6,505	5,454
Amortisation	2,697	1,797
Bad and doubtful debts	1,618	516
Depreciation	24,745	20,465
Impairment loss – intangible assets	–	2,131
Impairment loss – plant and equipment	–	445
Insurance and workers compensation costs	3,894	4,155
Labour costs	119,452	91,448
Motor vehicle expenses	22,686	16,192
Net loss – disposal of property, plant and equipment †	1,054	6
Rental expenses relating to operating leases	13,250	8,623
Share based payment expense €	373	723
Superannuation contributions	7,646	5,824
Travel expenses	5,897	5,686

† The expense includes the net loss from the incinerator write-off at subsidiary company Oil Energy Corporation Pty Ltd of \$0.976M.

€ The valuation of Share-based payments involves making estimates and assumptions about the number of options and rights being issued. The issue of some options and rights are subject to the achievement of predetermined market and non-market performance conditions. If the non-market performance conditions are not met during the vesting period then the estimated number of share options and rights can be revised, reducing the share-based payment expense.

10 Income Tax Expense

(a) The components of current income tax expense comprise:

	2014 \$'000	2013 \$'000
Current tax expense		
Current tax	8,581	7,862
Deferred tax	768	502
Adjustment to current tax expense	(40)	–
Over provision in prior years	(138)	(909)
	9,171	7,455
Deferred income tax expense / (revenue) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	2,331	(1,008)
(Decrease)/increase in deferred tax liabilities	(1,563)	1,510
	768	502

(b) Numerical reconciliation of income tax expense to prima facie tax payable:

	2014 \$'000	2013 \$'000
Profit from continuing operations before income tax expense	30,895	21,059
Tax at the Australian tax rate of 30% (2013: 30%)		
Consolidated Group	9,268	6,318
	9,268	6,318
Add: Tax effect of:		
Entertainment	72	68
Share-based payments	112	216
Other	100	1,105
Previously unrecognised deferred tax asset	–	171
	9,552	7,878
Less: Tax effect of:		
Adjustment for current tax of prior period	341	909
Previously unrecognised timing differences now recouped to (decrease)/increase current tax expense	40	(486)
Income tax expense	9,171	7,455
The applicable weighted average effective tax rates are as follows:	30%	35%

(c) 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:

	Note	2014 \$'000	2013 \$'000
Net deferred tax – debited (credited) to equity	22	–	436

(d) Tax expense (income) relating to items of other comprehensive income

	Note	2014 \$'000	2013 \$'000
Cash flow hedges	23	(84)	(245)

11 Cash and Cash Equivalents

(a) Reconciliation to cash at the end of the year

The below figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows as follows:

Current assets	2014 \$'000	2013 \$'000
Cash at Bank and in hand	16,168	22,736
Balance as per Consolidated Statement of Cash Flows	16,168	22,736

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

12 Trade and Other Receivables

Current assets	Note	2014 \$'000	2013 \$'000
Trade receivables		66,226	77,816
Provision for impairment of receivables	(a)	(1,287)	(565)
		64,939	77,251
Other receivables		14,620	5,260
Loans to KMP †		116	897
Prepayments		1,958	2,060
		81,633	85,468

† Further information relating to loans to key management personnel (KMP) is set out in the remuneration Report set out on pages 22 to 37 and in note 30.

Due to the short-term nature of the current receivables, their carrying amounts are assumed to approximate their fair value.

(a) Provision for impairment of receivables

Movement in the Provision for impairment of receivables is as follows:

	2014 \$'000	2013 \$'000
Balance at beginning of the year	(565)	(93)
Provision for impairment	(1,618)	(516)
Unused amount reversed	–	–
Receivables written off during the year as uncollectible	896	44
Balance at end of the year	(1,287)	(565)

The creation and release of the Provision for Impaired Receivables has been included in "Administrative expenses" in profit and loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Credit risk – Trade and Other Receivables

The following table details the Group's Trade and Other Receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counter-party to the transaction.

Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross receivables \$'000	Past due and impaired \$'000	< 30 \$'000	31-60 \$'000	61-90 \$'000	> 90 \$'000
2014						
Trade receivables	66,226	(1,287)	35,634	17,593	5,524	7,475
Loans to KMP	116	–	116	–	–	–
Total	66,342	(1,287)	35,750	17,593	5,524	7,475
2013						
Trade receivables	77,816	(565)	43,372	18,927	10,409	5,108
Loans to KMP	897	–	897	–	–	–
Total	78,713	(565)	44,269	18,927	10,409	5,108

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Impairment losses

Based on historic default rates the Group believes that no general impairment allowance is necessary in respect of trade receivables not past due or past due up to 90 days. Amounts due from customers which are past due 91 days and over generally relate to customers who are traditional late payers but not an impairment risk. Where there is a specific customer related impairment risk then an impairment allowance is made against that customer receivable.

The credit quality of financial assets that are not past due or impaired are considered robust and all amounts deemed recoverable with no impairment issues noted by management.

The other classes of receivables do not contain impaired assets.

For additional information on the Group's exposure to credit risk please refer to note 4.

13 Tax Assets and Tax Liabilities

(a) Current (Tax Liability) / Prepaid Tax

	2014 \$'000	2013 \$'000
Current (Tax Liability) / Prepaid Tax	(273)	1,248

(b) Recognised deferred tax assets

	Note	2014 \$'000	2013 \$'000
Deferred tax assets	13(d)	8,167	10,166
Deferred tax assets to be recovered within 12 months		6,253	6,780
Deferred tax assets after 12 months		1,914	3,386

(c) Recognised deferred tax liabilities

	Note	2014 \$'000	2013 \$'000
Deferred tax liabilities	13(d)	2,401	4,054
Deferred tax liabilities to be recovered within 12 months		311	314
Deferred tax liabilities after 12 months		2,090	3,740

(d) Deferred Tax Assets and Liabilities – consolidated

	Note	Opening Balance \$'000	Charged to Provision \$'000	Charged to Income \$'000	Business Acquisitions \$'000	Other Comprehensive Income \$'000	Charged directly to Equity \$'000	Closing Balance \$'000
Deferred tax assets								
PPE – Timing differences		1,692	31	(1,539)	–	–	–	184
Provisions – employee benefits		2,330	–	130	–	–	–	2,460
Transaction costs on equity issue		642	28	(81)	–	–	–	589
Borrowing costs		197	8	(95)	–	–	–	110
Cash Flow Hedging Reserve		245	–	–	–	84	–	329
Other		5,060	180	(745)	–	–	–	4,495
Balance at 30 June 2014	13b	10,166	247	(2,330)	–	84	–	8,167
Deferred tax assets – 30 June 2013								
PPE – Timing differences		706	–	986	–	–	–	1,692
Provisions – employee benefits		2,274	–	(345)	401	–	–	2,330
Transaction costs on equity issue		420	–	(214)	–	–	436	642
Borrowing costs		56	–	141	–	–	–	197
Cash Flow Hedging Reserve		–	–	–	–	245	–	245
Other		4,620	–	440	–	–	–	5,060
Balance at 30 June 2013		8,076	–	1,008	401	245	436	10,166
Deferred tax liabilities								
PPE		3,740	29	(1,680)	–	–	–	2,090
Other – recognised on acquisition		314	(119)	117	–	–	–	311
Balance at 30 June 2014	13c	4,054	(90)	(1,563)	–	–	–	2,401
Deferred tax liabilities – 30 June 2013								
PPE		2,532	(87)	1,208	–	–	–	3,740
Other – recognised on acquisition		11	–	303	–	–	–	314
Balance at 30 June 2013		2,543	(564)	1,511	–	–	–	4,054

14 Inventories

Current assets	2014 \$'000	2013 \$'000
At cost:		
Raw materials and consumables	296	204

For accounting policy please refer to note 1(g).

15 Property, Plant and Equipment

Non-current assets	2014 \$'000	2013 \$'000
Plant and equipment		
At cost	211,252	186,347
Accumulated depreciation	(90,827)	(76,174)
Total plant and equipment	120,425	110,173
Land, buildings and leasehold improvements		
At cost	22,217	23,875
Accumulated depreciation	(7,784)	(4,144)
Total land, buildings and leasehold improvements	14,433	19,731
Total Property, Plant and Equipment	134,858	129,904

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$'000	Land, Buildings and Leasehold Improvements \$'000	Total \$'000
Balance at 30 June 2014			
Balance – beginning of year	110,173	19,731	129,904
Additions	30,062	2,012	32,074
Additions – Business combinations	200	–	200
Disposals †	(2,477)	(98)	(2,575)
Transfers and reclassifications	3,567	(3,567)	–
Depreciation expense	(21,100)	(3,645)	(24,745)
Closing value as at 30 June 2014	120,425	14,433	134,858
Balance at 30 June 2013			
Balance – beginning of year	83,970	12,703	96,673
Additions	22,211	4,205	26,416
Additions – Business combinations	29,393	–	29,393
Disposals	(2,113)	–	(2,113)
Transfers and reclassifications	(3,676)	3,676	–
Depreciation expense	(19,612)	(853)	(20,465)
Closing value as at 30 June 2013	110,173	19,731	129,904

† Disposal value includes the OEC incinerator written off – net amount \$0.976M.

(b) Leased assets

The Group leases some vehicles under a number of finance lease agreements and some leases provide the Group with the option to purchase the equipment at a beneficial price at the end of the lease term. The leased vehicles secure the lease obligations.

(c) Security

At 30 June 2014 all of the property, plant and equipment is subject to a fixed and floating charge to secure bank debt.

(d) Assets in the course of construction

The carrying amount of the assets disclosed above include \$2.175M (2013: \$1.845M) in relation to property, plant and equipment which is in the course of construction.

16 Intangible Assets

Non-current assets	2014 \$'000	2013 \$'000
Goodwill		
Cost	139,432	138,659
Net carrying value	139,432	138,659
Intellectual Property		
Cost	3,325	3,325
Accumulated amortisation and impairments	(2,564)	(2,464)
Net carrying value	761	861
Business Licenses		
Cost	3,876	3,876
Net carrying value	3,876	3,876
Customer Contracts		
Cost	10,768	10,768
Accumulated amortisation	(5,265)	(2,669)
Net carrying value	5,503	8,099
Total Intangibles	149,572	151,495

	Intellectual Property \$'000	Customer Contracts \$'000	Business Licenses \$'000	Goodwill \$'000	Total \$'000
Year ended 30 June 2014					
Balance – beginning of the year	861	8,099	3,876	138,659	151,495
Additions through business combinations	–	–	–	773	773
Reclassification	–	–	–	–	–
Amortisation	(100)	(2,596)	–	–	(2,596)
Closing value at 30 June 2014	761	5,503	3,876	139,432	149,572

	Intellectual Property \$'000	Customer Contracts \$'000	Business Licenses \$'000	Goodwill \$'000	Total \$'000
Year ended 30 June 2013					
Balance – beginning of the year	3,179	3,855	3,876	82,916	93,826
Additions through business combinations	–	6,072	–	55,525	61,597
Reclassification	(30)	(188)	–	218	–
Amortisation and impairment	(2,288)	(1,640)	–	–	(3,928)
Closing value at 30 June 2013	861	8,099	3,876	138,659	151,495

Intangible assets, other than Goodwill and Business Licenses have finite useful lives. The current amortisation charges for intangible assets are included under the amortisation expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Goodwill and Business Licenses have an indefinite life and are not amortised. Rather they are tested for indications of impairment on an annual basis.

(a) Impairment disclosures

The aggregate carrying amount of Intangibles allocated to the Group's reportable segments is:

	2014 \$'000	2013 \$'000
Technical and Environmental Services	49,682	49,474
Industrial Services	14,564	14,824
Waste Services	85,326	87,197
Total	149,572	151,495

For the purpose of impairment testing, intangibles are allocated to seven cash-generating units (CGU). The aggregate carrying amounts allocate to the seven CGUs are:

	2014 \$'000	2013 \$'000
Waste Services – Far North West	26,646	27,223
Waste Services – East	47,635	48,551
Waste Services – South East	10,247	10,451
Waste Services – Pilbara	798	972
Industrial Services – West Coast	6,884	7,057
Industrial Services – East Coast	7,680	7,767
Technical and Environmental Services	49,682	49,474
Closing value at 30 June 2014	149,572	151,495

The recoverable amount of each CGU is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period with the period extending beyond three years cash flow forecast extrapolated using an estimated growth rate of 5% (2013: 5%) which does not exceed the long-term growth rate for the industry. The cash flows are discounted using a discount rate of 9% (2013: 12%).

(b) Value-in-use assumptions

Management has based the value-in-use calculations on budgets for each CGU. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which is consistent with inflation rates applicable to the locations in which they operate.

Sensitivity to change of assumptions

With regard to the assessment of the value-in-use of the above CGU's, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

With regard to the assessment, management recognises that the actual time value of money may vary from the estimated and the discount rate used. Management note the discount rate would have to increase by at least 1.5% to 10.5% for any of the recoverable amount to fall below their carrying amount.

17 Trade and Other Payables

	2014 \$'000	2013 \$'000
Current liabilities		
Trade payables	23,277	22,786
Other payables and accrued expenses	14,799	21,068
	38,076	43,854

Information about the Group's exposure to liquidity risk is provided in Note 4.

18 Borrowings

	Note	2014 \$'000	2013 \$'000
Secured liabilities			
Current liabilities			
Bank cash advance facility †		6,855	6,932
Lease liabilities	28	3,013	5,043
Current borrowings		9,868	11,975
Non-current liabilities			
Bank cash advance facility †		77,250	90,086
Lease liabilities	28	10,345	11,108
Non-current borrowings		87,595	101,194
Total borrowings		97,463	113,169

† Prepaid bank establishment fees of \$145,070 (2013: \$232,333) have been offset against the bank cash advance facility liability.

(a) Collateral provided

The bank debt is secured by a first registered mortgage over certain freehold properties owned by the Group. The Group is required to operate within certain covenant ratios, namely a Debt to Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) ratio and a Fixed Charge Cover ratio.

Lease liabilities are secured by the underlying leased assets.

(b) Interest rate swap agreements

The Cash Advance Facilities have been drawn as a source of long-term finance. They have a rolling maturity period within the facility. The Cash Advance Facilities bear interest at variable rates ranging from 3.32% to 3.60%, payable in arrears (2013: 3.53% to 3.58%) and in addition, the capital portion of the facilities are currently repayable in quarterly instalments of \$1.75M (\$2013: \$1.75M).

It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. Swaps currently in place cover 63% (2013: 58%) of the variable loan principal outstanding. The contracts require settlement of net interest receivable or payable each 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

For additional information of the swaps please refer to note 21 "Derivative Financial Instruments".

The Group's exposure to interest rate and liquidity risk is detailed in note 4.

(c) Finance leases

Finance lease liabilities are financed at fixed interest rates. The average fixed interest rate for the 2014 financial year was approximately 6.8% (2013: 7.2%). Monthly repayments including finance charges are approximately \$319,000 (2013: \$495,000).

(d) Defaults and breaches

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

(e) Fair value

The carrying amounts and fair values of borrowings at the end of the reporting period are disclosed in note 4.

(f) Bank loan facilities utilised / available

	2014 \$'000	2013 \$'000
Total loan facilities	135,000	143,000
Loan facilities – utilised	(97,608)	(113,401)
Loan facilities – available	37,392	29,599

The Group has access to an interchangeable facility from its bankers. The purpose of the facility is to assist with leasing and purchasing of assets for general operating requirements. The facility is secured by a fixed and floating charge against all and future assets of the Group.

Finance will be provided under all facilities provided the Group has not breached any borrowing requirements and the required financial ratios are met.

19 Employee Benefits

	2014 \$'000	2013 \$'000
Current liabilities		
Annual and long service leave	7,430	6,991
Total current employee benefits	7,430	6,991
Non-current liabilities		
Long service leave	–	9
Total non-current employee benefits	–	9
Total employee benefits	7,430	7,000
Amounts not expected to be settled within the next 12 months		
Current leave obligations expected to be settled after 12 months	1,189	1,093

The current provision for employee benefits includes accrued annual and long-service leave. For long-service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments. The entire amount of the provision of \$7.43M (2013: \$7M) is presented as current since the Group does not have an unconditional right to defer settlement. The amounts reflect leave that is not expected to be taken or paid within the next 12 months.

20 Provisions

	2014 \$'000	2013 \$'000
Current liabilities		
Site testing and remediation	50	500
Waste destruction	6,921	9,320
	6,971	9,820

Movements during the financial year are set out below:

	Site Remediation \$'000	Waste Destruction \$'000	Total \$'000
Carrying amount 1 July 2013	500	9,320	9,820
Additional provisions recognised	–	3,334	3,334
Unused amounts reversed	(405)	–	(405)
Amounts used in the year	(45)	(5,733)	(5,778)
Carrying amount 30 June 2014	50	6,921	6,971

Site Testing and Remediation

During the due diligence process involved in the acquisition of DMX assets in 2012, it was identified then that the freehold sites being acquired could potentially be contaminated due to the historical use of the sites.

In the current financial year, Toxfree has determined that any remaining groundwater contamination is localised, deleting rapidly through natural nutrition and is not causing any environmental harm Toxfree has estimated that approximately \$50,000 (2013: \$500,000) of costs would be required to complete this site remediation matter.

Waste Destruction

Management have provided for the estimated costs to process, transport and dispose of various legacy waste streams.

All waste is sorted and quantities determined as soon as received so the customers can be billed appropriately and the revenue recognised. The waste is then grouped according to its end destination and then further broken down into waste type.

The value attributed to the waste is a combination of the internal processing costs, made up of labour, as well as the cost to transport the waste to its end destination and the cost to treat the waste by the receiver at that end destination. This could be an external supplier or another Toxfree facility.

Waste treated in Toxfree facilities is carried at the standard processing cost attributed to that category of waste. Standard processing costs are set annually but are continuously re-evaluated during the year to pick up cost differentials. At each quarter, a full stocktake is conducted to measure waste on hand, and actual costs to remediate are recalculated.

Any difference between the carrying value of the waste and that of the provision is charged to profit and loss. The total of the quantity on hand and the cost to remediate that category of waste represents the value of the provision for Waste Destruction.

21 Derivative Financial Instruments

	2014 \$'000	2013 \$'000
Current liability		
Interest rate swap contracts – cash flow hedges	60	–
Long-term liability		
Interest rate swap contracts – cash flow hedges	1,038	818
	1,098	818

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 4).

Interest rate swap contracts – cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 3.56% (2013: 3.54%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Details of interest rate swaps as at 30 June 2014 are as follows:

1. \$36,250,000 hedging instrument

The interest cash flows under an "in arrears" bullet interest rate swap with a notional value of AUD \$36,250,000.

Counterparty	Notional Value – Start	Notional Value – Maturity	Fixed Rate	Floating Rate Basis	Start Date	Maturity Date
ANZ	\$36,250,000	\$22,000,000	3.97%	1 month BBSY	13 May 2013	10 April 2018

The principal cash advance debt facility is being repaid in quarterly instalments of \$750,000.

The notional amount at 30 June 2014 was \$33,250,000 (2013: \$36,250,000).

2. \$20,000,000 hedging instrument

The interest cash flows under an "in arrears" bullet interest rate swap with a notional value of AUD \$20,000,000.

Counterparty	Notional Value – Start	Notional Value – Maturity	Fixed Rate	Floating Rate Basis	Start Date	Maturity Date
ANZ	\$20,000,000	\$20,000,000	2.96%	1 month BBSY	17 May 2013	17 May 2015

The notional amount at 30 June 2014 was \$20,000,000 (2013: \$20,000,000).

The swaps in place currently cover over 63% (2013: 50%) of the variable loan principal outstanding. The contracts require settlement of net interest receivable or payable each 30 days. The settlement dates primarily coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated in Reserves in Equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within Other income or Other expenses.

There was no hedge ineffectiveness in the current year.

For accounting policy refer to note 1 (r).

Risk exposures and fair value measurements

Information about the Group's exposure to interest rate risk and about the methods and assumptions used in determining fair values is provided in note 4.

22 Contributed Equity

	2014 \$'000	2013 \$'000
Share Capital		
133,752,359 (2013: 132,529,859) ordinary shares	170,885	167,686

(a) Ordinary shares

Share Capital		2014 Number	2013 Number	2014 \$'000	2013 \$'000
	On issue at 1 July	132,529,859	115,321,608	167,686	114,856
	Share issues:				
01/11/13	702,500 share options exercised at \$2.74	702,500	–	1,925	–
13/11/13	20,000 share options exercised at \$1.20	20,000	–	24	–
19/05/14	500,000 share options exercised at \$2.50	500,000	–	1,250	–
08/11/12	8,250 cashless share options exercised at \$2.93	–	8,250	–	25
08/11/12	680,000 share options exercised at \$2.38	–	680,000	–	1,618
07/05/13	13,607,595 shares issued institutional investors at \$3.16	–	13,607,595	–	43,000
14/06/13	2,912,406 shares issued share purchase plan at \$3.16	–	2,912,406	–	9,203
30/06/13	Capital raising costs during the year	–	–	–	(1,452)
30/06/13	Deferred tax asset on transaction costs	–	–	–	436
	On issue at 30 June	133,752,359	132,529,859	170,885	167,686

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Group does not have authorised capital or par value in respect of its shares.

(b) Options and Rights

- (i) For information relating to Options and Rights granted, exercised and lapsed during the financial year and the Options and Rights outstanding at the end of the financial year please refer to Note 26 Share-based payment.
- (ii) For information relating to Options and Rights granted to Key Management Personnel during the financial year, please refer to the Remuneration Report set out on pages 22 to 37.

(c) Capital Management

Management controls the capital of the Group in order to ensure the entity continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital through the gearing ratio. This ratio is calculated as finance debt divided by EBITDA for the previous 12 months. During 2014, the Group's strategy was to maintain a gearing ratio of no greater than 2.75 times (2013: 2.5 times) EBITDA.

	Note	Consolidated	
		2014 \$'000	2013 \$'000
Finance debt	18	97,608 †	113,401 †
EBITDA		64,842	48,775
Gearing ratio		1.51 times	2.32 times

† Excludes bank establishment fee prepayment.

There have been no significant changes in the strategy adopted by management during the year.

23 Other Reserves and Retained Earnings

(a) Other Reserves

	2014 \$'000	2013 \$'000
Cash Flow Hedging Reserve	(769)	(573)
Share-based Payment Reserve	7,145	6,772
Total Other Reserves	6,376	6,199

	2014 \$'000	2013 \$'000
Cash Flow Hedging Reserve		
Movements		
Opening balance	(573)	–
Revaluation – gross	(280)	(818)
Deferred tax	84	245
Closing balance	(769)	(573)

The Cash Flow Hedging Reserve is used to record gains and losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 1(r). Amounts are reclassified to profit and loss when the associated hedge transaction affects profit or loss.

	2014 \$'000	2013 \$'000
Share-Based Payment Reserve		
Movements		
Opening balance	6,772	6,020
Share-based Payment expense – current year	373	721
Transfers to contributed equity	–	(24)
Reclassification of Share Appreciation Rights from payables	–	55
Closing balance	7,145	6,772

The Share-based Payment Reserve is used to recognise the grant date fair value of Options and Rights issued to employees but not exercised.

(b) Retained Earnings

	2014 \$'000	2013 \$'000
Movements in retained earnings were as follows:		
Opening balance	48,621	39,630
Net profit for the period	21,724	13,604
Dividends	(10,624)	(4,613)
Closing balance	59,721	48,621

24 Dividends

	2014 \$'000	2013 \$'000
The following dividends were declared and paid:		
Final ordinary dividend for the year ended 30 June 2013 of 5 cents (2012: 4 cents) per share	6,626	4,613
Interim ordinary dividend for the year ended 30 June 2014 of 3 cents (2013: nil cents) per share	3,998	–
Total dividends provided for or paid	10,624	4,613

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Proposed dividends

	2014 \$'000	2013 \$'000
Proposed final 2014 fully franked ordinary dividend of 3 cents (2013: 5 cents) per share to be paid on 1 October 2014	4,013	6,626

The proposed final dividend for 2014 was declared after the end of the reporting period and therefore has not been provided for in the financial statements. There are no income tax consequences arising from this dividend at 30 June 2014.

Franking account

	2014 \$'000	2013 \$'000
The franking credits available for subsequent financial years at a tax rate of 30%	17,156	24,550

The above available balance is based on the dividend franking account at year-end adjusted for:

- Franking credits that will arise from the payment of the current tax liabilities;
- Franking debits that will arise from the payment of dividends recognised as a liability at the year-end; and
- Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by \$1.72M (2013: \$2.84M).

The ability to use the franking credits is dependent upon the entity's future ability to declare dividends.

25 Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

	2014 \$'000	2013 \$'000
Profit for the year	21,724	13,604
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit:		
– amortisation	2,696	1,797
– bad and doubtful debts	1,618	516
– depreciation	24,745	20,465
– net loss on disposal of property, plant and equipment	78	6
– impairment loss – intangibles and plant and equipment	–	2,576
– net loss – plant and equipment written-off	976	–
– write-back of site remediation provision	(405)	–
– share-based payment transactions	373	721
– royalty write back	–	(545)
– reduction in contingent consideration	–	(1,267)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and other receivables	1,334	(22,434)
– (increase)/decrease in prepayments	189	346
– (increase)/decrease in inventories	(92)	110
– increase/(decrease) in trade and other payables	(5,757)	13,742
– increase/(decrease) in net tax assets	1,867	(5,650)
– increase/(decrease) in provisions	(2,103)	5,952
Net cash inflow (outflow) from operating activities	47,243	29,939

(b) Non-cash Financing and Investing Activities

	2014 \$'000	2013 \$'000
Acquisition of property, plant and equipment by means of finance lease	6,500	4,087
	6,500	4,087

26 Share-based Payment

At 30 June 2014, the Group has the following share-based payment schemes:

The Tax Free Employee Share Option Program (ESOP) was designed as an incentive for Senior Executives to deliver long-term Shareholder returns. Under the plan, Senior Executives are entitled to purchase shares in the Company. Participation in the program is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The Options vest on a time scale basis as specified in the ESOP and is granted for no consideration. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and options are settled in cash.

On 24 November 2011, the Shareholders approved the adoption of a new Tax Free Executive Long-Term Incentive (LTI) Plan that provides the Board with the discretion to grant Share Performance Rights (SPR) and/or Share Appreciation Rights (SAR) to executives that will vest subject to the satisfaction of performance hurdles i.e. Total Shareholder Return (TSR) and Earnings per Share (EPS) performance.

The LTI Plan grants will vest subject to satisfaction of TSR (50% of the grant value) and EPS (50% of the grant value) performance hurdles. These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if the other hurdle is not met.

EPS performance will be assessed against compound annual growth rate targets set by the Board. The target set for LTI Plan grants is currently 10% compound average growth rate. If the compound average growth rate over the 3-year performance period is 10% or greater, the grant will become 100% performance qualified. Performance vesting is staggered; however no rights will vest for less than 5% compound annual growth over the 3-year performance period.

TSR performance of the Group is measured against selected Companies on the ASX 300. The minimum award is at the 50th percentile (50% vests) and it increments up to the 75th percentile, at which point, or above, 100% vests.

The value of Rights that an executive is entitled to receive per annum is set at a fixed percentage of their annual fixed remuneration and ranges from 25% to 50% depending their executive level and seniority.

Additional information can be found in the Remuneration Report set out on pages 22 to 37.

(a) Options

At 30 June 2014, a summary of the Group options issued and not exercised are as follows. Options are settled by the physical deliveries of shares:

2014									
Grant Date	Vesting date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited / Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
28 October 2009	1 September 2012	1 November 2013	\$2.74	368,000	–	(368,000)	–	–	–
23 September 2009	1 September 2012	1 November 2013	\$2.74	379,500	–	(334,500)	(45,000)	–	–
26 February 2010	26 February 2010	15 January 2014	\$1.20	20,000	–	(20,000)	–	–	–
26 February 2010	26 February 2010	15 January 2015	\$2.64	20,000	–	–	–	20,000	20,000
26 February 2010	26 February 2010	15 January 2016	\$2.39	20,000	–	–	–	20,000	20,000
23 November 2010	1 September 2011	1 November 2014	\$2.50	500,000	–	(500,000)	–	–	–
23 November 2010	1 September 2012	1 November 2015	\$2.75	500,000	–	–	–	500,000	500,000
23 November 2010	1 September 2013	1 November 2016	\$3.00	500,000	–	–	–	500,000	500,000
Total				2,307,500	–	(1,222,500)	(45,000)	1,040,000	1,040,000
Weighted Average Exercise Price				\$2.73		\$2.62	\$2.74	\$2.86	

During the year ended 30 June 2014, nil (2013: 455,500) options were forfeited and 45,000 (2013: 712,750) options expired.

At the exercise date, the weighted average share price of options exercised during the year was \$2.62 (2013: \$2.38).

The weighted average remaining contractual life of options outstanding at year end was 1.81 years (2013: 1.67 years).

The weighted average exercise price of outstanding shares at the end of the reporting period was \$2.86 (2013: \$2.73).

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

No options were granted to employees during the year (2013: Nil).

At 30 June 2013, a summary of the Group options issued and not exercised are as follows:

Grant Date	Vesting date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited / Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year
21 January 2009	1 July 2009	1 July 2012	\$1.40	10,000	–	–	(10,000)	–	–
21 January 2009	1 July 2010	1 July 2012	\$1.80	20,000	–	–	(20,000)	–	–
21 January 2009	1 July 2011	1 July 2012	\$2.20	215,000	–	–	(215,000)	–	–
28 October 2009	1 September 2011	1 November 2012	\$2.38	566,000	–	(366,000)	(200,000)	–	–
28 October 2009	1 September 2012	1 November 2013	\$2.74	568,000	–	–	(200,000)	368,000	368,000
23 September 2009	1 September 2011	1 November 2012	\$2.38	590,000	–	(322,250)	(267,750)	–	–
23 September 2009	1 September 2012	1 November 2013	\$2.74	635,000	–	–	(255,500)	379,500	379,500
26 February 2010	26 February 2010	15 January 2014	\$1.20	20,000	–	–	–	20,000	20,000
26 February 2010	26 February 2010	15 January 2015	\$2.64	20,000	–	–	–	20,000	20,000
26 February 2010	26 February 2010	15 January 2016	\$2.39	20,000	–	–	–	20,000	20,000
23 November 2010	1 September 2011	1 November 2014	\$2.50	500,000	–	–	–	500,000	500,000
23 November 2010	1 September 2012	1 November 2015	\$2.75	500,000	–	–	–	500,000	500,000
23 November 2010	1 September 2013	1 November 2016	\$3.00	500,000	–	–	–	500,000	–
Total				4,164,000	–	(688,250)	(1,168,250)	2,307,500	1,807,500
Weighted average exercise price				\$2.60		\$2.38	\$2.47	\$2.73	

(b) Rights

At 30 June 2014, a summary of the Group's *Share Performance Rights* (SPR) issued and not exercised are as follows:

Grant Date	End of performance period	Tranche	Start of year €	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year €
24 November 2011	30 June 2014	1	44,843	–	–	–	44,843	44,843
24 November 2011	30 June 2014	2	59,595	–	–	–	59,595	59,595
3 October 2012	30 June 2015	1	30,168	–	–	(8,075)	22,093	–
3 October 2012	30 June 2015	2	47,459	–	–	(12,703)	34,756	–
14 November 2012	30 June 2015	1	18,882	–	–	–	18,882	–
14 November 2012	30 June 2015	2	26,123	–	–	–	26,123	–
1 July 2013	30 June 2016	1	–	76,906	–	(8,242)	68,664	–
1 July 2013	30 June 2016	2	–	126,857	–	(13,595)	113,262	–
Total			227,070	203,763	–	(42,615)	388,218	104,438

€ The rights vested 100% on 30 June 2014. EPS and TSR performance conditions met. EPS outcome >10% compound annual growth rate target over the 3 year performance period and TSR outcome was above the 75th percentile in the Peer Group.

Each SPR represents a right to be issued one ordinary share at the end of the performance period. No exercise price will be payable and the applicable performance hurdles must be met in order to be eligible to receive the shares. The SPR grants will vest subject to satisfaction of TSR (50% of the grant) and the EPS (50% of the grant). These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if the other hurdle is not met.

During the year ended 30 June 2014, 203,763 (2013: 147,566) SPR were granted and 42,615 (2013: 53,758) SPR were forfeited. The weighted average remaining contractual life of SPR outstanding at year end was 3.20 years (2013: 3.54 years).

At 30 June 2013, a summary of the Group's SPR issued and not exercised are as follows:

Grant Date	End of performance period	Tranche	Start of year	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year
24 November 2011	30 June 2014	1	57,219	–	–	(12,376)	44,843	–
24 November 2011	30 June 2014	2	76,043	–	–	(16,448)	59,595	–
3 October 2012	30 June 2015	1	–	39,858	–	(9,690)	30,168	–
3 October 2012	30 June 2015	2	–	62,703	–	(15,244)	47,459	–
14 November 2012	30 June 2015	1	–	18,882	–	–	18,882	–
14 November 2012	30 June 2015	2	–	26,123	–	–	26,123	–
Total			133,262	147,566	–	(53,758)	227,070	–

At 30 June 2014, a summary of the Group's *Share Appreciation Rights* (SAR) issued and not exercised are as follows:

Grant Date	End of performance period	Tranche	Start of year €	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year €
24 November 2011	30 June 2014	1	215,675	–	–	–	215,675	215,675
24 November 2011	30 June 2014	2	232,265	–	–	–	232,265	232,265
3 October 2012	30 June 2015	1	155,667	–	–	(41,667)	114,000	–
3 October 2012	30 June 2015	2	162,153	–	–	(43,402)	118,751	–
14 November 2012	30 June 2015	1	91,208	–	–	–	91,208	–
14 November 2012	30 June 2015	2	94,408	–	–	–	94,408	–
1 July 2013	30 June 2016	1	–	390,643	–	(41,865)	348,778	–
1 July 2013	30 June 2016	2	–	417,127	–	(44,704)	372,423	–
Total			951,376	807,770	–	(171,638)	1,587,508	447,940

€ The rights vested 100% on 30 June 2014. EPS and TSR performance conditions met. EPS outcome >10% compound annual growth rate target over the 3 year performance period and TSR outcome was above the 75th percentile in the Peer Group.

Each SAR represents a right to receive a payment equal to the positive difference between the share price at grant date and the share price at vesting date. The total value of all SAR on vesting date will be settled via the provision of shares of an equivalent value payable and the applicable performance hurdles must be met in order to be eligible to receive the shares. The SAR grants will vest subject to satisfaction of TSR (50% of the grant) and EPS (50% of the grant). These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if the other hurdle is not met.

During the year ended 30 June 2014, 807,770 (2013: 605,520) SAR were granted and 171,638 (2013: 225,710) SAR were forfeited. The weighted average remaining contractual life of SAR outstanding at year end was 3.17 years (2013: 3.53 years).

The fair market value of each SAR is as follows:

Grant Date	30 June 2014 Tranche 1 (EPS)	30 June 2014 Tranche 2 (TSR)	30 June 2013 Tranche 1 (EPS)	30 June 2013 Tranche 2 (TSR)
24 November 2011	\$1.28	\$1.28	\$1.41	\$1.33
3 October 2012	\$0.79	\$0.67	\$1.00	\$0.94
14 November 2012	\$0.65	\$0.56	\$0.88	\$0.83
1 July 2013	\$0.48	\$0.40	–	–

At 30 June 2013, a summary of the Group's SAR issued and not exercised are as follows:

Grant Date	End of performance period	Tranche	Start of year	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year
24 November 2011	30 June 2014	1	275,199	–	–	(59,524)	215,675	–
24 November 2011	30 June 2014	2	296,367	–	–	(64,102)	232,265	–
3 October 2012	30 June 2015	1	–	205,667	–	(50,000)	155,667	–
3 October 2012	30 June 2015	2	–	214,237	–	(52,084)	162,153	–
14 November 2012	30 June 2015	1	–	91,208	–	–	91,208	–
14 November 2012	30 June 2015	2	–	94,408	–	–	94,408	–
Total			571,566	605,520	–	(225,710)	951,376	–

Details of Rights issued for the year ended 30 June 2014 are as follows:

On 1 July 2013, 203,763 Share Performance Rights and 807,770 Share Appreciation Rights were granted to Key Management Personnel and to Senior Management under the Executive LTI Plan. The rights vest on 30 June 2016. Specific disclosure details of the 1 July 2013 grant are as follows:

Details	Share Performance Rights Granted	Share Appreciation Rights Granted	Total
Directors			
S Gostlow	49,010	194,286	243,296
KMP			
E Goodwin	41,915	166,162	208,077
M Constable	15,007	59,490	74,497
J Dixon	15,007	59,490	74,497
S Bagshawe	9,573	37,950	47,523
J Bovell	9,120	36,156	45,276
Senior Management			
	64,131	254,236	318,367
	203,763	807,770	1,011,533

Included in the 1 July 2013 grant are 49,010 Share Performance Rights and 194,286 Share Appreciation Rights granted to the Managing Director Mr S Gostlow. The grant to Mr S Gostlow was approved by the shareholders at the Annual General Meeting held on 27 November 2013.

The above grants made under the Executive LTI Plan will vest subject to the satisfaction of Relative Total Shareholder Return (TSR) (50% of the grant) and Absolute Earnings Per Share (EPS) (50% of the grant) hurdles. These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if that other hurdle is not met.

The valuation of the Rights is based on an adjusted form of the Black Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation model to value the TSR right. The Monte Carlo model has been modified to incorporate an estimate of the probability of achieving the TSR hurdle and the number of associated Rights vesting.

The fair market value of the Rights at valuation date is as follows:

Fair Market Value	Tranche 1 SPR (EPS) \$	Tranche 2 SPR (TSR) \$	Tranche 1 SAR (EPS) \$	Tranche 2 SAR (TSR) \$
Grant – 1 July 2013	3.20	1.94	0.63	0.59

Key valuation assumptions made at grant date are summarised below:

Key value assumptions	1 July 2013
Share price	\$3.39
Effective exercise price (SAR only)	\$3.39
Annualised volatility (midpoint)	27.5%
Annual dividend yield	2.0%
Risk free rate	2.8%

Details of Rights issued for the year ended 30 June 2013 are as follows:

On 3 October 2012, 102,561 SPR (tranche 1 = 39,858 and tranche 2 = 62,703) and 419,904 SAR (tranche 1 = 205,667 and tranche 2 = 214,237) were granted to Senior Executives and other employees under the LTI Plan. The rights vest on 30 June 2015.

On 14 November 2012, 45,005 SPR (tranche 1 = 18,882 and tranche 2 = 26,123) and 185,616 SAR (tranche 1 = 91,208 and tranche 2 = 94,408) were granted to the Managing Director Mr S Gostlow under the LTI Plan. The rights vest on 30 June 2015. The grant to Mr S Gostlow was approved by the Shareholders at the Annual General Meeting which was held on 14 November 2012.

The grants made under the LTI Plan will vest subject to the satisfaction of Relative Total Shareholder Return (TSR) (50% of the grant) and Earnings Per Share (EPS) (50% of the grant) hurdles. These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if that other hurdle is not met.

The valuation of the Rights is based on an adjusted form of the Black Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation model to value the TSR right. The Monte Carlo model has been modified to incorporate an estimate of the probability of achieving the TSR hurdle and the number of associated Rights vesting.

The fair market value of the Rights at valuation date is as follows:

Fair Market Value	Tranche 1 SPR (EPS) \$	Tranche 2 SPR (TSR) \$	Tranche 1 SAR (EPS) \$	Tranche 2 SAR (TSR) \$
Grant – 3 October 2012	2.58	1.64	0.50	0.48
Grant – 14 November 2012	2.85	2.06	0.59	0.57

Key valuation assumptions made at grant date are summarised below:

Key value assumptions	3 October 2012	14 November 2012
Share price	\$2.69	\$2.96
Effective exercise price (SAR only)	\$2.66	\$2.84
Annualised volatility (midpoint)	27.5%	27.5%
Annual dividend yield	1.50%	1.5%
Risk free rate	2.34%	2.56%

Details of Rights issued for the year ended 30 June 2012 are as follows:

On 24 November 2011 133,262 SPR (tranche 1 = 57,219 and tranche 2 = 76,043) and 571,566 SAR (tranche 1 = 275,199 and tranche 2 = 296,367) were granted to Senior Executives and other employees under the LTI Plan. The rights vest on 30 June 2014.

Included in the above issue were 59,088 SPR (tranche 1 = 25,371 and tranche 2 = 33,717) and 253,434 SAR (tranche 1 = 122,024 and tranche 2 = 131,410) granted to the Managing Director Mr S Gostlow under the LTI Plan. The grant to Mr S Gostlow was approved by the Shareholders at the Annual General Meeting which was held on 24 November 2011.

The grants made under the LTI Plan will vest subject to the satisfaction of Relative Total Shareholder Return (TSR) (50% of the grant) and Earnings Per Share (EPS) (50% of the grant) hurdles. These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if that other hurdle is not met.

The valuation of the Rights is based on an adjusted form of the Black Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation model to value the TSR right. The Monte Carlo model has been modified to incorporate an estimate of the probability of achieving the TSR hurdle and the number of associated Rights vesting.

The fair market value of the Rights at valuation date is as follows:

Rights Fair Market Value	Tranche 1 SPR (EPS) \$	Tranche 2 SPR (TSR) \$	Tranche 1 SAR (EPS) \$	Tranche 2 SAR (TSR) \$
Grant – 24 November 2011	\$2.02	\$1.52	\$0.42	\$0.39

Key valuation assumptions made at grant date are summarised below:

Key value assumptions	24 November 2011
Share price	\$2.10
Effective exercise price (AR only)	\$2.10
Annualised volatility (midpoint)	35.0%
Annual dividend yield	1.50%
Risk free rate	3.05%

(c) Expenses arising from Share-based payment transactions:

	2014 \$'000	2013 \$'000
Options	23	224
Share Performance Rights	175	140
Appreciation Rights	175	357
	373	721

27 Parent entity financial information

The financial information for Tox Free Solutions Limited has been extracted from the books and records of the parent and has been prepared on the same basis as the consolidated financial statements except as described below:

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Tox Free Solutions Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group.

Each entity in the tax consolidated Group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated Group has entered into a tax funding agreement whereby each entity within the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the parent entity.

Guarantees entered into by the parent entity

Tox Free Solutions Limited has provided bank guarantees of \$5.43M (2013: \$4.12M). Please refer to note 31 for additional information.

Tox Free Solutions Limited is a party to a deed of cross-guarantee. Please refer to note 34 for additional information.

Contingent liabilities of the parent entity

Tox Free Solutions Limited did not have any contingent liabilities as at 30 June 2014 or 30 June 2013. Please refer to note 31 for details of Group contingencies.

Capital expenditure commitments of the parent entity

	2014 \$'000	2013 \$'000
Capital expenditure commitments contracted for:		
Capital	3,998	1,755
Total Capital contracted for	3,998	1,755
Payable:		
– no later than 1 year	3,998	1,355
– between 1 year and 5 years	–	400
Total Capital Contracted for	3,998	1,755

Please refer to Note 28 for additional information on Group Commitments.

The individual statements for the parent entity show the following aggregate amounts:

Statement of Financial Position	2014 \$'000	2013 \$'000
Current assets	42,077	52,150
Non current assets	242,450	196,646
Total assets	284,527	248,796
Current liabilities	27,421	26,362
Non current liabilities	90,271	103,363
Total liabilities	117,692	129,725
Net assets	166,835	119,071
Contributed equity	170,884	167,250
Accumulated losses	(10,425)	(54,378)
Cash Flow Hedging Reserves	(769)	(573)
Share-based payment Reserve	7,145	6,772
Total Shareholders' Equity	166,835	119,071
Profit / (Loss) for the year	54,577	(9,743)
Total comprehensive income / (expense) for the year	54,381	(10,315)

28 Commitments

(a) Finance lease commitments

	2014 \$'000	2013 \$'000
Payable minimum lease payments:		
– no later than 1 year	3,831	5,979
– between 1 year and 5 years	11,380	12,203
– greater than 5 years	31	314
Minimum lease payments	15,242	18,496
Less: finance changes	(1,884)	(2,345)
Present value of minimum lease payments	13,358	16,151

Finance leases are in place for fleet acquisitions (truck and car) and normally have a term between 5 and 7 years. At the end of the lease period there will be no residual value.

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	2014 \$'000	2013 \$'000
Payable minimum lease payments:		
– no later than 1 year	9,446	10,248
– between 1 year and 5 years	28,293	27,237
– greater than 5 years	9,694	12,646
	47,433	50,131

Operating leases have been taken out for a number of warehouse, and office facilities under operating lease as well as crown land from the Department for Planning and Infrastructure. The Group also leases some light and heavy motor vehicles. Leases typically run for a period of between 3 and 7 years with an option to renew the lease after that date. Lease payments are generally increased on an annual basis in line with CPI, or as and when required. During the year ended 30 June 2014, \$13.25M (2013: \$8.62M) was recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(c) Capital expenditure commitments

	2014 \$'000	2013 \$'000
Capital expenditure commitments contracted for:		
Capital	12,535	1,755
Total Capital contracted for	12,535	1,755
Payable:		
– no later than 1 year	12,535	1,355
– between 1 year and 5 years	–	400
Total Capital Contracted for	12,535	1,755

29 Controlled entities

(a) Parent and ultimate controlling entity

The parent and ultimate controlling entity is Tox Free Solutions limited, incorporated in Australia.

	Country of Incorporation	Percentage Owned (%) 2014	Percentage Owned (%) 2013
Subsidiaries:			
Aframe Investments Pty Ltd	Australia	100	100
BCD Technologies Pty Ltd	Australia	100	100
Barry Bros. Specialised Services Pty Ltd	Australia	100	100
Dolocorp Pty Ltd †	Australia	100	100
Dolocrete WA Pty Ltd †	Australia	100	100
DoloMatrix Australia Pty Ltd	Australia	100	100
DoloMatrix Environmental Solutions Pty Ltd	Australia	100	100
Entech Industries Pty Ltd †	Australia	100	100
Grimefighters Fluidclean Pty Ltd †	Australia	100	100
Hazwaste Pty Ltd †	Australia	100	100
MD Environmental Solutions Pty Ltd	Australia	–	100
MMS Enterprises (QLD) Pty Ltd	Australia	100	100
Oil Energy Corporation Pty Ltd	Australia	100	100
Pilbara Waste Pty Ltd	Australia	100	100
Specialized Investments Pty Ltd †	Australia	100	100
SRL Plasma Pty Ltd †	Australia	100	100
Thermal Treatment Solutions Pty Ltd †	Australia	100	100
Tox Free (Australia) Pty Ltd	Australia	100	100
Tox Free (Henderson) Pty Ltd †	Australia	100	100
Tox Free Industrial Solutions Pty Ltd †	Australia	100	100
Tox Free (Kwinana) Pty Ltd	Australia	100	100
Tox Free (New South Wales) Pty Ltd	Australia	100	100
Tox Free (Queensland) Pty Ltd	Australia	100	100
Tox Free (Victoria) Pty Ltd	Australia	100	100
Waste Audit & Consultancy Services (Aust) Pty Ltd	Australia	100	100
Waste Services Australia Pty Ltd	Australia	100	100
Waste Solutions (NT) Pty Ltd	Australia	100	100

† Dormant – currently in the process of being liquidated.

The investments in subsidiaries are measured at cost in the financial statements of the parent company.

30 Related Party Transactions

(a) Key Management Personnel (KMP) compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity are considered KMP.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2014 \$'000	2013 \$'000
Short-term employee benefits	3,487	3,846
Post-employment benefits	309	333
Long-term benefits	29	7
Share-based payments	296	637
	4,121	4,823

Detailed Remuneration Disclosures are provided in the Remuneration Report on pages 22 to 37.

Other transactions with KMP and their related entities are shown below.

(i) Subsidiaries

The consolidated financial statements include the financial statements of Tox Free Solutions Limited and the controlled entities listed under 'Controlled entities' in the above note 29.

(b) Loan balances from related parties

	2014 \$'000	2013 \$'000
NON-CURRENT		
Amounts receivable from:		
– wholly owned controlled entities	158,446	136,004

(c) Loan balances to related parties

	2014 \$'000	2013 \$'000
NON-CURRENT		
Amounts payable to:		
– wholly owned controlled entities	26,706	47,609

Intragroup transactions have been eliminated and are not disclosed as related party transactions in the consolidated financial statements, as are all loan balances. Sales made between subsidiaries during the year amounted to approximately \$36.45M (2013: \$23.26M) and have been eliminated on consolidation.

(d) Loans to Key Management Personnel

	2014 \$'000	2013 \$'000
CURRENT		
Beginning of year	897	–
Loans advanced	3,086	1,582
Loan repayments received	(3,957)	(733)
Interest charged	90	48
End of year	116	897

The purpose of these loans is to enable KMP to exercise previously awarded Options. For additional information, please refer to the Remuneration Report set out on pages 22 to 37.

31 Contingencies

The Group had the following contingencies at the end of the reporting period:

Contingent Instruments

Bank Guarantees to the value of \$5.43M (2013: \$4.96M), all of which are expected to be recovered without claim. Bank guarantees are provided in certain customer contracts and property rental agreements as a percentage of the contract sum. Generally, bank guarantees are provided to guarantee the performance of contractual terms until practical completion. There is no liability that should be recognised in relation to these guarantees.

Contingent Liabilities

During financial year 2014, Tox Free has continued to assess the Group's potentially contaminated sites. Assessments have been completed to date for Oil Energy Corporation, Tox Free Kwinana, Tox Free Henderson, Grimefighters Fluidclean, Waste Solutions NT, Henderson North and Tox Free Victoria.

In April 2001, the Group acquired Eli Eco Logic Australia Pty Ltd, now known as Tox Free (Australia) Pty Ltd Kwinana facility. Pursuant to the agreement upon acquisition, the Group has an obligation to remediate contaminated soil on the Kwinana site, to decontaminate equipment and to treat and dispose of accumulated waste product to the vendor of the business. This must be done before Toxfree vacates the site. Assessment work carried out has resulted in the facility being reassessed by the Department of Environment Regulation as "Contaminated – Restricted Use." This does not affect the current use of the site, as the soil is capped enabling ongoing monitoring of the risk. Remediation of the site must be completed prior to vacating the site.

As part of the Tox Free (Australia) Pty Ltd Kwinana facility site improvements planned in 2015, the Group will develop a plan to proactively remediate accessible areas.

A detailed site assessment and health and environment risk assessment was completed at the Oil Energy Corporation facility and was submitted to the Department of Environment Regulation in 2013. During 2014, the facility was assessed by the Department of Environment Regulation as "Possibly Contaminated - Investigation Required." Toxfree will appoint an independent Contaminated Sites Auditor and undertake additional studies to determine the appropriate remediation and contingent liability, which are captured within the Site Management Plan developed during 2014.

The Directors are of the opinion that a provision is not required for these as the expected costs are not capable of reliable measurement at this point and there is also no set timeframe to remediate the soil.

Apart from those contingencies detailed above, there are no further contingent assets and/or liabilities at the reporting date.

32 Remuneration of Auditor

	2014 \$'000	2013 \$'000
Remuneration of the auditor of the parent entity, BDO Audit (WA) Pty Ltd:		
<i>Audit and assurance services</i>		
Audit and review of the financial statements	231	234
<i>Taxation services</i>		
Tax advice and compliance services (BDO Corporate Tax (WA) Pty Ltd)	298	202
<i>Other services</i>		
Accounting advice and review of information	3	17
Business combinations and acquisitions	–	25
Group restructure	3	3
Total other services	6	45
Total Remuneration of Auditor	535	481

33 Earnings per Share

(a) Reconciliation of earnings used in calculating earnings per share:

	2014 \$'000	2013 \$'000
<i>Basic earnings per share</i>		
Profit from continuing operations attributable to ordinary equity holders of the Company	21,724	13,604
<i>Diluted earnings per share</i>		
Profit from continuing operations attributable to ordinary equity holders of the Company	21,724	13,604
Add: Potential interest earned on proceeds from the conversion of share options	48	102
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	21,772	13,706

(b) Weighted average number of ordinary shares used as the denominator

	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	133,063,784	117,916,887
Adjustments for calculation of diluted earnings per share:		
Weighted average number of dilutive Options and Rights	1,490,910	2,824,442
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	134,554,694	120,741,329

34 Deed of Cross Guarantee

Tox Free Solutions Limited and each of the subsidiaries listed in note 29 are parties to a deed of cross-guarantee under which each company guarantees the debt of others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investment Commission.

35 Events occurring after the Reporting Period

On 1 August 2014, 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.

Toxfree through this expanded agreement will be one of the largest employers of indigenous Australians in the region. Toxfree has a Reconciliation Action Plan (RAP) endorsed by Reconciliation Australia and we are focussed on creating opportunities for indigenous Australians throughout all of our operations Australia wide.

At the date the financial statements were authorised for issue, the Group had not yet completed the accounting for the transaction.

Subsequent to the year end, the Directors of Tox Free Solutions Limited declared a final dividend on ordinary shares in respect of the 2014 financial year. The total amount of the dividend is \$4,012,571 which represents a fully franked dividend of 3 cents per share.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

36 Company Details

The registered office of the Group is:
Tox Free Solutions Limited
Level 2, 55 Carrington Street
NEDLANDS WA 6009

The principal place of business is:
24 Sangiorgio Court
Osborne Park WA 6017

DIRECTORS' DECLARATION

For the Year Ended 30 June 2014

The Directors of the Group declare that:

1. The financial statements and notes, as set out on pages 45 to 82, are in accordance with the *Corporations Act 2001*, and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group;
2. the Managing Director and Chief Financial Officer have each declared that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Group and its wholly-owned subsidiaries have entered into a deed of cross-guarantee under which the Group and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.



Director – Chairman Robert McKinnon
Dated: 19th August 2014



Director – Stephen Gostlow



Tel: +8 6382 4600

Fax: +8 6382 4601

www.bdo.com.au

38 Station Street

Subiaco, WA 6008

PO Box 700 West Perth WA 6872

Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Tox free Solutions Limited

Report on the Financial Report

We have audited the accompanying financial report of Tox Free Solutions Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other 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(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, 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.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 Tox Free Solutions 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 Tox Free Solutions 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 2014 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(a)(i).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 Tox Free Solutions Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

DEAN JUST
Director

Perth, 19 August 2014

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 July 2014:

1. Distribution of Equity Securities

Range	Total Holders	Ordinary Shares	% of Issued Capital
1 – 1,000	879	395,489	0.30
1,001 – 5,000	1,630	4,547,751	3.40
5,001 – 10,000	714	5,356,283	4.00
10,001 – 100,000	749	16,651,831	12.45
100,000 and over	51	106,801,005	79.85
Total	4,023	133,752,359	100.00

There were 242 holders of less than a marketable parcel of ordinary shares.

2. Twenty Largest Shareholders

Shareholder	Ordinary shares	
	Number held	% of issued shares
J P Morgan Nominees Australia Limited	22,535,202	16.85
HSBC Custody Nominees (Australia) Limited	17,786,321	13.30
National Nominees Limited	16,925,132	12.65
Citicorp Nominees Pty Ltd	11,874,360	8.88
Australian Foundation Investment Company Limited	10,661,200	7.97
BNP Paribas Nominees Pty Ltd > DRP	6,605,987	4.94
Mirraboopa Investments Limited	2,600,000	1.94
RBC Investor Services Australia Nominees Pty Ltd >BKCust A/C	2,347,735	1.76
UBS Nominees Pty Ltd	1,776,812	1.33
Amcil Limited	1,400,000	1.05
Citicorp Nominees Pty Ltd > Colonial First State Inv A/C	1,363,531	1.02
The Australian National University	799,470	0.60
Mr S J Gostlow	728,387	0.54
Horizon Equity Consulting Pty Ltd	710,000	0.53
Netwealth Investments Limited <Wrap Services A/C>	611,008	0.46
Netwealth Investments Limited <Super Services A/C>	507,863	0.38
Venue Holdings Pty Ltd	500,000	0.37
Australian Executor Trustees Limited > No 1 Account	441,583	0.33
Sandhurst Trustees Ltd <LMA A/C>	418,384	0.31
Moubray Pty Ltd <Robert Hallas S/Fund A/C	400,000	0.30

3. Substantial Shareholders

The substantial Shareholders are set out below:

Shareholders	Number of shares
National Australia Bank Limited (and associates)	11,443,963
Australian Foundation Investment Company Limited	10,661,200
Fisher Funds Management Limited (and associates)	10,133,750

4. Voting rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options and Rights

No voting rights.

5. Options

Grant date	Number	No. of holders	Expiry date	Exercise price
26/02/10	20,000	1	15/01/15	\$2.64
26/02/10	20,000	1	15/01/16	\$2.39
24/09/10	500,000	1	01/11/15	\$2.75
24/09/10	500,000	1	01/11/16	\$3.00

There are 1,040,000 Options issued to 2 executives under the Tox Free Solutions Long-Term Option Plan to take up ordinary shares.

6. Rights

There are 388,218 Share Performance Rights issued to 10 executives under the Tox Free Solutions Limited free Long-Term Incentive Plan to take up ordinary shares.

There are 1,587,508 Share Appreciation Rights issued to 10 executives under the Tox Free Solutions Limited Long-Term Incentive Plan to take up ordinary shares.

7. Securities Exchange Listing

Securities in Tox Free Solutions Limited (TOX) are quoted on the Australian Securities Exchange.

8. Shareholder Inquiries

Shareholders can obtain information about their shares or dividend payments by contacting the Company's share registry:

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

TEL: +61 8 9323 2000

FAX: +61 8 9323 2033

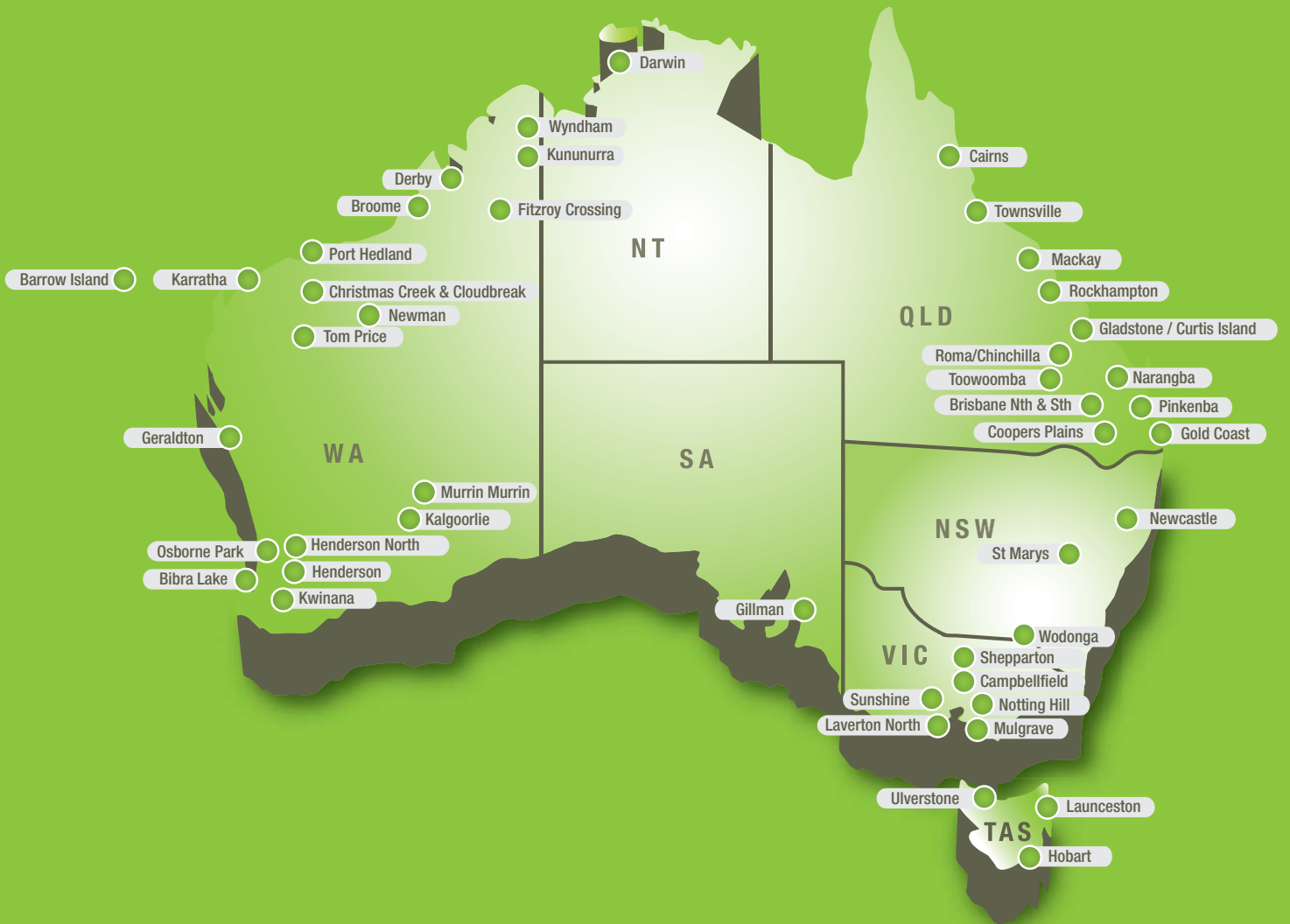
9. Publications

The annual report is the main source of information for shareholders.

10. Tox Free Solutions Limited Website

Tox Free Solutions Limited has an internet address at www.toxfree.com.au

This contains the Company's latest annual report and media statements released through the Australian Securities Exchange.





1300 toxfree
www.toxfree.com.au