ASX ANNOUNCEMENT

15 February 2018

ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

INTERIM REPORT INCLUDING APPENDIX 4D FOR THE PERIOD ENDING 31 DECEMBER 2017

Tox Free Solutions Limited (**Toxfree**) is pleased to present the interim results including the Appendix 4D for the period ending 31 December 2017.

This information should be read in conjunction with the Toxfree 2017 Annual Report.

Yours faithfully
TOX FREE SOLUTIONS LIMITED

DAVID MCARTHUR
Company Secretary

About Tox Free Solutions Ltd (ASX code: TOX)

Tox Free Solutions Ltd (Toxfree) is one of the largest integrated waste management, industrial service and environmental businesses in Australia. The Company offers a full range of waste management services through its national network of licensed waste treatment facilities. In addition Toxfree are fast becoming the leaders in onsite industrial services, waste minimisation, resource recovery and total waste management services.

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TOX FREE SOLUTIONS LIMITED
ABN 27 058 596 124

INTERIM REPORT | FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

CONTENT DETAILS	PAGE

This report is to be read in conjunction with the 30 June 2017 annual financial report and any public announcements made by Tox Free Solutions Limited during the interim reporting period.

PROPOSED ACQUISITION OF TOX FREE SOLUTIONS LIMITED BY CLEANAWAY WASTE MANAGEMENT LIMITED

On 11 December 2017, Tox Free Solutions Limited (Toxfree or the Company) announced that it had entered into a Scheme Implementation Deed (SID) with Cleanaway Waste Management Limited (Cleanaway) under which it is proposed that Cleanaway will acquire 100% of the issued share capital of Toxfree for a cash price of $3.425 per share by way of a scheme of arrangement (Scheme).

The implementation of the Scheme is subject to a number of conditions, including approval by Toxfree shareholders, the Court and the Australian Competition & Consumer Commission. Further details of the Scheme will be in the Scheme Booklet, a draft of which has been lodged with ASIC and which will be released to the ASX and despatched to Toxfree shareholders after it is approved at the first Court date and registered by ASIC.

While Toxfree is progressing with the Scheme, management is continuing to run the business in the best interests of Toxfree shareholders. Our focus at Toxfree continues to remain on servicing our clients safely and supporting all employees to undertake their tasks as effectively as they can.

Management has reviewed its strategic and operational business plans and made the decision to postpone several longer-term projects that will no longer provide benefit for Toxfree shareholders if the Scheme completes. Approximately 40 roles were made redundant, including some roles that are no longer required for day to day management of the business. The reduction in overhead will result in operational cost savings of approximately $6m pa on an ongoing basis, $3m of which will be realised in the second half of FY18. Redundancy and restructuring costs of $3.6m have been normalised in the first half result.

Capital expenditure is being managed in a more targeted way to support our clients and keep our business assets operating safely and efficiently. We have modified our spending to balance the needs of current shareholders and ongoing business needs.

RESULTS COMMENTARY 31 DECEMBER 2017

The Company is pleased with the first half performance of FY18 given the known contraction in earnings from contracts and projects that completed in the prior financial year. The new operational base, which includes Health Services, is performing well and the business is on track to meet its expectations for the full year.

Revenue increased on 1HFY17 by 7% to $255.3m, underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 8% to $40.5m* and underlying Net Profit after Tax before Amortisation (NPATA) increased by 14% to $13.7m*. Amortisation for 1HFY18, post the acquisition of Daniels, increased to $2.48m. The amortisation of intangibles is a non-cash accounting adjustment. Underlying Net Profit After Tax was $11.2m* an increase of 8% on 1HFY17.

Toxfree strategically expanded into the health sector through the acquisition of Daniels Health on 1 December 2016. Earlier in 2016, Toxfree also extended its services in NSW to complement its east coast waste treatment capabilities and services to the growing civil infrastructure market on the east coast of Australia. This was achieved through the acquisition of Worth Recycling in May 2016. The objective of these two initiatives, as well as investment in treatment technologies, was to diversify the Company's revenue into markets that are growing and more consistent, thereby lessening the Company's previous exposure to the resource sector, primarily in Western Australia. The Health and Industrial services segments have delivered strong financial performance this half, increasing revenue, EBITDA and improving margins.

Contracts and business assets that are no longer contributing to earnings this half compared to the prior corresponding period include the Chevron Barrow Island contract that ceased on 1 July 2017, the Yarloop remediation contract and the Tasmanian and Rockhampton waste services assets that were divested as part of an asset swap with JJ Richards for their industrial business in Roma, Queensland.

The effective rate of tax reduced from 31% (1HFY17) of normalised profit before tax to 25% on the basis of a 0.5m over provision of tax from FY17, continuation of Research and Development claims and obtaining tax deductibility of share based payments expense.

The Group's debtor days sales outstanding (DSO), excluding work in progress, was 61 days at the end of the period and associated gross cash flows from operations of $18m were 44% of EBITDA*. The cash conversion rate was negatively impacted by contract payment timing issues in the first half and a build-up of work in progress from the commencement and growth of new work particularly in the industrial services business. These items are timing issues only and cash conversion is expected to improve substantially in the second half. Toxfree's total borrowings increased to $205m at year end of the period with a net debt to equity ratio of 47%.

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments: refer to page 7 Group Results for details)*

Capital investment in plant and equipment was $23m in the first half. Capital expenditure of $6m is planned for the second half of FY18.

The Board has announced the payment of an interim dividend of 5 cents (1HFY17: 4.5 cents) per ordinary share which will be fully franked. The 5 cents per share dividend represents a payout ratio of 87% of underlying NPAT*. The dividend record date is 2 March 2018 and the payment date is expected to be 16 March 2018.

As announced on 11 December 2017, Toxfree's Dividend Reinvestment Plan (DRP) has been suspended and it will not operate in respect of this interim dividend.

Financial highlights

- Revenue for the first half of financial year 2018 (1H FY18) was $255.3m, up 7% on 1H FY17.
- Underlying earnings before interest, tax, depreciation, and amortisation (EBITDA)* of $40.5m, up 8% on 1H FY17.
- Amortisation was $2.48m an increase of 47% on 1H FY17.
- Underlying earnings before interest and tax (EBIT)* up 6% on 1H FY17 to $19.3m.
- Underlying earnings per share (EPS)* for the period 5.75 cents, down 13% on 1H FY17.
- Underlying profit after tax but excluding amortisation of contract intangibles (NPATA)* was $13.7m up 14% of 1H FY17.
- Underlying profit after tax* was $11.2m up 8% on 1H FY17.
- Statutory profit after tax (NPAT)* up 19% on 1H FY17 to $7.1m.
- Interim dividend for 1H FY18 of 5 cents (1H FY17: 4.5 cents) per fully paid ordinary share fully franked.
- Net debt to equity at 47% (FY17: 41%).
- Cash conversion was 44% of EBITDA* (1H FY17: 69%) which was below our historic performance due to the timing of customer payments.

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments: refer to page 7 Group Results for details)*

Safety

Group safety performance has continued to improve in the first six months of financial year 2018 with a reduction in both our Total Recordable Injury Frequency Rate (TRIFR) to 7.6 and All Injury Frequency Rate (AIFR) to 29 including the Health Services businesses for the first time. Excluding Health Services the group result was a TRIFR of 5.6 and AIFR of 22.1. This improvement is a great reflection of the work that has been put into the safety of our employees as we have undertaken our largest business integration during this time. The Health Services business is behind the Group results in all measured lag indicators, however, we are confident this will continue to improve as we work to further improve Daniels safety culture.

During the month of December, the Waste Services team achieved 12 months without a medical treatment injury resulting in a TRIFR of 0. This is the first business stream in Toxfree to achieve this milestone. This result comes from the hard work and focus of everyone; from our operators and drivers to our Sales team and our Supervisors and Managers, a great result for the group and proves our harmfree vision can be achieved.

Business development

We are actively sourcing new customers and tendering for new work. We have recently been successful in the award of contracts with Inpex for Naturally Occurring Radioactive Materials (NORM) and mercury related wastes and FMG have extended our contract with our indigenous JV partner for a further 7 years. Our tender process and commitment to clients has not changed. Services and rates for any new clients or contracts awarded will be fulfilled for the life of the contract term irrespective of whether Cleanaway eventually becomes the new owner of Toxfree.

Normalisations

Costs of 1.9m in relation to remaining Daniels acquisition costs, the last of Worth fleet rebranding costs and sale costs associated with the Scheme of Arrangement have been normalised in 1H FY18. Site closure, redundancy and related business restructure costs of 3.6m have also been normalised within the period.

SUMMARY OF RESULTS

Group Results	1H FY18 $'000	% Change 1H FY18 / 1H FY17	1H FY17 $'000
Revenue - Services	255,300	7%	237,761
EBITDA *	40,529	8%	37,537
Depreciation	(18,706)	7%	(17,525)
Amortisation	(2,482)	47%	(1,691)
EBIT *	19,341	6%	18,321
Finance expenses	(4,335)	31%	(3,307)
Underlying Profit before tax *	15,006	0%	15,014
Income tax expense *	(3,770)	(19)%	(4,654)
Profit after tax pre-amortisation *(NPATA)	13,718	14%	12,051
Underlying Profit after tax *	11,236	8%	10,360
Statutory Profit after tax	7,105	19%	5,947
Profit attributable to Toxfree Owners	7,035	21%	5,819
Non-controlling interest in profit	70	(45)%	128
Earnings per share (cents) *	5.75	(13)%	6.59
Dividend per share (cents)	5.0	11%	4.5
Weighted average number of shares	194,097	25%	155,347

**Non-IFRS Financial Information:*
Adjustments that were excluded in order to reflect the underlying performance of the Group are:

Exclusions	Segment	1H FY18 $'000	1H FY17 $'000
Acquisition, integration, disposal and rebranding costs	Corporate	1,917	5,915
Redundancy and restructuring costs	Corporate	1,994	-
Redundancy and restructuring costs	Waste	166	-
Redundancy and restructuring costs	Industrial	1,131	-
Redundancy and restructuring costs	Technical	334	-
Site closure costs	Corporate	-	(51)
Income tax thereon		(1,411)	(1,451)
Total costs after tax		4,131	4,413

REVIEW OF OPERATIONS

The Company has four operational segments. The four reportable segments are:

- Health Services
- Technical and Environmental Services
- Industrial Services
- Waste Services

Health Services (HS)

HS	1H FY18 $'000	% Change 1H FY18 / 1H FY17	1H FY17 $'000
Revenue	45,880	527.2%	7,315
EBITDA *	13,211	557.6%	2,009
EBITDA margins (%) *	28.8%	130bps	27.5%
Amortisation	1,322	453.1%	239
Depreciation	2,255	488.8%	383
EBIT *	9,634	594.6%	1,387
EBIT Margins (%) *	21.0%	200bps	19.0%

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments: refer to page 7 Group Results for details)*

The new operating segment, Health Services, occurred following the acquisition of Daniels which completed on 1 December 2016. Within the prior comparable period (1HFY17), Daniels contributed one month of earnings to the Health segment versus a full six months in this period.

We are very pleased with the financial performance of the Health division. Compared to the second half of FY17 (which was the first full six-month period of earnings) revenue increased by 5.5% to $45.9m and EBITDA increased by 11.9% to $13.2m. The margin improvement is a result of planned operational synergies being realised between the two organisations, through use of Toxfree fuel and improved operational efficiencies. There are further opportunities to realise synergies as Hazpack and Toxfree fuel projects are fully implemented.

The business continues to achieve sound revenue growth through expansion of products and services across Australia. Victoria and Western Australia have been the strongest performing regions. In Victoria, the business was successful in award of new contracts with CSL and Austin Hospital. Existing contracts with Health Procurement Victoria and St Vincent's were also extended for a further term.

Safety performance within the health business has also been a highlight. Since Toxfree's ownership our safety teams have worked with Daniels management and employees to focus on improving our safety performance and this has resulted in the Total Recordable Injury Frequency Rate reduction from 28.9 at the time of acquisition down to 13.6.

Customer service within Toxfree and particularly the Health business is a key measure and driver of our business performance. The Company uses a Net Promotor Score (NPS) to measure customer satisfaction and we are pleased to report a NPS of +39, which is an exceptional result.

Daniels is a leading provider of safety solutions and medical waste management for the health sector specifically focussed on the reduction of sharps injuries through safer sharps management systems and practices. Daniels complements this strategy with integrated medical waste collection and treatment. Daniels holds the intellectual property rights to various collector systems, including the "Sharpsmart" and "Medismart" series of reusable medical waste containers.

Daniels continue to innovate and improve customer service and we expect the growth rates achieved to continue in the second half of FY18.

Industrial Services (IS)

IS	1H FY18 $'000	% Change 1H FY 18 / 1H FY17	1H FY17 $'000
Revenue	102,747	37.9%	74,514
EBITDA *	18,598	44.9%	12,839
EBITDA margins (%) *	18.1%	90bps	17.2%
Amortisation	271	(13.7)%	314
Depreciation	5,774	29.9%	4,445
EBIT *	12,553	55.3%	8,080
EBIT Margins (%) *	12.2%	140bps	10.8%

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments: refer to page 7 Group Results for details)*

The Industrial Services Division was a standout performer within the period with revenue increasing by 37.9% and EBITDA by 44.9%. Growth was driven by the civil infrastructure market, resource sector activity within the Surat Basin region, improved contracting performance and award of new contracts.

Services to the civil infrastructure and municipal sectors performed strongly with increased asset utilisation and earnings in the capital cities of Melbourne, Sydney and Brisbane. There is a significant amount of public and private infrastructure spending forecast over the next 5 years and we are confident of continued growth in this sector.

The division also achieved significant improvement in health and safety performance and a positive improvement in the safety culture with AIFR reducing 32% to 18.9 and the TRIFR reducing 27% to 4.9 at the end of December 2017.

The division did however contribute to a buildup in group's working capital as growth in underlying contracts and the project nature of the customers in the industry led to increase in Work in Progress and Debtors Days outstanding. These are expected to improve substantially in the second half and represent timing differences only.

In June 2017 Toxfree completed an asset swap with JJ Richards in which it acquired the operational assets of JJ's industrial business in Roma, Queensland in consideration for Toxfree's Rockhampton and Tasmanian Waste Services assets. Within the Surat Basin activity has been strong and the realisation of synergies and efficiency benefits has resulted in improved performance in the region. Toxfree was awarded the GLNG contract for upstream production in the Surat which is performing well after its first full year of a five-year contract.

Toxfree's contract with BHPB Olympic Dam continues to improve financially as the contract scope of work continues to expand. Toxfree also completed several shut downs without incident, meeting client expectations.

The Wheatstone LNG Project continued to perform well for the first six months. The construction project is expected to complete this Calendar year and this will result in a decline in activity as the construction phase completes before the production phase commences.

Toxfree have been contracted to undertake tank cleaning services for Shell in Singapore and expect the project to commence in March 2018. Strategically this is an exciting opportunity to expand services into the refinery market in Singapore and Toxfree is confident on successfully delivering this project.

Our focus is to continue to develop our industrial services through continued organic growth and development of innovative ways to improve services to our clients.

Waste Services (WS)

WS	1H FY18 $'000	% Change 1H FY18 / 1H FY17	1H FY17 $'000
Revenue	60,478	(32.1)%	89,017
EBITDA *	11,615	(41.4)%	19,836
EBITDA margins (%) *	19.2%	(310)bps	22.3%
Amortisation	547	(1.4)%	555
Depreciation	5,296	(25.3)%	7,087
EBIT *	5,772	(52.7)%	12,194
EBIT Margins (%) *	9.5%	(420)bps	13.7%

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments: refer to page 7 Group Results for details)*

The underlying Waste Services business has met expectations this half given the known revenue contraction associated with the Chevron contract ending and the swapping out of the Tasmanian and Rockhampton assets.

There has been strong growth in the Darwin region off the back of the Inpex and Prelude LNG projects and sound performance in the Kimberley region of Western Australia. This momentum is expected to continue in the second half of FY18.

Toxfree's contract with Chevron for services on Barrow Island finished on 1 July 2017 and hence there was no revenue within this period compared to the first half of FY17. During the first half of financial year 2017, there was high demand for services on Barrow island. Within the first half of FY17 Chevron contributed $6.6M of EBITDA. There were no earnings from this contract in 1HFY18.

In June 2017 Toxfree divested its Tasmanian and Rockhampton businesses as part of an asset swap with JJ Richards. In 1H17 these businesses contributed approximately $1M in EBITDA. There was no contribution in 1H18.

As part of Toxfree's total waste management strategy, Toxfree commenced solid waste services in Melbourne and Sydney focused primarily on Daniels clients to expand our capability to the health sector. The Company incurred start up and mobilisation costs which resulted in a combined loss of $500K this half. The future of this strategy is largely on hold at this time in light of the proposed acquisition of Toxfree by Cleanaway.

In the Pilbara, we have continued to work with our iron ore customers including Rio Tinto and FMG to improve efficiencies. Our indigenous joint venture for services to FMG extended its contract for a further 7-year term.

Conditions in the east coast commercial and industrial market remain competitive but despite the challenges in the market, we have continued to increase our market share and volumes of commercial and industrial waste in south east Queensland.

The safety performance from the Waste Services division was a particular highlight achieving a TRIFR of zero. This is the first division within Toxfree to achieve this result and demonstrates our safety culture is continuing to improve and we can realise our harmfree vision of zero workplace incidents.

There has also been success in the award of new contracts with Laing O'Rourke, renewal of the Orora material supply and collection contract for another three years in Queensland, extension of the Sydney Water contract and extension of the Moreton Bay Regional Council for the collection of waste and recyclable until June 2019.

Technical and Environmental Services (TES)

TES	1H FY18 $'000	% Change 1H FY 18 / 1H FY17	1H FY17 $'000
Revenue	46,195	(30.9)%	66,915
EBITDA *	9,858	(37.8)%	15,851
EBITDA margins (%) *	21.3%	(240)bps	23.7%
Amortisation	342	(41.3)%	583
Depreciation	4,118	(12.4)%	4,700
EBIT *	5,398	(48.9)%	10,568
EBIT Margins (%) *	11.7%	(410)bps	15.8%

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments: refer to page 7 Group Results for details)*

Revenue and EBITDA was significantly less than the prior corresponding period as a result of the ceasing of the Chevron contract, completion of the Yarloop remediation contract and continued weakness in the Pilbara region in Western Australia.

There was sound performance from the Worth Recycling business with the commencement of Barangaroo Soil Remediation contract as well as a number of new contracts being awarded. With these contracts now commenced this division expects to improve its performance in the second half of the financial year.

In NSW Toxfree commissioned the Hazpak depackaging technology at our St Marys site. This technology is the first of its kind within Australia. There were a few commissioning issues at start up that negatively affected the financial performance of this business unit. These issues have now been rectified and the plant achieved its first 500 tonne of waste processed without incident in the second quarter. Our St Marys site also installed a new Blue Box E-waste recycling plant but unfortunately delays obtaining local government approval negatively affected first half performance through increased transport costs being incurred transporting E-waste materials to Victoria for recycling. The Company expects to obtain the necessary approvals to use the Blue Box this half and the manufacture of Toxfree fuel will also increase as the plant reaches steady state operation.

In Queensland Toxfree completed the installation of a full-scale treatment and processing plant for PFAS chemicals. The PFAS group of chemicals are regarded as persistent organic pollutants that are in the process of being removed from the environment. Toxfree expect greater volumes of contaminated material to be treated as the extent of PFAS contamination in Australia is assessed.

There has been good momentum in the award of new contracts. In NSW Toxfree was awarded the EPA Hazardous Waste Mobile Chemical Collections for all three regional zones for a further 5 years. Our contract with Carnival Shipping was also extended for a further three years. The Cruise ship industry is expanding 20% year on year and we expect strong momentum from this contract as a result.

In Victoria, Toxfree renewed its Household Chemical Collection contract with Sustainability Victoria for a further 5 years. The business also developed a methodology to decontaminate several Metropolitan Fire Brigade tenders of PFAS chemicals (Firefighting foam) which are now banned from use within Australia.

In Western Australia, Toxfree was awarded a contract with Inpex for management of Naturally Occurring Radioactive Material (NORM) and Mercury related waste streams.

Shared Services | *Overview*

Corporate	**1H FY18 $'000**	**% Change 1H FY18 / 1H FY17**	**1H FY17 $'000**
Revenue - Services	255,300	7.4%	237,761
Finance expenses	(4,335)	31.1%	(3,307)
Unallocated EBITDA*	(12,753)	(1.9)%	(12,998)
EBITDA* to Revenue (%)	5.0%	(50)bps	5.5%
Depreciation - corporate	(1,263)	38.8%	(910)
Unallocated EBIT*	(14,016)	0.8%	(13,908)
EBIT* to Revenue (%)	5.5%	(30)bps	5.8%

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments: refer to page 7 Group Results for details)*

Commentary

Toxfree's shared services include the IT; finance; human resources; health, safety and environment; business development and risk teams.

Corporate costs reduced by 1.9% at EBITDA level compared to pcp bringing overall cost down to 5% of revenue. Depreciation increased due to the completion of IT systems used for specific customer requirements and to enable back office efficiency gains.

GROUP CASH FLOW

Description	HY 31 Dec 2017 $'000	HY 31 Dec 2016 $'000	% change
Cash generated from operations	17,986	25,873	(30)%
Interest received	98	218	(55)%
Finance costs paid	(4,529)	(3,452)	31%
Income taxes paid	(5,248)	(2,856)	84%
Net cash inflow from operating activities	**8,307**	**19,783**	**(58)%**
Payments for acquisition of businesses	(800)	(149,816)	(99)%
Proceeds from sale of property, plant and equipment	1,015	15,814	(94)%
Payments for property, plant and equipment	(23,308)	(19,859)	17%
Net cash (outflow) from investing activities	**(23,093)**	**(153,861)**	**(85)%**
Net proceeds from the issue of ordinary shares	-	82,632	(100)%
Net proceeds from borrowings/(repayment of borrowings)	13,234	58,162	(77)%
Payments for shares acquired by Employee Share Trust	(1,000)	(1,000)	0%
Dividends paid	(8,932)	(5,390)	66%
Dividends paid to non-controlling interests in subsidiaries	(400)	(444)	(10)%
Net cash inflow from financing activities	**2,902**	**133,960**	**(98)%**
Net (decrease) in cash	**(11,884)**	**(118)**	**9,971%**
Cash at the beginning of the half year	33,856	31,952	6%
Cash at the end of the half year	**21,972**	**31,834**	**(31)%**

GROUP BALANCE SHEET

Description	31 Dec 2017 $'000	30 June 2017 $'000	% change 31 Dec 2017 / 30 June 2017
Cash and cash equivalents	21,972	33,856	(35)%
Trade and other receivables	110,095	100,809	9%
Inventories	3,527	3,397	4%
Tax assets	11,563	11,184	3%
Property, plant and equipment	188,945	185,961	2%
Intangibles	353,180	354,963	(1)%
Total assets	**689,282**	**690,170**	**0%**
Trade and other payables	56,747	64,625	(12)%
Borrowings	204,598	191,170	7%
Employee benefits	13,501	13,915	(3)%
Tax liabilities	23,268	25,773	(10)%
Waste provisions	5,519	5,742	(4)%
Derivative Financial Instruments	297	725	(59)%
Total liabilities	**303,930**	**301,950**	**1%**
Total equity	**385,352**	**388,220**	**(1)%**
Gross debt to equity	53%	49%	400bps
Net debt to equity	47%	41%	600bps

Commentary

During the period, Toxfree reduced its Minority Interest by purchasing $800k equity to increase control over group operations.

Plans to refinance the groups debt facility beyond its November 2018 expiry were postponed given the Scheme of Arrangement for Cleanaway to acquire 100% of the shares in Toxfree which is expected to complete in Q2 2018. As a result, all bank debt has moved to current liability as at 31 December 2017 with over 50m of unused bank facilities available.

Work in Progress increased within the business due to the Industrial Services business growth in the slower paying civil infrastructure market and timing of shutdown activities causing a delay on approval of invoices over year end. A significant improvement in outstanding Work in Progress is expected in H2 FY18.

Capex spend H2 FY18 is expected to be approximately $6m.

OUTLOOK

The first half of financial year 2018 is meeting expectations and the Company is on track to achieve its guidance on an underlying basis.

During this interim period, as the proposed acquisition of Toxfree by Cleanaway progresses, we are managing the business in a modified way to balance the needs of existing shareholders and the obligations we have to Cleanaway as part of the SID. We are focused on providing safe, reliable and sustainable services to our customers, supporting our employees and maximising earnings.

The Company has been successful in the award of a number of new contracts with Inpex, Laing O'Rourke and extended its contracts with FMG. Momentum from existing contracts is also expected to increase in the second half from projects and contracts including Inpex in Darwin, Shell Singapore and the Barangaroo Soil Remediation contract in NSW.

Realisation of synergies with Daniels still remains a focus and we are forecasting improved performance from Daniels within the second half.

The Company will realise operational cost savings of $3m in overhead reduction this half through the redundancies made in December. We are also targeting procurement savings within the year which are progressing as planned.

The continuing success of the Company can only be achieved through the hard work and commitment of all Toxfree employees. We recognise the company is going through a period of uncertainty as the proposed acquisition of Toxfree by Cleanaway progresses through the approval process. I am thankful and pleased by the loyalty, resilience and support displayed by all employees as they look to the future and the opportunities that may unfold. They continue to remain focussed on the provision of safe, reliable and sustainable services to our clients and on behalf of the Toxfree Board of Directors I would like to take this opportunity to thank all employees for their commitment and ongoing support.

Yours sincerely

STEVE GOSTLOW
Managing Director

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTING PERIOD: **HALF YEAR ENDED 31 DECEMBER 2017**
PREVIOUS CORRESPONDING REPORTING PERIOD: **HALF YEAR ENDED 31 DECEMBER 2016**

		%		$'000
Revenue from ordinary activities	Up	7%	to	255,300
Profit from ordinary activities after tax attributable to members	Up	21%	to	7,035
Total comprehensive income for the period attributable to members	Up	18%	to	7,335

Dividends
The 2017 Gross Final Dividend Payment of $9,704,984 was paid on 6 October 2017. $8,932,217 was paid in cash and $772,767 was satisfied by the issue of ordinary shares via the DRP.

On 14 February 2018, the directors proposed the payment of a 2018 interim dividend of 5 cents per fully paid ordinary share, fully franked based on tax paid of 30%. The interim dividend is expected to be paid on 16 March 2018. As announced on 11 December 2017, the DRP has been suspended and it will not operate in respect of this interim dividend.

	31 December 2017 cents	31 December 2016 cents
Net tangible assets per security	**16.55**	17.51
Basic Earnings per share	**3.62**	3.75
Diluted earnings per share	**3.60**	3.73

Entities over which control has been gained or lost during the period
PTK Environmental Services Pty Ltd; control gained from 31 August 2017.

Audit status
The attached accounts are not subject to audit dispute or qualification.

Your directors present their report on the consolidated entity consisting of Tox Free Solutions Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2017.

DIRECTORS

The following persons were directors of Tox Free Solutions Limited during the whole of the half-year and up to the date of this report, unless otherwise indicated:

Robert McKinnon	*Independent Non-Executive Chairman*
Steve Gostlow	*Managing Director*
Richard Allen	*Independent Non-Executive Director*
Michael Humphris	*Independent Non-Executive Director*
Katherine Hirschfeld	*Independent Non-Executive Director*

REVIEW OF OPERATIONS

Refer to Results Commentary at the beginning of this report for a review of the operations for the half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21**.**

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars.

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

ROBERT MCKINNON
Chairman

Perth
14 February 2018

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

As lead auditor for the review of Tox Free Solutions Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 14 February 2018

	Notes	Half year 31 Dec 2017 $'000	31 Dec 2016 $'000
Continuing operations			
Revenue		255,300	237,761
Other income	3	1,094	888
		256,394	238,649
Expenses	4		
Waste disposal and other non-employee benefit related direct costs		(74,255)	(71,451)
Outsourcing costs		(24,863)	(24,675)
Employee benefits expense		(95,595)	(86,354)
Administrative expenses		(13,007)	(11,388)
Amortisation		(2,482)	(1,691)
Depreciation		(18,706)	(17,525)
Finance costs		(4,335)	(3,307)
Occupancy costs		(7,231)	(6,354)
Acquisition, integration, disposal and rebranding costs		(1,917)	(5,914)
Restructuring costs		(3,625)	-
Other expenses		(914)	(840)
Profit before income tax		9,464	9,150
Income tax expense		(2,359)	(3,203)
Profit after income tax for the half-year		7,105	5,947
Profit for the half-year is attributable to:			
Owners of Tox Free Solutions Limited		7,035	5,819
Non-controlling interests		70	128
		7,105	5,947
		Cents	**Cents**
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		3.62	3.75
Diluted earnings per share		3.60	3.73

The above Consolidated Income Statement should be read in conjunction with the accompanying notes

	Half year	
	31 Dec 2017 $'000	**31 Dec 2016 $'000**
Profit for the half-year period	7,105	5,947
Other comprehensive income		
Items that may be reclassified to profit and loss		
Changes in the fair value of cash flow hedges	428	554
Income tax relating to these items	(128)	(166)
Other comprehensive income for the half-year, net of tax	300	388
Total comprehensive income for the half-year	7,405	6,335
Total comprehensive income for the half-year is attributable to:		
Owners of Tox Free Solutions Limited	7,335	6,207
Non-controlling interests	70	128
	7,405	6,335

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

	Notes	31 Dec 2017 $'000	30 Jun 2017 $'000
Current assets			
Cash and cash equivalents		21,972	33,856
Trade and other receivables		110,095	100,809
Inventories		3,527	3,397
Current tax assets		515	-
Total current assets		136,109	138,062
Non-current assets			
Property, plant and equipment		188,945	185,961
Deferred tax assets		11,048	11,184
Intangible assets	11	353,180	354,963
Total non-current assets		553,173	552,108
Total assets		689,282	690,170
Current liabilities			
Trade and other payables		54,992	62,853
Borrowings	12	203,915	2,234
Derivative financial instruments	12	297	725
Current tax liabilities		-	1,921
Employee benefits		13,501	13,915
Provisions		5,519	5,742
Total current liabilities		278,224	87,390
Non-current liabilities			
Borrowings	12	683	188,936
Deferred tax liabilities		23,268	23,852
Other payables		1,755	1,772
Total non-current liabilities		25,706	214,560
Total liabilities		303,930	301,950
Net assets		385,352	388,220
Equity			
Contributed equity	6	308,500	308,727
Reserves		7,671	6,512
Retained profits		69,053	70,435
Capital and reserves attributable to owners		385,224	385,674
Non-controlling interests		128	2,546
Total equity		385,352	388,220

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes

Consolidated	Notes	Ordinary Shares $'000	Cash Flow Hedging Reserve $'000	Share-based Payment Reserve $'000	Equity Reserve $'000	Retained Earnings $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 July 2016		**195,457**	**(1,164)**	**7,538**	**(1,687)**	**73,240**	**273,384**	**2,979**	**276,363**
Profit for the half year		-	-	-	-	5,819	5,819	128	5,947
Other comprehensive income (expense)		-	388	-	-	-	388	-	388
Comprehensive income for the half year		**-**	**388**	**-**	**-**	**5,819**	**6,207**	**128**	**6,335**
Transactions with owners:									
Contribution of equity, net of cost and tax	6	84,471	-	-	-	-	84,471	-	84,471
Share issue: consideration for a business combination	6	29,409	-	-	-	-	29,409	-	29,409
Share-based payments - current expense	4	-	-	840	-	-	840	-	840
Acquisition of treasury shares	6	(1,000)	-	-	-		(1,000)	-	(1,000)
Dividends paid	5	-	-	-	-	(6,476)	(6,476)	(444)	(6,920)
		112,880	**-**	**840**	**-**	**(6,476)**	**107,244**	**(444)**	**106,800**
Balance at 31 December 2016		**308,337**	**(776)**	**8,378**	**(1,687)**	**72,583**	**386,835**	**2,663**	**389,498**

Consolidated	Notes	Ordinary Shares $'000	Cash Flow Hedging Reserve $'000	Share-based Payment Reserve $'000	Equity Reserve $'000	Retained Earnings $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 July 2017		**308,727**	**(508)**	**8,707**	**(1,687)**	**70,435**	**385,674**	**2,546**	**388,220**
Profit for the half year		-	-	-	-	7,035	7,035	70	7,105
Other comprehensive income (expense)		-	300	-	-	-	300	-	300
Comprehensive income for the half year		**-**	**300**	**-**	**-**	**7,035**	**7,335**	**70**	**7,405**
Transactions with owners:									
Contribution of equity, net of cost and tax	6	773	-	-	-	-	773	-	773
Acquisition of additional interests in subsidiaries		-	-	-	-	-	-	(855)	(855)
Transactions with non-controlling interests		-	-	-	1,233	-	1,233	(1,233)	-
Share-based payments - current period expense	4	-	-	914	-	-	914	-	914
Share-based payments – vested and reclassified		-	-	(1,288)	-	1,288	-	-	-
Settlement of employee share schemes	6	(697)	-	-	-	-	(697)		(697)
Net disposal / (acquisition) of treasury shares	6	(303)	-	-	-	-	(303)	-	(303)
Dividends paid	5	-	-	-	-	(9,705)	(9,705)	(400)	(10,105)
		(227)	**-**	**(374)**	**1,233**	**(8,417)**	**(7,785)**	**(2,488)**	**(10,273)**
Balance at 31 December 2017		**308,500**	**(208)**	**8,333**	**(454)**	**69,053**	**385,224**	**128**	**385,352**

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

	Notes	Half year 31 Dec 2017 $'000	31 Dec 2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		277,767	244,351
Payments to suppliers and employees (inclusive of goods and services tax)		(259,781)	(218,478)
Cash generated from operations		17,986	25,873
Interest received		98	218
Finance costs paid		(4,529)	(3,452)
Income taxes paid		(5,248)	(2,856)
Net cash inflow from operating activities		8,307	19,783
Cash flows from investing activities			
Payment for acquisition of businesses, net of cash acquired		(800)	(149,816)
Proceeds from the sale of property, plant and equipment		1,015	15,814
Payments for property, plant and equipment		(23,308)	(19,859)
Net cash (outflow) from investing activities		(23,093)	(153,861)
Cash flows from financing activities			
Net proceeds from the issue of ordinary shares	6	-	82,632
Payments for shares acquired by the Employee Share Trust	6	(1,000)	(1,000)
Proceeds from borrowings		43,000	129,000
Repayment of borrowings		(29,766)	(70,838)
Dividends paid to company's shareholders	5	(8,932)	(5,390)
Dividends paid to non-controlling interest in subsidiaries		(400)	(444)
Net cash inflow from financing activities		2,902	133,960
Net (decrease) in cash and cash equivalents		(11,884)	(118)
Cash and cash equivalents at the beginning of the half-year		33,856	31,952
Cash and cash equivalents at the end of the half-year		**21,972**	**31,834**

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

1 | BASIS OF PREPARATION OF HALF YEAR REPORT

Statement of Compliance
This general purpose financial report for the interim half-year reporting period ended 31 December 2017 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 34.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the 30 June 2017 annual financial report and any public announcements made by Tox Free Solutions Limited (Toxfree) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting periods.

Impact of standards issued but not yet applied by the entity
There were no new standards issued since 30 June 2017 applied by Toxfree. The 30 June 2017 annual report disclosed that Toxfree anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date.

Significant accounting judgements and estimates
The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

2 | SEGMENT INFORMATION

The Company has four reportable segments

- Health Services (HS)
- Technical and Environmental Services (TES)
- Industrial Services (IS)
- Waste Services (WS)

The Managing Director (chief operating decision maker) assesses the performance of the operating segments based on a measure of EBITDA. This measure excludes the effects of equity settled share-based payment transactions. 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.

Half year 31 December 2017	**HS $'000**	**TES $'000**	**IS $'000**	**WS $'000**	**Total $'000**
Total segment revenue	51,703	61,434	107,218	65,665	286,020
Inter segment revenue	(5,823)	(15,239)	(4,471)	(5,187)	(30,720)
Revenue from external customers	**45,880**	**46,195**	**102,747**	**60.478**	**255,300**
EBITDA	**13,211**	**9,524**	**17,467**	**11,449**	**51,651**
EBIT	**9,634**	**5,064**	**11,422**	**5,606**	**31,726**
Half year 31 December 2016					
Total segment revenue	7,502	85,700	77,884	93,483	264,569
Inter segment revenue	(187)	(18,785)	(3,370)	(4,466)	(26,808)
Revenue from external customers	**7,315**	**66,915**	**74,514**	**89,017**	**237,761**
EBITDA	**2,009**	**15,851**	**12,839**	**19,836**	**50,535**
EBIT	**1,387**	**10,568**	**8,080**	**12,193**	**32,228**
Total segment assets					
31 December 2017	**211,896**	**140,813**	**116,646**	**151,726**	**621,081**
30 June 2017	211,477	156,293	92,281	155,967	616,018
Total segment liabilities					
31 December 2017	**11,148**	**20,748**	**16,522**	**13,120**	**61,538**
30 June 2017	8,043	27,987	13,306	18,941	68,277

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	Half-year	
	31 Dec 2017 $'000	31 Dec 2016 $'000
Segment EBITDA	51,651	50,535
Finance costs	(4,335)	(3,307)
Share-based payment expense	(914)	(840)
Depreciation and amortisation	(21,188)	(19,216)
Employee expenses	(9,992)	(9,381)
Travel and motor vehicle expenses	(831)	(846)
Occupancy costs	(771)	(928)
Other corporate costs	(245)	(953)
Acquisition, integration, disposal and rebranding costs	(1,917)	(5,914)
Restructuring costs	(1,994)	-
Profit before income tax from continuing operations	9,464	9,150

3 | OTHER INCOME

	Half-year	
	31 Dec 2017 $'000	31 Dec 2016 $'000
Interest received	98	218
Net gain on disposal of plant and equipment	211	357
Sundry and other income	785	313
	1,094	888

4 | EXPENSES

Profit before income tax includes the following specific expenses:

	Half-year	
	31 Dec 2017 $'000	**31 Dec 2016 $'000**
Amortisation	2,482	1,691
Bad and doubtful debts	465	387
Depreciation	18,706	17,525
Insurance and workers compensation costs	3,615	2,843
Labour costs	87,582	79,370
Motor vehicle expenses	13,121	12,207
Hire of equipment and operating lease rental expenses	13,809	13,753
Share-based payment expense*	914	840
Superannuation contributions	5,790	5,218
Travel expenses	2,520	2,438
Finance costs include:		
Interest and finance charges paid	3,098	2,585
Establishment and other fees	1,237	722
	4,335	3,307

*The valuation of share-based payments involves making estimates and assumptions about the number of options and rights being issued. The issue of some share 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.

5 | DIVIDENDS

Ordinary shares	Half-year 31 Dec 2017 $'000	Half-year 31 Dec 2016 $'000
Dividend paid during the half-year	9,705	6,476
Dividends paid in cash or satisfied by the issue of shares under the DRP were as follows:		
Paid in cash	8,932	5,390
Satisfied by the issue of shares under the DRP	773	1,086
	9,705	6,476

Dividends not recognised at the end of the half-year	Half-year 31 Dec 2017 $'000	Half-year 31 Dec 2016 $'000
Since the end of the half-year the directors have recommended the payment of an interim dividend of 5 cents per fully paid ordinary share (2016: 4.5 cents), fully franked based on tax paid of 30%. The aggregate amount of the proposed dividend expected to be paid on 16 March 2018 out of retained earnings at 31 December 2017, but not recognised as a liability at the end of the half-year, is	9,721	8,728

6 | CONTRIBUTED EQUITY

a) Share capital	31 Dec 2017 Shares	31 Dec 2016 Shares	31 Dec 2017 $'000	31 Dec 2016 $'000
On issue 1 July	194,099,670	143,919,669	309,147	195,457
Share issues during the half year				
DRP issue	319,046	440,665	773	1,086
Institutional entitlement offer	-	26,110,047	-	60,053
Retail entitlement offer	-	10,907,644	-	25,088
Business combination: Daniels Health	-	12,568,000	-	29,409
Capital raising costs	-	-	-	(2,509)
Deferred tax on capital raising costs	-	-	-	753
Employee Share Scheme Issues	-	-	(697)	-
On issue 31 December	194,418,716	193,946,025	309,223	309,337

b) Other equity securities	**31 Dec 2017 Shares**	31 Dec 2016 Shares	**31 Dec 2017 $'000**	31 Dec 2016 $'000
Treasury shares: Employee share trust				
Opening balance 1 July	(176,738)	-	(420)	-
Acquisition of shares	(393,493)	(421,645)	(1,000)	(1,000)
Employee Share Scheme Issues	286,109	-	697	-
On issue 31 December	(284,122)	(421,645)	(723)	(1,000)
Total contributed equity	**194,134,594**	193,524,380	**308,500**	308,337

7 | BUSINESS COMBINATIONS

a) Current period

The have been no significant business combinations during the period under review.

b) Prior period

Details of provisional amounts were disclosed in note 24: Business Combinations of the Group's annual financial statements for the year ended 30 June 2017. There have been no significant adjustments made to any of these provisional amounts in the current reporting period.

8 | CONTINGENCIES

Details of Contingencies were disclosed in note 26 of the Group's annual financial statements for the year ended 30 June 2017.

There has been no significant change in the contingent assets or contingent liabilities of the Group since 30 June 2017.

9 | EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 14 February 2018, the Directors of Tox Free Solutions Limited proposed an interim dividend in respect of the 2018 financial year. The total amount of the dividend is $9,720,936 which represents a fully franked dividend of 5 cents per ordinary share based on tax paid of 30%.

No other matters or circumstances have arisen since the end of the financial period and the date of this report 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 periods.

10 | RELATED PARTY TRANSACTIONS

Performance Rights Granted as part of Total Fixed Annual Remuneration

Total fixed annual remuneration (TFAR) for the Executive and participating Senior Management comprises:

- FAR = base pay, superannuation, other prescribed benefits and in addition;
- FAR PR = fixed annual remuneration performance rights (the Board determined that a percentage of TFAR should be delivered by way of an equity component rather than cash salary, as this would further align executive and senior management to shareholders by ensuring a proportion of their TFAR was aligned to share price performance).

For FY18 there has been no adjustment made to the composition or dollar value of executive and participating senior management TFAR. The TFAR will remain the same as FY17.

On 1 July 2017 303,941 FAR PR were granted based on a 5-day volume weighted average price of $2.40 to 30 June 2017. The vesting period of the FAR PR is 1 July 2017 to 30 June 2018, based on continued service, with 1/12th of the rights vesting each month of completed service during the vesting period.

Performance Rights Granted as part of the Simplified Incentive Plan

The Toxfree Board is committed to a reward framework that is focussed on creating shareholder value, which is supported by an equity ownership culture.

The Board determined that the remuneration of executives and senior management will consist of two key elements i.e. Total Fixed Annual Remuneration (TFAR) and the Simplified Incentive Plan (SIP). The SIP will be delivered by way of equity i.e. a grant of performance rights (PR) and by way of a cash bonus. The equity and cash bonus split is controlled and determined by the Board.

On 1 July 2017 548,830 PR were granted as part of the equity portion of the SIP. The PR grant is based on a 5-day volume weighted average price of $2.40 to 30 June 2017.

The performance period is 1 July 2017 to 30 June 2018 and performance is assessed against a scorecard of internal key performance indicators as determined by the Board.

Once assessed, the PR become performance qualified and vesting is then based purely on continuous service. The vesting schedule is as follows: 25% vest at the end of year 2 after the grant date; 25% vest at the end of year 3 after the grant date; and 50% vest at year 4 after the grant date.

Summary of Performance Rights granted in FY18:

Details	Performance Rights granted as part of TFAR	Target Performance Rights granted as part of SIP	Total
Directors			
S Gostlow *	95,613	174,481	270,094
KMP			
E Goodwin	46,503	130,000	176,503
M Constable	31,725	46,000	77,725
J Dixon	32,368	46,000	78,368
S Bagshawe	26,279	25,667	51,946
J Bovell	21,684	32,083	53,767
Senior Management	49,769	94,599	144,368
	303,941	**548,830**	**852,771**

* The grant to Mr S Gostlow was approved by the shareholders at the Annual General Meeting held on 22 November 2017.

The share-based payment expense to 31 December 2017 was $914,000 (2016: $840,000).

11| INTANGIBLES

	31 Dec 2017 $'000	30 Jun 2017 $'000
Opening cost	371,219	193,155
Opening accumulated impairment	(16,256)	(11,818)
Opening net book amount	354,963	181,337
Movements:		
Opening net book amount	354,963	181,337
Licences, permits, intellectual property and customer related acquisitions	-	48,354
Goodwill acquired during acquisition of businesses (refer to note 7)	-	129,640
Goodwill adjustments	699	70
Amortisation	(2,482)	(4,438)
Closing net book amount	353,180	354,963
Closing cost	371,918	371,219
Closing accumulated amortisation	(18,738)	(16,256)
Closing net book amount	353,180	354,963

12 | LOANS AND BORROWINGS

As at 31 December 2017, the contractual maturities of the Group's financial liabilities were as follows:

Contractual maturities of financial liabilities At 31 December 2017	Within 1 year $'000	Between 1 and 5 years $'000	> 5 years $'000	Contractual cash flows $'000	Carrying amount liabilities $'000
Non-derivatives					
Trade payables and other payables	54,992	1,755	-	56,747	56,747
Bank loans^	206,427	-	-	206,427	201,750
Lease liabilities	2,657	705	-	3,362	3,222
Total non-derivatives	264,076	2,460	-	266,536	261,719
Derivatives					
Net settled – interest rate swaps	297	-	-	297	297

^ excludes prepaid establishment costs

Contractual maturities of financial liabilities At 30 June 2017	Within 1 year $'000	Between 1 and 5 years $'000	> 5 years $'000	Contractual cash flows $'000	Carrying amount liabilities $'000
Non-derivatives					
Trade payables and other payables	62,853	1,772	-	64,625	64,625
Bank loans^	4,759	193,840	-	198,599	187,250
Lease liabilities	2,731	1,965	-	4,696	4,393
Total non-derivatives	70,343	197,577	-	267,920	256,268
Derivatives					
Net settled – interest rate swaps	725	-	-	725	725

^ excludes prepaid establishment costs

13 | FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
c) 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 financial assets and financial liabilities measured and recognised at fair value at 31 December 2017 and 30 June 2017 on a recurring basis:

At 31 December 2017	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
Liabilities				
Derivatives used for hedging	-	297	-	297
Total liabilities				297

At 30 June 2017	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
Liabilities				
Derivatives used for hedging	-	725	-	725
Total liabilities				725

Valuation techniques used to derive level 2 fair values
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.

Fair values versus carrying amounts of other instruments

The Group also has a number of financial instruments which are not measured at fair value in the consolidated balance sheet. The financial instruments have the following values:

Details	31 Dec 2017 Carrying amount $'000	31 Dec 2017 Fair value $'000	30 June 2017 Carrying amount $'000	30 June 2017 Fair value $'000
Bank loans^	201,750	206,427	187,250	188,946
Lease liabilities	3,222	3,315	4,393	4,531
Total borrowings	204,972	209,742	191,643	193,477

^ excludes prepaid establishment costs

The carrying amounts of cash and cash equivalents, trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of borrowings 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 directors of the Company declare that:

a) The consolidated financial statements, comprising; the income statement and statement of comprehensive income; balance sheet; statement of cash flows; statement of changes in equity; and accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (i) Comply with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001;* and

   (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.

b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Robert McKinnon
Chairman

Perth
14 February 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tox Free Solutions Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Tox Free Solutions Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(a) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 14 February 2018