toxfree

Annual Report

30 June 2015

ABN 27 058 596 124

Contents	Page

Corporate Directory
30 June 2015

Directors

Robert McKinnon | Non-Executive Chairman

Katherine Hirschfeld | Non-Executive Director

Richard Allen | Non-Executive Director

Michael Humphris | Non-Executive Director

Stephen Gostlow | Managing Director

Secretary

David McArthur

Principal place of business

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OSBORNE PARK WA 6017
PO Box 1108
OSBORNE PARK WA 6916

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NEDLANDS WA 6909

TEL: +61 8 9423 3200
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Share register

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000

TEL: 1300 787 272

Corporate Directory
30 June 2015

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.

FY15 Key Highlights

The Directors of Tox Free Solutions Ltd ("Toxfree", the "Company" or "Group") (ASX: TOX) are pleased to announce the Company's financial results for the year ended 30 June 2015.

The Company delivered sound growth in earnings to record Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $ 71.9m* up 8% on FY14 and Net Profit After Tax (NPAT) of $23.0m*.

The Board is pleased to announce a final dividend of 4.5 cents per share which will be fully franked based on tax paid of 30%, bringing the total dividend for the 2015 financial year to 8.5 cents per share fully franked. This is a 42% increase on the previous year's dividend. The 8.5 cent dividend represents a 50% (2014: 35%) return of underlying net profit after tax to ordinary shareholders.

The dividend record date to determine entitlements is 7 September 2015 and the payment date is 29 September 2015. The company dividend reinvestment plan is available for all shareholders wishing to participate.

The key highlights of the financial year were:

Financial

Group results	FY15 $'000	FY14 $'000	% Change
Revenue - Services	407,278	369,997	10%
EBITDA *	71,876	66,639	8%
EBIT *	40,148	39,197	2%
Profit before tax *	33,643	32,692	3%
Profit after tax *	22,970	22,982	0%
Underlying earnings per share (cents) *	17.00	17.27	(2)%
Dividend (cents per share)	8.5	6	42%
Cash Conversion as a % of Statutory EBITDA	102%	90%	1200bps

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail)*

Safety

- Safety performance continues to improve as we strive for our "Harmfree" vision of zero tolerance to any injury and our belief that all injuries can be prevented.
- Significant improvement in all key metrics ^ with a Lost Time Injury Frequency Rate of zero, Total Recordable Injury Frequency Rate of 8.3 (24% reduction) and an All Injury Frequency Rate of 43.2.
- Job site safety inspections and completed QUEST actions, which the Company uses to promote hazard identification and safety awareness, have increased by 201%.
- The entire business is now certified through SAI Global to AS/NZS 4801, AS/NZS ISO 9001 and AS/NZS ISO 14001 standards.

^ Safety metrics are accurate as at the time of publication

Operations

Technical and Environmental Services

Results	FY15 $'000	FY14 $'000	% Change
Revenue	53,367	63,763	(16)%
EBITDA *	19,883	22,442	(11)%
EBIT *	14,631	17,814	(18)%

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail)*

- Outstanding performance from east coast facilities partially offsets reduction in earnings from Western Australian resource sector.
- Household hazardous waste contracts and volumes continue to increase.
- New Waste to Energy facility in the Pilbara has reached an important milestone achieving planning consent.
- Emphasis on cost savings and reducing third party disposal costs has helped sustain margins in a competitive market and low growth economy.

Industrial Services

Results	FY15 $'000	FY14 $'000	% Change
Revenue	103,828	97,831	6%
EBITDA *	18,096	18,449	(2)%
EBIT *	9,902	9,796	1%

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail)*

- Industrial Services in Victoria and services for Telstra, on the National Broadband Network, were highlights for this business.
- Central Queensland regions of the Surat Basin and Gladstone continue to perform well.
- Services in Western Australia to the mining, oil and gas sector continued to grow with a number of projects completed for ConocoPhillips, Apache, Chevron and Woodside.
- Awarded industrial services contract for Wheatstone LNG Project in Onslow.
- Expanded our network of dedicated Industrial Services Business Units in the Darwin and Broome regions, off the back of contract award for Inpex tank cleaning works.

Waste Services

Results	FY15 $'000	FY14 $'000	% Change
Revenue	250,083	208,403	20%
EBITDA *	62,084	52,980	17%
EBIT *	45,045	39,931	13%

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail)*

- Pilbara region continued its strong performance servicing existing iron ore and LNG producers.
- Queensland commercial waste volumes and earnings increased on FY14.
- Services to Chevron's Gorgon project on Barrow Island continued to perform well, and we have achieved over 1,000,000 man hours without lost time injury.
- Implemented new Radio Frequency Identification Device (RFID) bin tracking technology for both the Shire of Broome, and City of Geraldton household waste contracts.
- 13% organic growth within regional Queensland.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Revenue for financial year 2015 was $407.3m, an increase of 10% compared to the previous corresponding period (2014: $369.9m). Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 8% to $71.9m* (2014 $66.6m). Earnings Before Interest and Tax (EBIT) increased by 2% to $40.1m* compared to the previous corresponding period (2014: $39.2m).

Profit before tax was $33.6m* an increase of 3% on FY14. The net profit after tax for the financial year ending 30 June 2015 was $23m which was in line with last year's result. This result includes the effect of the share-based payment expense of $0.572m (2014: $0.373m).

The Company views the above results as an excellent achievement during a challenging time in the Australian economy and further demonstrates the diversity and resilience of Toxfree's business and strategy.

At the commencement of financial year 2015 the Executive team put in place a number of initiatives aimed at increasing our revenue, reducing our costs and improving our productivity. I am pleased to say that these initiatives helped deliver further growth for Toxfree.

Toxfree has a sound and focussed strategy that has been implemented over the last ten years. The entire waste market in Australia is estimated at $14Bn** p.a. and growing at over 5% p.a. We have estimated Toxfree's target market at $5Bn, and even though conditions are challenging in many of these industry sectors, we have been able to grow our business by capturing further market share. We have also proactively improved our productivity, reduced costs, implemented innovative systems and expanded our whole of service offering, while continuing to lift our high level of safety standards. We believe these actions have further strengthened our relationships with our clients for the long-term.

This year we have seen continued improvement in our safety performance with our Total Recordable Injury Rate reducing by 24%.

There has been significant focus on improving cash conversion in the second half of the year after timing issues associated with the transfer of Gorgon work from Toll to Chevron impacted the first half. Second half cash conversion was 143% of Statutory EBITDA which improved the full year cash conversion rate to 102%. At June 30, Toxfree had cash in bank of $19.7m, net borrowings of $80.8m and net debt to equity of 32%. Net capital investment in the business was $44m during the period which included $9m for the new Enterprise Resource Planning (ERP) system.

The company income tax rate was 32%, adversely impacted by the sum of non-deductible expenses of intangible contract amortisation and share based payments.

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail)*

*(**Source: inside waste, Industry Report 2014-15, IBIS – Waste Disposal Services in Australia 2014)*

Rebranding of the Toxfree business and fleet has now been successfully completed.

Toxfree provides a diverse range of services, across multiple industry sectors, covering all areas of Australia. With 57 profit centres across the country, servicing over 10,000 customers our business is flexible, diversified and resilient.

We have experienced mixed trading conditions across the county. We have continued to gain additional commercial and industrial customers in Queensland. In regions like the Pilbara and Kimberly, we have seen a decline in earnings from resource based construction activities, though our services to existing iron ore and LNG customers in the region have continued to perform well. We are optimistic about future growth in commodity production of both LNG and Iron Ore. In the coming years the number of producing LNG trains in Australia will grow from 7 to 20 across the Pilbara, Darwin and Central Queensland regions. Services outside of the producing customers such as offshore oil and gas exploration were down on previous years.

Our Technical and Environmental services business is very diverse. While we have seen a decline in waste volumes from the power infrastructure sector and the resource sector, we have continued to see growth in household hazardous waste volumes and remediation activities.

Toxfree has exposure to the civil infrastructure sector through our industrial services business. Our services to Telstra for the NBN project have been a highlight this year. We are optimistic about the expected re-emergence of the civil infrastructure sector in Australia, and in time, improvement in Australian economy overall.

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' already submitted pending award.

Health Safety

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

Toxfree continues its quest to be 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.

Toxfree continues its record of success delivering its third year of significant improvement in all key safety metrics ^ with a Lost Time Injury Frequency Rate of zero, Total Recordable Injury Frequency Rate of 8.3 (24% reduction) and All Injury Frequency Rate of 43.2. The Group remains on track to achieve its 2020 Objectives for a Total Recordable Injury Frequency Rate of 4 and All Injury Frequency Rate of 25.

^ Safety metrics are accurate as at the time of publication

Our current performance is built on a base of systems and processes, which we continue to improve and refine. The entire business is now certified through SAI Global to AS/NZS 4801, AS/NZS ISO 9001 and AS/NZS ISO 14001 standards.

We recognise values and culture will be the core of continued growth and improvement. We are placing our efforts on taking the business from a rules driven focus, to a values led culture, where everyone has a personal understanding and commitment to our Harmfree vision, itself built on the values of Safety.Reliability.Sustainability.

SUMMARY OF RESULTS

Table 1 | Group Results

Group results	FY15 $'000	FY14 $'000	% Change
Revenue - Services	407,278	369,997	10%
EBITDA *	71,876	66,639	8%
Amortisation	(2,073)	(2,697)	(23)%
Depreciation	(29,655)	(24,745)	20%
EBIT *	40,148	39,197	2%
Finance expenses	(6,505)	(6,505)	0%
Profit before tax *	33,643	32,692	3%
Income tax expense *	(10,673)	(9,710)	10%
Underlying Profit after tax *	22,970	22,982	0%
Statutory Profit after tax	21,994	21,724	1%
Profit attributable to Toxfree Owners	21,768	21,724	0%
Non-controlling interest in profit	226	-	100%
Underlying earnings per share (cents) *	17.00	17.27	(2)%
Shares on issue at reporting date ('000)	134,007	133,752	0%
Weighted average number of shares ('000)	133,806	133,064	1%

**Non-IFRS Financial Information: FY2015 and FY2014 adjustments that were adjusted to reflect the underlying performance of the business are:*

FY15

- Acquisition costs including advisor, consultant, legal and rebranding costs of $1.395M (Corporate).

These adjustments resulted in an increase in underlying NPAT of $0.976M (before tax of $1.395M).

FY14

- 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 $1.258M (before tax of $1.796M).

Review of Operations

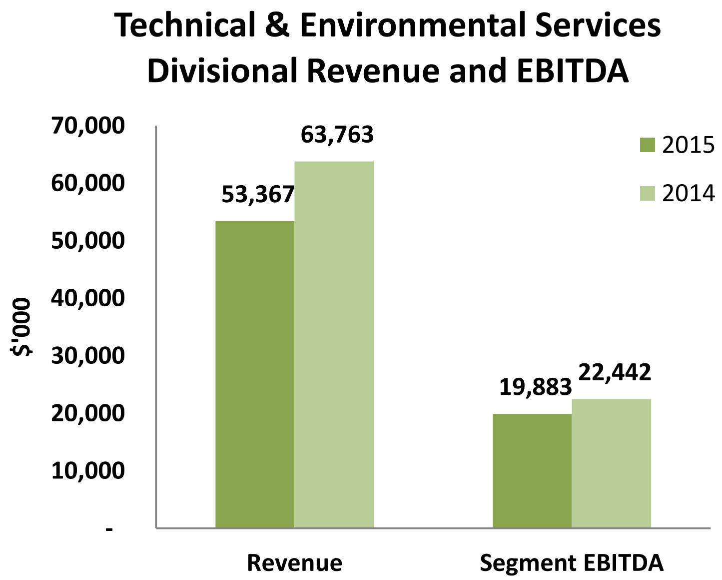
The Company has three segments. The three reportable segments are:

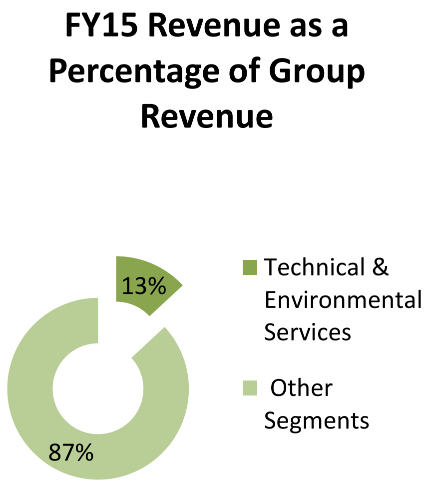
1. Technical and Environmental Services
2. Industrial Services
3. Waste Services

Technical and Environmental Services

Results	FY15 $'000	FY14 $'000	% Change
Revenue	53,367	63,763	(16)%
EBITDA *	19,883	22,442	(11)%
EBITDA margins (%)	37%	35%	200bps
Amortisation	300	565	(47)%
Depreciation	4,952	4,063	22%
EBIT *	14,631	17,814	(18)%
EBIT margins (%)	27%	28%	(100)bps

**Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail*





The Technical and Environmental Services Division (TE&S) is an important part of our total waste management strategy in which we can offer our clients treatment solutions for any type of waste they produce.

We are continuing to broaden the scope of our TE&S services through our Centres of Excellence program to manage a greater range of problematic waste streams. We have done this through investment in new treatment technologies and upgrade of our existing facilities to maximise their strategic licenses and gain greater efficiencies.

This focus has enabled Toxfree to offer our clients broader, competitive and sustainable treatment solutions, at a time when it is critical for our client's to reduce costs, and improve productivity to maintain global competiveness.

During this financial year the performance from this division was down on the previous year, achieving revenue of $53.4m and EBITDA of $19.9m.

Volumes from the resource sector were lower following a reduction in activity from the Pilbara region. This reduced activity impacted the Western Australia economy, including Perth, and overall Western Australian waste volumes were lower than the prior corresponding period.

Our east coast treatment facilities in NSW and Victoria were highlights for the TE&S business achieving their best financial results on record. Victoria was 14% up and NSW 18% up on prior year EBIT. The diversity of our treatment solutions and the industry sectors serviced contributed to our success. Our Household Hazardous Waste collection and treatment programs coordinated with state government agencies, have continued to perform well.

Our Waste to Energy facility planned for our Karratha site continues through the approval and development process. The amendment to the Shire of Roebourne Town Planning Scheme has been endorsed, and we are in the final stages of Basic Engineering Design required to submit the proposal for final environmental approval. The facility is earmarked to be complete during FY17 in time for the estimated increase in industrial waste production from the commissioning and operation of new LNG trains coming on line in the region.

There were also a number of contracts and projects completed during the period which assisted in the performance of TE&S. Some of the projects included:

- A contract by the Department of Defence to destroy their stock of PFOS (a flame retardant chemical) using Plascon technology. PFOS is considered as a Persistent Organic Pollutant under the Stockholm Convention.
- An exclusive contract with NSW EPA for the management of Household Hazardous Wastes as part of the Community Recycling Centre program throughout NSW.
- An innovative water treatment solution for the management of drill muds and flow back waters from the Coal Seam Gas and Liquid Natural Gas sector.
- A development contract in Ghana for the use of our patented Dolocrete technology to treat a large stockpile of arsenic contaminated residues.
- Successfully treated a host of intractable wastes from Papua New Guinea in conformance with the Waigani Convention.

In January 2015, Toxfree expanded its geographical footprint into central Australia through the acquisition of GBR Environmental Services who provide hydrocarbon collection and remediation services within the region. Together with our existing hazardous waste facility in Adelaide, the business will provide the scale to develop and grow this business into a new geographic market for Toxfree.

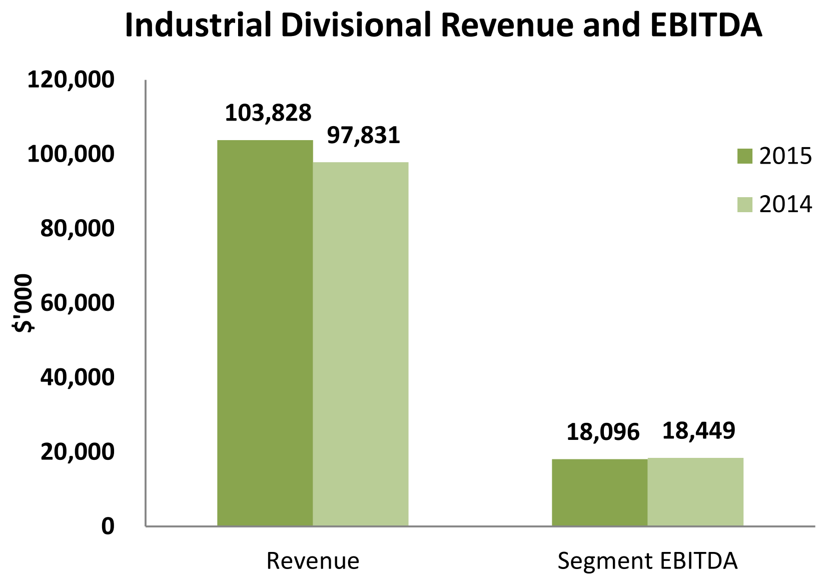
There are a number of key environmental and regulatory drivers that contribute to growth in the available market usually at a rate greater than population or industry growth. Increasing environmental awareness from the community, corporate social responsibility, increasing landfill disposal rates and tightening regulations are all positive key drivers in our business. An example of this is the planned Paint Product Stewardship Scheme being implemented by the Australian Paint Manufacturers Federation (APMF) designed to promote the appropriate disposal and management of waste paint in Australia. Toxfree has played an active role in the development of the product stewardship program for redundant paint, due to be rolled out by the APMF in May 2016. Through this programme we expect greater volumes of waste paint will be diverted to resource recovery and recycling.

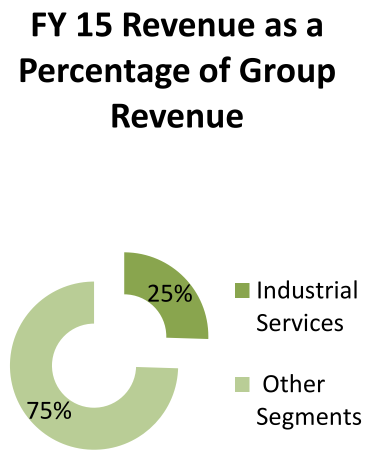
In the future we also expect a greater portion of remediation projects, and an increase in remediation related wastes driven by the key drivers outlined above.

Industrial Services

Results	FY15 $'000	FY14 $'000	% Change
Revenue	103,828	97,831	6%
EBITDA *	18,096	18,449	(2)%
EBITDA margins (%)	17%	19%	(200)bps
Amortisation	103	435	(76)%
Depreciation	8,091	8,218	2%
EBIT *	9,902	9,796	1%
EBIT margins (%)	10%	10%	0bps

**Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail*





The Industrial Services (IS) division had a much improved year in terms of safety and achieved solid financial performance. Our strategy is to offer a broad range of services covering all industry sectors. We believe this strategy will ensure Toxfree is well placed to gain the benefits from industry sectors as they traditionally move through their cycles. Not all industry sectors are growing at the same time and similar rates and this diversity strengthens our business.

Revenue was up 6% to $103.8m on the prior period with EBITDA comparable at $18.1m.

Victoria, South West Western Australia, Darwin and Gladstone were the main regional areas contributing to earnings.

In Victoria we have been successful gaining further market share within the Industrial and Manufacturing sectors and we have enjoyed the stability in servicing the Municipal and Civil Infrastructure sectors.

At the commencement of financial year 2015 we were successful in expanding our services for Telstra's NBN rollout in the states of Queensland, Victoria and the Northern Territory. The IS team has a solid track record delivering safe, sustainable and reliable services to Telstra, and we are confident this work will continue for some time.

In Western Australia and the Northern Territory there were a number of highlights including:

- Awarded the Wheatstone LNG Project in Onslow for Industrial Services
- Establishing dedicated Industrial Services Business Units in the Darwin and Broome regions, off the back of the contract award for the Inpex tank cleaning works.
- The Oil and Gas offshore division continued to grow with a number of projects completed for ConocoPhillips, Apache, Chevron and Woodside.

In Central Queensland's Surat Basin we expanded our works with Origin, including the operations of the Land Spray Unit, which is an Australian first within the Oil and Gas Industry.

We completed another successful year with our QAL contract, from a safety and productivity perspective; enabling our Gladstone business to expand its services to include Rio Tinto's Yarwun Refinery.

There was consistent performance from our Mackay business with our preferred supplier agreement with Wilma Sugar, supplying shutdown and ongoing maintenance works.

Strategically, we also introduced a dedicated industrial services operation into Tasmania, which should see a sound platform for growth.

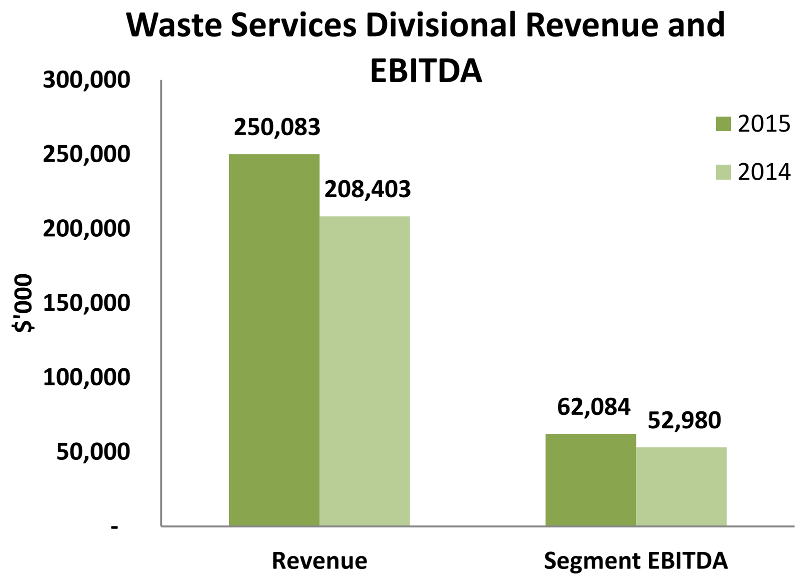
The return on invested capital improved by 2% within this division through improved debtor management, improved utilisation of fleet, and by leveraging company purchasing power.

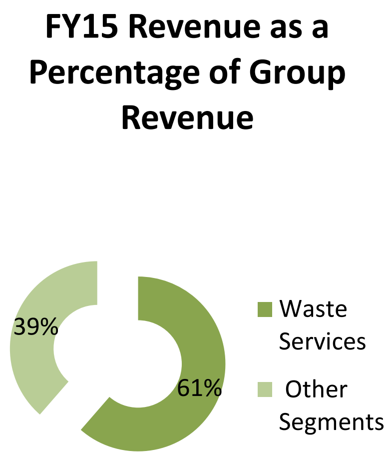
There are a number of industrial services contracts coming up in financial year 2016 and we are confident on our ability to grow this business.

Waste Services

Results	FY15 $'000	FY14 $'000	% Change
Revenue	250,083	208,403	20%
EBITDA *	62,084	52,980	17%
EBITDA margins (%)	25%	25%	0bps
Amortisation	1,671	1,696	(1)%
Depreciation	15,368	11,353	35%
EBIT *	45,045	39,931	13%
EBIT margins (%)	18%	19%	(100)bps

**Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail*





The Waste Services division performed very well during the period, with revenue increasing by 20% to $250.1m and EBITDA by 17% to $62.1m.

Over the last few years Toxfree has strategically diversified its operations across a broader range of industry sectors and geographies in Australia. Services include total waste management contracts to large clients, predominantly in remote regions, municipal and commercial services mainly in Western Australia, Northern Territory, Queensland and Tasmania. This diversity has assisted the business achieve sound performance in our Waste Services division in 2014/15.

The Pilbara region has performed well with the main contribution to earnings coming from services to Iron Ore and LNG customers.

During the year our contracts with Rio Tinto Iron Ore, FMG, Chevron, Apache and other operators in the Pilbara region performed well. We are proud of our safety track record which has been acknowledged by all of our clients. We have now achieved over 6 years without Lost Time Injury in this region. Toxfree services were also formally recognised by Rio Tinto's Utilities Division, as an important partner in their operations. The Utilities Division was the recipient of the Rio Tinto CEO award for safety across all of Rio Tinto's operations globally. Toxfree are proud to support the Utilities division in their achievements.

On 1 October 2014 we transitioned our Gorgon operations from Toll Energy directly to Chevron under a new 5 + 5 year contract to manage all waste from Chevrons operations across Australia. Currently this scope includes waste management from the Gorgon project on Barrow Island. The waste transfer station on Barrow Island is complete and we are working at improving waste handling efficiencies on the island for our client. We have achieved over 1,000,000 work hours without lost time injury. Other highlights include the successful transition of our workforce to a 2 week on 2 week off production roster, which will assist bedding efficiency and provide further cost reductions for Chevron.

Regional Queensland has performed well with revenue up 14% on the prior year. The Surat basin region continues to provide opportunities for Toxfree, and we have been successful in winning new work with Origin and Murphy Pipe and Civil which assisted the region to post record revenue.

Within the Brisbane metropolitan area our revenue was up 5% on last year with new work including Moreton Bay Regional Council Commercial and Industrial Waste contract, Central Queensland TAFE and renewing/extending contracts with Orora, Kmart, Freedom Fuels and Target. Margins in the second half are traditionally lower due to the wet season increasing disposal costs and the higher number of public holidays reducing the number of available collection days.

In Tasmania our results were mixed. Hobart was successful, doubling revenue on the prior year, albeit off a very low base. However, our new Material Recovery Facility (MRF) in Launceston did not meet our expectations during this period. In late 2013 Toxfree commissioned a new recycling facility to enable recycling of domestic waste. Volumes through the facility are relatively high however the facility had a number of operational issues affecting its financial performance. We are comfortable our management team has now rectified the issues and the MRF is operating at a satisfactory level. An important focus is improving the performance of this region in financial year 2016.

There were a number of new contracts awarded in Tasmania including Tassal Fish Processing, Tasmania Water, Tasmania Fire Service and Sorell City Council.

The safety, reliability and presentation of our fleet remains a key focus for Toxfree and we continue to upgrade our fleet with new vehicles across Australia. In doing so we have now achieved an average fleet age of 6 years which we believe provides the appropriate balance between safety, reliability, and return on our capital.

The award of long term Total Waste Management contracts for this division remains a key focus, with a number of tenders' submitted pending award or in progress.

Unallocated Corporate EBIT | Overview

Corporate	30 June 2015 $'000	30 June 2014 $'000	% Change
Revenue - Services	407,278	369,997	10%
Finance expenses	(6,505)	(6,505)	0%
Unallocated EBITDA	(29,578)	(27,957)	6%
Unallocated EBITDA *	(28,183)	(27,232)	3%
EBITDA * to revenue	6.9%	7.4%	(50)bps
Depreciation - corporate	(1,243)	(1,112)	12%
EBIT	(30,821)	(29,069)	6%
EBIT *	(29,426)	(28,344)	4%
EBIT * to revenue	7.2%	7.7%	(50)bps

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further details).*

Unallocated Corporate EBITDA increased by 3% on FY14 to $28.2m*.

Overall unallocated corporate EBITDA *expenses were 6.9% of Revenue, down 50bps from the previous financial year.

Unallocated Corporate includes the IT, Finance, Human Resources, OHSEQ, Risk and some regional shared service administration teams.

The successful staged implementation of the ERP system involved capitalising direct costs associated with the development of the system. However, not all associated IT costs are eligible for capitalisation and these were expensed contributing to the increase in corporate costs this year. $0.4M related to expenses incurred from the implementation of the company's new ERP.

Net capital expenditure at $44M includes $9m relating to the new ERP.

Risk Framework

Risk awareness and ownership is a key element of managing our business. Across our HSEQ systems, we have a layering of risk management tools, which ensure relevant business owners, and stakeholders are engaged and mobilised to identify, understand and manage risk within the business.

Culturally we seek to optimise our risk appetite and ensure relevant decision makers remain risk aware, not risk averse, so we can optimise our opportunities and mitigate uncertainty in a safe and reliable manner.

Our People

Toxfree continues to focus on developing our people to achieve our goals. Toxfree encourages every employee to undertake training and skills development every year, not only for their current specific role but in other diverse areas such as safety, indigenous awareness and leadership. Employees from all levels of the business continue to receive support in achieving qualifications to enhance their skills and therefore enhance the delivery of the service to our clients.

We attract and employ people with exceptional skills who share our values. Throughout Toxfree, employment opportunities are offered on the basis of merit and we actively look to promote from within. Every individual applying for a position with us is evaluated according to their job-related skills, qualifications, abilities, aptitudes and alignment with Toxfree values. Toxfree remains committed to diversity and we recognize this is a journey and our recruitment and selection strategies has seen the percentage of women employees in the organisation increased to 19.

A highlight for this financial year has been the ongoing success in our engagement with local communities and indigenous groups. Together with our joint venture partner (Pilbara Logistics), Toxfree has grown diversity through indigenous employment to now 5% of total full time equivalent positions. A further highlight has been the introduction of cultural awareness training to all Toxfree employees. True diversity will only emerge through ongoing awareness and education of all of our employees.

Over time Toxfree will develop further opportunities for communities to partner with us in self-employment and local enterprise. Through our Reconciliation Action Plan we update our targets and focus points to ensure we achieve meaningful and relevant outcomes. Our indigenous trainee ship established last financial year had 2 successful graduates for the year, which led to full time positions with the company. As a service company our people are our strongest asset and we continue to focus on training and development at all levels of the organisation, encourage diversity to broaden our skills, and endeavour to develop a culture in line with our values of safe, reliable and sustainable.

Sustainability & Environment

Understanding the environmental impact of our operations is critical; and it allows us to reduce the impacts through applying our ISO certified management system to;

- Develop systems for establishing a baseline of our greenhouse gas emissions,
- Seeking operational efficiencies and innovative solutions to reduce our carbon footprint,
- Maximising opportunities to divert waste from landfill, particularly in regional communities we service,
- Development of waste tracking life cycle systems allowing tracking of waste from source to recycling, destruction, or disposal,
- Monitoring our compliance with legislation, licenses and best practice through a comprehensive monitoring, auditing and due diligence.

We view all waste as an opportunity and appreciate the correct technology and skills can ensure the recovery and reuse of vital resources. Through our commitment to sustainability, Toxfree has been successful in building tailored leading technical solutions, solving our customers pressing environmental challenges.

Some of our successes include:

- Use of our unique land spray units to convert drill muds to beneficial reuse, improving pastures for agricultural use,
- Processing of drilling production water from Coal Seam Gas (CSG) to remove hydrocarbon and enable water reuse,
- Destruction of persistent organo-pesticides via plasma arc incineration.

The opportunities within the waste management sector are exciting and Toxfree is actively searching for leading edge opportunities to bring best available solutions to the Australian market. Through the investment in intelligent solutions, and the expansion of our existing national network, Toxfree is well positioned to become Australia's leading provider of environmental solutions for industry's most challenging problems.

Community

Supporting local community provides many benefits both economic and social such as maximising local employment opportunities, supporting local community groups, events and charities. The expansion of our schools program to assist education in sustainable waste management practices which can be applied throughout the community helps build these relationships from the ground up.

Developing procurement relationships with organisations which share our focus on sustainable procurement practices in the communities in which we operate, is also an enabler for Toxfree to achieve important goals. Engagement with local traditional owners in our communities, aiming to provide training and employment opportunities to Indigenous Australians, can be extended to supporting opportunities, self-employment and private enterprise engagement.

Business practices and systems

Enterprise Resource Planning

The integration of our business using our upgraded Enterprise Resource Planning (ERP) system was completed this financial year. The project was carried out over the last 18 months, with the aim of improving business process efficiencies, reducing risk and developing our business intelligence and analysis capability. The ERP ensures capacity to handle Toxfree's future growth plans.

Legal entity consolidation

The consolidation of our legal entities into our preferred structure of one operating entity has continued. We are in the final stages of winding up all dormant entities and expect to have the project completed within the next six months. The movement to a single operating entity improves business efficiencies, reduces costs and enables seamless integration of new businesses.

STATEMENT OF CASH FLOWS

Table 2 | Group Cash Flow

Group Cash Flow	30 June 2015 $'000	30 June 2014 $'000	% Change
Gross operating cash flow	72,111	58,515	23%
Other revenue	370	737	(50)%
Net interest paid	(4,869)	(4,817)	1%
Income taxes paid	(6,329)	(7,192)	(12)%
Net operating cash flows	**61,283**	**47,243**	**30%**
Payments for acquisition of businesses and intangibles	(5,328)	(911)	484%
Proceeds from sale of property, plant and equipment	3,019	1,521	98%
Purchases of property, plant and equipment	(42,297)	(25,574)	65%
Net investing cash flows	**(44,606)**	**(24,964)**	**79%**
Net proceeds from borrowings / (repayment of borrowings)	(1,333)	(21,422)	(94)%
Payments for shares acquired by Share Trust	(775)	-	100%
Dividends paid	(8,788)	(10,624)	(17)%
Dividends paid to non-controlling interests	(2,240)	-	100%
Proceeds from the issue of share capital (net of capital raising costs)	-	3,199	(100)%
Net financing cash flows	**(13,136)**	**(28,847)**	**(54)%**
Net increase / (decrease) in cash	**3,541**	**(6,568)**	**(154)%**
Cash at the beginning of the year	16,168	22,736	(29)%
Cash at the end of the year	**19,709**	**16,168**	**22%**

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BALANCE SHEET

Table 3 | Group Balance Sheet

Balance Sheet	30 June 2015 $'000	30 June 2014 $'000	% Change
Cash	19,709	16,168	22%
Trade and other receivables	88,586	81,633	9%
Inventories	241	296	(19)%
Tax assets	7,954	8,167	(3)%
Property, plant and equipment	153,486	134,858	14%
Intangibles	151,388	149,572	1%
Total assets	**421,364**	**390,694**	**8%**
Trade and other payables	46,451	38,076	22%
Borrowings	100,517	97,463	3%
Employee benefits	8,487	7,430	14%
Tax liabilities	6,908	2,674	158%
Provisions	6,402	6,971	(8)%
Derivative financial instruments	1,864	1,098	70%
Total liabilities	**170,629**	**153,712**	**11%**
Total equity	**250,735**	**236,982**	**6%**
Gross debt to equity	40%	41%	(100)bps
Net debt to equity	32%	34%	(200)bps

OUTLOOK

Earlier this Calendar year the Board, Executive and General Managers participated in a 5 year strategic planning process. Jointly the team identified 32 strategic initiatives for assessment and implementation over the next 5 years with the aim of increasing Earnings per Share and Return on Invested Capital. The initiatives are aimed at increasing revenue, reducing costs and strengthening our service offering in all service lines through the introduction of new technologies, complementary services and treatment of a broader range of waste materials.

It has been a challenging period within the Australian market, and we expect these conditions to persist for the 2016 financial year. The Waste market in Australia is estimated at $14 Bn** pa and growing at an average growth rate of over 5%. There are a number of key drivers including increasing costs of landfill, more stringent regulation and community environmental awareness that support growth in our sector. There are many exciting opportunities across Australia and Toxfree is confident we can continue to gain further market share, even in a low growth period of the Australian economy.

There are still industries and regions throughout Australia where we are forecasting growth. For instance, in the coming years Australia is expected to increase its volume of iron ore and coal exports considerably, and the number of LNG production facilities will increase from seven to twenty over the next three years.

In diversifying our revenue streams across multiple sectors and providing Total Waste Management Solutions we believe Toxfree is well placed to continue to grow our business over the long-term. Our cash flows and balance sheet are strong, and through further growth of our core business, and implementation of a number of strategic initiatives, Toxfree is optimistic we will continue to grow shareholder returns.

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

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

STEVE GOSTLOW
Managing Director

*(**Source: inside waste, Industry Report 2014-15, IBIS – Waste Disposal Services in Australia 2014)*

Directors’ Report Contents

30 June 2015

Directors’ Report Contents

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 2015.

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 Directors
Stephen Gostlow

Result

The statutory profit attributable to ordinary equity holders of the Group was $21,768,000 (2014: $21,724,000).

Non-IFRS Financial Information

The underlying profit attributable to ordinary equity holders of the Group was $22,744,000 (2014: $22,982,000).

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 5 to 23 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:

	2015 $'000	2014 $'000
The following dividends were declared and paid:		
Final ordinary dividend for the year ended 30 June 2014 of 3 cents (2013: 5 cents) per share	**4,013**	6,626
Interim ordinary dividend for the year ended 30 June 2015 of 4 cents (2014: 3 cents) per share	**5,350**	3,998
Total dividends provided for or paid	**9,363**	10,624

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $6,030,602 (4.5 cents per fully paid ordinary share) to be paid on 29 September 2015 out of retained earnings at 30 June 2015.

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 5 to 23 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
Subsequent to the year end, the Directors of Toxfree recommended the payment of a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend is $6,030,602 which represents a fully franked dividend of 4.5 cents per share.

Except for the above, no other matters or circumstances have arisen since 30 June 2015 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 5 to 23 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.

Our environmental legal requirements are assessed, managed and monitored through our ISO 14401 certified QUEST Management System.

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

National Greenhouse and Energy Reporting Scheme
The Group has implemented systems for the collection and calculation of the data required under the National Greenhouse and Energy Reporting Scheme.

The Group has triggered the corporate group threshold under the *National Greenhouse and Energy Reporting Act 2007* and registered in August 2014. A report was submitted to the Clean Energy Regulator in October 2014, reporting the Groups corporate and facilities scope 1 and scope 2 emissions and energy consumption for the 2014 financial year.

Finalisation of data collection and calculation for 2015 financial year is underway and Toxfree will report under the scheme in October 2015.

Information on Directors – 30 June 2015
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
Other Directorships in listed entities held in the previous three years	Nil

Stephen Gostlow	**Managing Director**
Qualifications	Environmental Scientist, Graduate of the Australian Institute of Company Directors
Experience	Stephen has over 18 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	1,295,665 ordinary shares, granted 125,482 share performance rights and 533,413 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)

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	152,374 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	Nil

Katherine Hirschfeld	Non-Executive Director
Qualifications	Chemical Engineer, Fellow 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	19,426 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 and InterOil Corporation (NYSE) (POMSoX) (appointed 1 January 2015)
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.

Information on Company Secretary – 30 June 2015
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 2015, and the numbers of meetings attended by each Director were:

	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	10	10	5	5	2	2
Stephen Gostlow ^	10	10	5	5	2	2
Michael Humphris	10	10	5	5	2	2
Richard Allen	10	10	5	5	2	2
Katherine Hirschfeld ş	10	8	5	5	2	2

	Remuneration Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McKinnon	5	5	1	1
Stephen Gostlow ^	5	5	1	1
Michael Humphris	5	5	1	1
Richard Allen	5	5	1	1
Katherine Hirschfeld ş	5	4	1	1

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

ş The meetings that were not attended by Ms Hirschfeld resulted from a period of continued ill health. Pursuant to the Company's Constitution leave was sought from and granted by the Chairman for non-attendance at the respective meetings.

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2015 REMUNERATION REPORT SUMMARY (UNAUDITED)

During the year remuneration of Key Management Personnel (KMP) was benchmarked at the request of the Remuneration Committee by PricewaterhouseCoopers (PwC) against a peer group of companies of a similar size (by market capitalisation), 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($) as at 30 June 2014 ($M)	Primary Industry
Cardno Limited	1,083	Construction and Engineering
SAI Global Limited	964	Research and Consulting Services
Mermaid Marine Australia Limited	796	Marine
Transfield Services Limited	523	Diversified Support Services
Tox Free Solutions Limited	**463**	**Environmental and Facilities Services**
MACA Limited	410	Construction and Engineering
RCR Tomlinson Limited	380	Environmental and Facilities Services
Programmed Maintenance Services Ltd	340	Construction and Engineering
Decmil Group Limited	322	Construction and Engineering
NRW Holdings Ltd	294	Construction and Engineering
Ausdrill Ltd	282	Construction and Engineering

Percentile	Market Cap($M)
75th percentile	838
50th percentile	**395**
25th percentile	315
Average	**539**

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 2015/2016 financial year.

Changes post FY 2014

There have been no significant changes to the Toxfree remuneration framework post FY14.

2015 REMUNERATION REPORT (AUDITED)

The Directors are pleased to present your Company's 2015 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 COVERED 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
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 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 2015 financial reporting year.

The Corporate Governance Statement set out on pages 63 to 72 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 2015. For the provision of benchmarking market data, PwC was paid a total of $25,806 (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
- Transparency

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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 Performance Rights (PR) and Share Appreciation Rights (SAR) under the Tox Free Solutions Limited Long-Term Incentive Plan

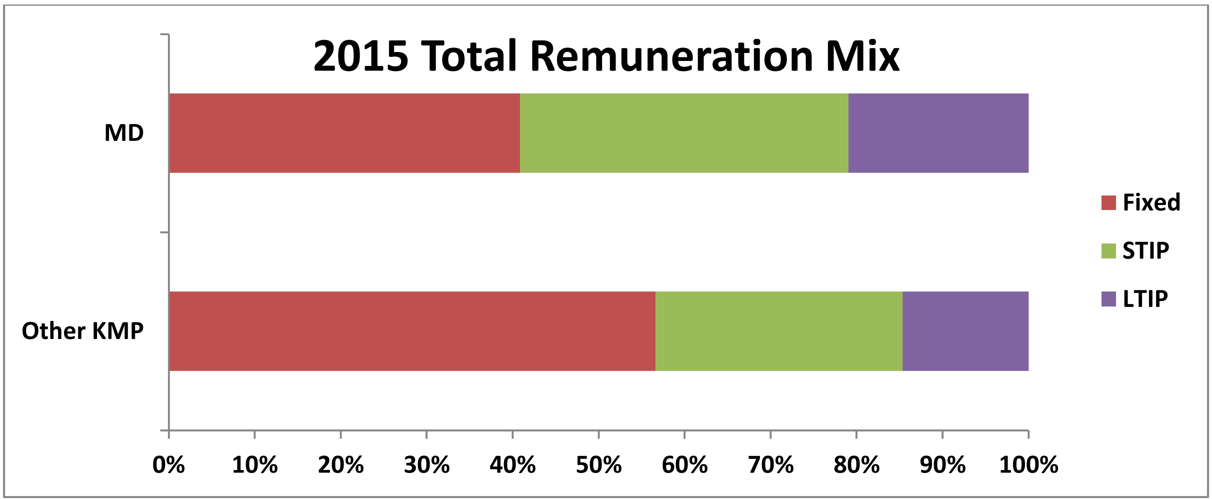
The combination of the above comprises an executive's total remuneration.

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" set out on pages 52 to 53 for additional details.

Target remuneration mix for the year to 30 June 2015 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
- 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
- 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 2015, the performance measures for the STI cash bonus were linked to:

- Achievement of Business Plan
- Working Capital (Debtor Days Outstanding, excluding WIP)
- Return on Investment
- Safety Performance
- Individual Performance Review

More detail on the performance measures are set out in Section E on pages 40 to 51.

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

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 PR 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 2015, the value of all long-term incentive awards granted under the LTI Plan was split evenly between PR and SAR. Both PR 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 2015 are as follows:

- Total Shareholder Return (TSR) (50% of the grant) - measured against selected ASX 300 companies
- 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 60% depending on the participants' level and seniority.

PR
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 a PR 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 38 to 39).

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 (FY15 grant) will be measured against the S&P ASX300 index as at 1 July 2014 (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 50th percentile	0% vesting
At the 50th percentile	50% vesting
Between 50th and 75th percentile	For each percentile over the 50th, an additional 2% of the SPR and SAR will vest
At or above 75th percentile	100% vesting

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For the FY15 PR and SAR grants, the peer group included *Toxfree* and the following companies:

Acrux Limited	Adelaide Brighton Ltd	AGL Energy Limited
Ainsworth Game Technology Ltd	ALS Limited	Altium Ltd
Amcom Telecommunications Ltd	Amcor Limited	Ansell Ltd
APA Group	APN News & Media Ltd	ARB Corporation Limited
Ardent Leisure Group	Aristocrat Leisure Ltd	Asciano Limited
Aurizon Holdings Limited	Ausdrill Ltd	Ausenco Limited
Austin Engineering Ltd	Australian Agricultural Company Limited	Australian Pharmaceutical Ind Ltd
Automotive Holdings Group Limited	Bega Cheese Limited	Billabong International Limited
Bionomics Ltd	Boart Longyear Limited	Boral Limited
Bradken Limited	Brambles Limited	Breville Group Ltd
Cabcharge Australia Ltd	Caltex Australia Ltd	Cardno Limited
carsales.com Limited	Cash Converters International Limited	Coca-Cola Amatil Limited
Cochlear Ltd.	Codan Limited	Collection House Limited
Computershare Limited	Corporate Travel Management Limited	Credit Corp. Group Ltd
Crown Resorts Limited	CSG Limited	CSL Ltd
CSR Limited	David Jones Limited	Decmil Group Limited
Dick Smith Holdings Limited	Domino's Pizza Enterprises Limited	Downer EDI Limited
DUET Group	DuluxGroup Limited	Echo Entertainment Group Limited
Emeco Holdings Limited	Energy World Corp Ltd	Envestra Limited
ERM Power Limited	Fairfax Media Limited	Fleetwood Corp Limited
Flight Centre Travel Group Limited	G8 Education Limited	Goodman Fielder Ltd
GrainCorp Ltd	Greencross Limited	GUD Holdings Limited
GWA Group Limited	Harvey Norman Holdings Ltd	Hills Holdings Limited
iiNet Ltd	Incitec Pivot Limited	Infigen Energy
InvoCare Ltd	iProperty Group Limited	IRESS Limited
iSelect Ltd	James Hardie Industries plc	JB Hi-Fi Limited
Leighton Holdings Limited	M2 Group Ltd	MACA Limited
MacMahon Holdings Ltd	MaxiTRANS Industries Limited	Mayne Pharma Group Limited
McMillan Shakespeare Ltd	Mermaid Marine Australia Limited	Mesoblast Limited
Metcash Limited	Mineral Resources Limited	Monadelphous Group Limited
Myer Holdings Limited	Navitas Limited	NewSat Limited
NEXTDC Limited	Nine Entertainment Co. Holdings Limited	NRW Holdings Limited
Nufarm Limited	Orica Limited	Origin Energy Limited
Orora Limited	Oroton Group Limited	Pacific Brands Limited
Pact Group Holdings Limited	Prana Biotechnology Limited	Premier Investments Limited
Primary Health Care Limited	Programmed Maintenance Services Ltd	Qantas Airways Limited
Ramsay Health Care Limited	RCG Corporation Limited	RCR Tomlinson Limited
REA Group Limited	Recall Holdings Limited	Reckon Ltd
Retail Food Group Limited	Ridley Corporation Limited	SAI Global Limited
SEEK Limited	Select Harvests Limited	Seven Group Holdings Limited
Seven West Media Limited	Sigma Pharmaceuticals Ltd	Silex Systems Ltd
Sirtex Medical Limited	SKILLED Group Limited	Slater & Gordon Limited
SMS Management & Technology Ltd	Sonic Healthcare Limited	Southern Cross Media Group
SP AusNet	Spark Infrastructure Group	Starpharma Holdings Limited
STW Communications Group Ltd	Super Retail Group Limited	Tabcorp Holdings Ltd
Tassal Group Limited	Tatts Group Limited	Telstra Corporation Limited
Ten Network Holdings Limited	TFS Corporation Limited	The Reject Shop Limited
Thorn Group Limited	Toll Holdings Limited	TPG Telecom Limited
Transfield Services Limited	Transpacific Industries Group Ltd	Treasury Wine Estates Limited
UGL Limited	UXC Limited	Veda Group Limited
Village Roadshow Limited	Virtus Health Limited	Vocation Limited
Vocus Communications Limited	Webjet Ltd	Wesfarmers Limited
Woolworths Limited	WorleyParsons Limited	Wotif.com Holdings Limited

E. DETAILED OVERVIEW OF THE OPERATION OF THE STI AND LTI - 30 JUNE 2015

1. Short Term Incentive – Cash Bonus

STI DISCLOSURE

The FY2015 STI amounts have been reviewed and approved by the Board through the Company's Remuneration Committee and will be paid in two equal tranches (September and December 2015 payroll). These amounts have been accrued within the 2015 financial results.

For additional information please refer to Part F "Remuneration paid to the MD and Other KMP" set out on pages 52 to 53.

STI MEASURES, OUTCOMES AND THE RELATIONSHIP BETWEEN PERFORMANCE AND STI FOR FY2015

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 2015. 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 FY2015 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 2015:

Group Measure	Target for 100% payout	FY 2015 Result
Achievement of Business Plan **(a)** п	Achieve FY15 Business Plan set by the Board	98% achieved
Safety Performance **(b)** п	9.8 Total Recordable Injury Frequency Rate (TRIFR)	8.3
Working Capital **(c)** п	<55 Debtors collection days	50
Return on Investment **(d)** п	8.8% ROIC	7.2%
Individual Performance Review **(e)** п	100% of personal development plan objectives met	Objectives met

п Refer to "FURTHER DETAIL ON STI MEASURES" set out on pages 42 to 45.

For the year ended 30 June 2015, 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 FY2015 is:

Measure	MD & COO Weighting %	CFO Weighting %	EGM (C&R) Weighting %	CIO &EGM (HR) Weighting %
Achievement of Business Plan	40	30	30	30
Safety Performance	15	15	25	15
Working Capital	15	20	10	10
Return on Investment	15	15	15	15
Performance Review	15	20	20	30

Senior Executive STI awards for the year ended 30 June 2015 are set out in the table below:

Name	Eligible Annual Base Salary ($)¥	Maximum STI Opportunity %	Maximum STI Value ($)	Actual STI awarded ($)# Accrued^	Actual STI awarded % of base	STI forfeited (%)
Stephen Gostlow	500,000	100%	500,000	285,389	57%	43%
Edward Goodwin	415,000	100%	415,000	252,435	61%	39%
Michael Constable	305,000	50%	152,500	103,181	68%	32%
Jason Dixon	305,000	50%	152,500	109,220	72%	28%
Josh Bovell	241,000	50%	120,500	57,382	48%	52%
Sarah Bagshawe	205,000	50%	72,450 Ω	50,445	70%	30%

^ The STI payments in respect of FY2015 have been accrued and will be paid in two equal tranches (September and December 2015 payroll).

¥ Excludes motor vehicle allowances and superannuation.

Amount excludes superannuation.

Ω Sarah Bagshawe: maternity leave from 16 March 2015 – maximum STI value is calculated on a pro-rata basis.

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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 net profit after tax (NPAT), 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 for 100% payout
FY15 Business Plan	Achieve the FY15 business plan endorsed by the Board

Outcome

At the commencement of financial year 2015, 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, 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 $407.2m up 10% on prior period.
- Underlying EBITDA $71.9m * up 8% on prior period.
- Underlying EBIT of $40.1m * up 2% on prior period.
- Underlying NPAT of $23M * unchanged from the prior period.
- IT systems – ongoing successful implementation of the ERP and within budget.
- Indigenous employment – increase in the number of indigenous employees bringing the total to 5% of total employees.
- Diversity – increase in the number of female employees by 0.3% bringing the total of women to 19% of total employees.

Outcome
98% of the FY15 Business plan was achieved.

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 9 for further detail)*

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.
- 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 FY2015 and FY2014 are as follows:

FY2015

- Acquisition costs including advisor, consultant, legal and rebranding costs of $1.395M.

The exclusions resulted in an increase in underlying NPAT for STI purposes of $0.976M (before tax of $1.395M).

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.

(b) Safety Performance

To measure safety performance, the Group uses the Total Recordable Injury Frequency Rate (TRIFR) The Board approves the target to which the TRIFR is to fall at a nominated level each year across the business.

Target

Measure	Target for 100% payout
Safety Performance	9.8

Outcome
The TRIFR result for the year was 8.3.

(c) Working Capital

To measure working capital performance the Group uses Debtors Collection Days. The Board reviews and approves the working capital target to be met each business year.

Target

Measure	Target for 100% payout
Working Capital	Group Debtor Collection Days <55 days

Outcome
The Group's Debtor Collection Days (excluding WIP) result for the year ended was 50 days (2014: 58 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). The targets are reviewed and approved by the Board each business year.

Target

Measure	Target for 100% payout
Return on Investment	8.8%

Outcome
The ROIC result for the year was 7.2% (2014: 8%).

(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

The target is 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 their individual performance review targets for FY2015.

GROUP PERFORMANCE SUMMARY:

Measure	2015	2014	2013	2012	2011
Share price at year end (cents)	302	338	345	250	212
Dividend paid per share (cents) ¥	8.5	6	5	4	3
Statutory NPAT ($'000)	21,994	21,724	13,604	15,726	11,865
Underlying NPAT ($'000) ➋	22,970	22,982	21,703	17,208	13,094
Number of ordinary shares ('000)	134,013	133,752	132,530	115,322	92,670
Weighted average number of shares ('000)	133,806	133,064	117,917	105,562	91,985
Market capitalisation($'000)	404,720	452,083	457,228	288,304	196,483
Statutory earnings per share (cents)	16.27	16.33	11.54	14.90	12.89
Service Revenue ($'000)	407,278	369,997	284,723	207,963	143,556
KMP STI incentive **^** as a % of Underlying NPAT ➋	3.7%	4.3%	4.4%	4.9%	5.0%

^ STI excludes superannuation component

➋ Non-IFRS financial information, please refer to the Managing Director's Review of Operations set out in pages 5 to 23 of the Annual Report for additional information.

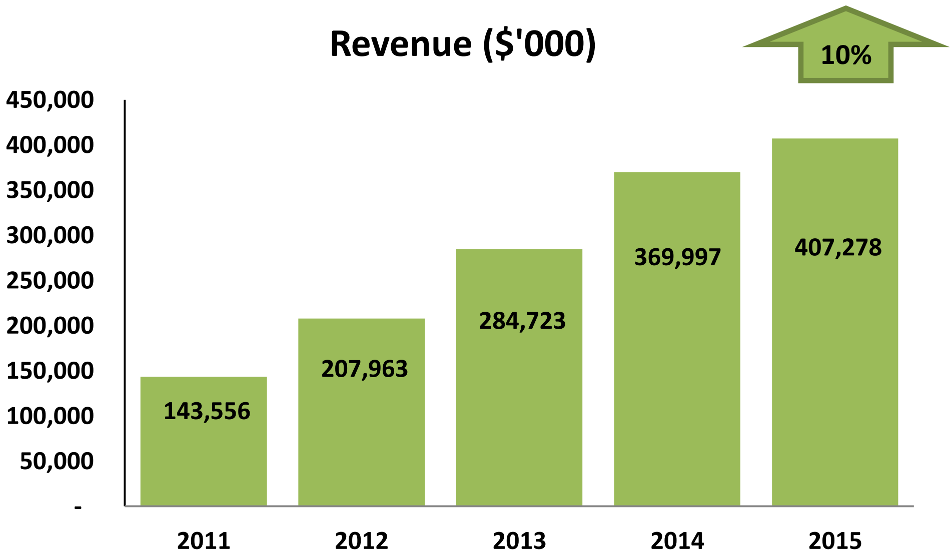
¥ includes proposed final dividend for each specific financial year under review.

Share Price Performance

Toxfree's share price has performed relative to the S&P / ASX 300 Index since June 2011 as follows:

Growth in Revenue

The chart below demonstrates how Toxfree's Revenue has increased since 2011:



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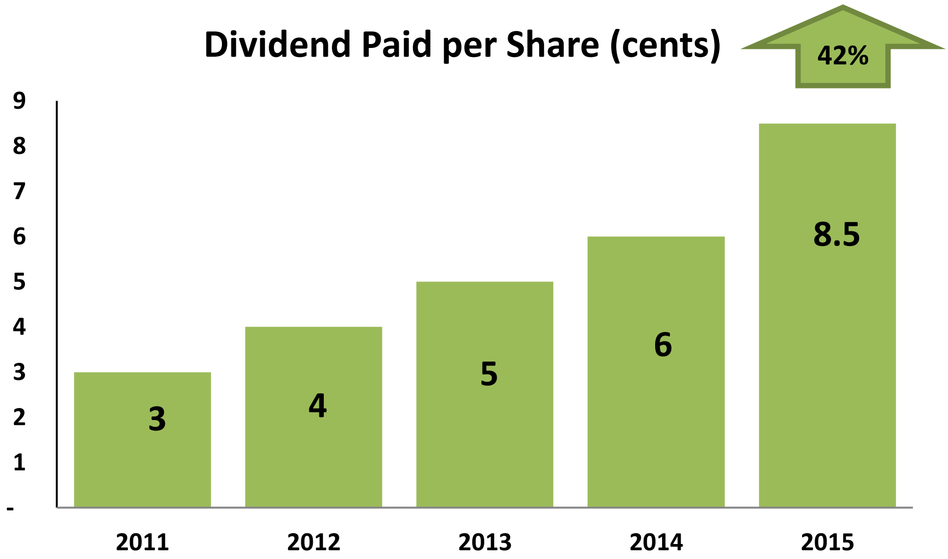
Dividend Performance
The chart below reflects the Dividends paid per Share since FY2011:



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 2015 will be paid in two equal tranches (September and December 2015 payroll).

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 2015, 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.

Incentive Plan Policy Review
The Remuneration Committee is currently reviewing the Toxfree Executive Performance Reward Policy with regards to; in the event of serious misconduct or a material misstatement in the Group's financial statements, the Remuneration Committee may cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

2. Long-Term Incentives – SPR and SAR

Details of Rights issued for the year ended 30 June 2015 are as follows:
On 1 July 2014, 212,874 Performance Rights and 990,966 Share Appreciation Rights were granted to Key Management Personnel and to Senior Management under the Executive LTI Plan. The rights vest on 30 June 2017. Specific disclosure details of the 1 July 2014 grant are as follows:

Details	Performance Rights Granted	Share Appreciation Rights Granted	Total	Value of Rights Granted ($)
Directors				
S Gostlow^	60,276	280,594	340,870	300,000
KMP				
E Goodwin	41,691	194,078	235,769	207,500
M Constable	18,384	85,581	103,965	91,500
J Dixon	18,384	85,581	103,965	91,500
S Bagshawe	10,297	47,935	58,232	51,250
J Bovell	12,105	56,353	68,458	60,250
Senior Management	51,737	240,844	292,581	257,500
	212,874	**990,966**	**1,203,840**	**1,059,500**

^ The grant to Mr S Gostlow was approved by the shareholders at the Annual General Meeting held on 28 November 2014.

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 PR (EPS) $	Tranche 2 PR(TSR) $	Tranche 1 SAR (EPS) $	Tranche 2 SAR (TSR) $
Grant – 1 July 2014	3.19	2.04	0.55	0.52

Key valuation assumptions made at grant date are summarised below:

Key value assumptions	1 July 2014
Share price	$3.36
Effective exercise price (SAR only)	$3.44
Annualised volatility (midpoint)	25.0%
Annual dividend yield	1.75%
Risk free rate	2.61%

Rights to Ordinary Shares - Remuneration

For each grant of Rights to Ordinary 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.

Performance Rights:

Name	FY granted	Number granted	Share price at date of grant ($)	Vested % ^	Vested number	Forfeited %	FY in which shares may vest	Maximum value yet to vest ($) µ
Director								
S Gostlow	2013	45,005	2.84	36%	16,196	64%	2015	-
	2014	49,010	3.39	-	-	-	2016	39,463
	2015	60,276	3.36	-	-	-	2017	100,000
KMP								
E Goodwin	2014	41,915	3.39	-	-	-	2016	33,750
	2015	41,691	3.36	-	-	-	2017	69,167
M Constable	2013	17,516	2.66	38%	6,640	62%	2015	-
	2014	15,007	3.39	-	-	-	2016	12,083
	2015	18,384	3.36				2017	30,500
J Dixon	2013	16,519	2.66	38%	6,261	62%	2015	-
	2014	15,007	3.39	-	-	-	2016	12,083
	2015	18,384	3.36	-	-	-	2017	30,500
S Bagshawe	2013	10,347	2.66	38%	3,922	62%	2015	-
	2014	9,573	3.39	-	-	-	2016	7,708
	2015	10,297	3.36				2017	17,083
J Bovell	2014	9,121	3.39	-	-	-	2016	7,344
	2015	12,105	3.36	-	-	-	2017	20,083

^ EPS performance condition >10% compound annual growth rate target over the 3 year performance period not met. Vesting % = nil. TSR performance condition only partially met; TSR outcome was at the 56th percentile in the Peer Group and therefore 62% of the rights allocation vest.

µ The maximum value of performance rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.

Additional details on KMP performance right holdings are set out on page 57.

Share Appreciation Rights

Name	FY granted	Number granted	Share price at date of grant($)	Vested%	Vested number	Forfeited %	FY years in which shares may vest	Maximum value yet to vest ($) µ
Director								
S Gostlow	2013	185,616	2.84	32%	58,533	68%	2015	-
	2014	194,286	3.39	-	-	-	2016	39,463
	2015	280,594	3.36	-	-	-	2016	100,000
KMP								
E Goodwin	2014	166,162	3.39	-	-	-	2016	33,750
	2015	194,078	3.36	-	-	-	2017	69,167
M Constable	2013	71,714	2.66	32%	22,685	68%	2015	-
	2014	59,490	3.39	-	-	-	2016	12,083
	2015	85,581	3.36	-	-	-	2017	30,500
J Dixon	2013	67,630	2.66	32%	21,393	68%	2015	-
	2014	59,490	3.39	-	-	-	2016	12,083
	2015	85,581	3.36	-	-	-	2017	30,500
S Bagshawe	2013	42,365	2.66	32%	13,401	68%	2015	-
	2014	37,950	3.39	-	-	-	2016	7,708
	2015	47,935	3.36				2017	17,083
J Bovell	2014	36,156	3.39	-	-	-	2016	7,344
	2015	56,353	3.36	-	-	-	2017	20,083

^ EPS performance condition >10% compound annual growth rate target over the 3 year performance period not met. Vesting % = nil. TSR performance condition only partially met; TSR outcome was at the 56th percentile in the Peer Group and therefore 62% of the rights allocation vest.

µ The maximum value of share appreciation rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.

Additional details on KMP share appreciation right holdings are set out on page 57.

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 Performance Rights and/or Share Appreciation Rights to Executives. Options are therefore are no longer the preferred LTI Plan offering to Executives.

No options were granted as remuneration during the reporting period (2014: Nil).

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Directors and Other KMP Options:

30 June 2015	Number of Options at beginning of year	Number of Options granted as Remuner-ation	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
KMP							
E Goodwin	1,000,000	-	(500,000)	500,000	-	500,000	-

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 FY2015 are set out below:

Name	No. of shares issued as result of exercise of Options	Amount paid per share $	Exercise Date	Intrinsic value of Options exercised during the year ➋
Edward Goodwin	63,492	3.15	19 May 2014	$200,000

➋ The fair value is determined at the date of exercise and reflects the intrinsic value of the Options. Cashless conversion based on a market price of $3.15 per ordinary share.

Options – remuneration:

There are no Options affecting remuneration in the current or a future reporting period. The maximum total value of the Options yet to vest from a Share-based payment expense perspective is $nil.

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F. REMUNERATION PAID TO THE MD AND OTHER KMP

	Short-term Benefits				Post-employment benefits	Long-term benefits	Share-based payment (SBP)					
	Salary, fees and allowances	STI Δ 2015	STI 2014	Other /Non-monetary Benefits ¥	Superan-nuationʒ	Annual and long service leave β	Options	Rights	Total	Fixed Remuner-ation	At risk - STI	At risk - LTI
	$	$	$	$	$	$	$	$	$	%	%	%
Executive Director												
Stephen Gostlow												
2015	535,000	285,389	-	14,452	77,437	(5,263)	-	143,050	**1,050,065**	**56%**	**30%**	**14%**
2014	524,498	-	340,000	12,578	81,620	4,759	-	104,220	**1,067,675**	**55%**	**35%**	**10%**
Other KMP												
David McArthur												
2015	48,000	-	-	-	-	-	-	-	**48,000**	**100%**	**-**	**-**
2014	48,000	-	-	-	-	-	-	-	**48,000**	**100%**	**-**	**-**
Edward Goodwin												
2015	445,000	252,435	-	38,713	67,456	12,634	-	136,667	**952,905**	**57%**	**29%**	**14%**
2014	434,144	-	275,000	29,932	66,106	(2,708)	23,985	67,500	**893,959**	**56%**	**34%**	**10%**
Michael Constable												
2015	329,000	103,181	-	2,800	41,848	8,334	-	42,958	**528,121**	**71%**	**21%**	**8%**
2014	324,522	-	100,000	2,176	42,194	27,058	-	32,416	**528,366**	**73%**	**21%**	**6%**
Jason Dixon												
2015	329,000	109,220	-	1,258	41,226	(4,260)	-	43,625	**520,069**	**69%**	**23%**	**8%**
2014	323,907	-	125,000	2,261	41,521	(4,115)	-	31,714	**520,288**	**68%**	**26%**	**6%**

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REMUNERATION PAID TO THE MD AND OTHER KMP (CONTINUED)

	Short-term Benefits				Post-employment benefits	Long-term benefits	Share-based payment (SBP)					
	Salary, fees and allowances	STI Δ 2015	STI 2014	Other /Non-monetary Benefits ¥	Superannuation ℈	Annual and long service leave β	Options	Rights	Total	Fixed Remuneration	At risk - STI	At risk - LTI
	$	$	$	$	$	$	$	$	$	%	%	%
Other KMP (continued)												
Sarah Bagshawe ^												
2015	200,373	50,445	-	2,888	20,847	3,574	-	25,583	**303,710**	**74%**	**18%**	**8%**
2014	206,965	-	65,000	2,570	25,501	1,664	-	21,281	**322,981**	**71%**	**22%**	**7%**
Joshua Bovell **Ω**												
2015	262,219	57,382	-	2,309	30,164	(2,085)	-	34,771	**384,760**	**75%**	**16%**	**9%**
2014	181,908	-	80,000	1,269	24,647	2,085	-	14,688	**304,597**	**66%**	**29%**	**5%**
Total												
2015	2,148,592	858,052	-	62,420	278,978	12,934	-	426,654	**3,787,630**			
2014	2,043,944	-	985,000	50,786	281,589	28,743	23,985	271,819	**3,685,866**			

Δ The 2015 STI (Bonus) has been accrued and will be paid in September 2015.

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

β 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.

^ Sarah Bagshawe: 24 weeks maternity leave entitlement taken from 16 March 2015 at half-pay.

Ω Josh Bovell was employed from 14 October 2013 and became a KMP on this date.

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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	$585,825	***
Edward Goodwin	Ongoing from December 2010	6 months	12 months	$487,275	12 months base salary
Michael Constable	Ongoing from July 2010	6 months	6 months	$360,255	6 months base salary
Jason Dixon	Ongoing from October 2010	6 months	6 months	$360,255	6 months base salary
Sarah Bagshawe	Ongoing from November 2011	1 month	1 month	$250,755	1 month base salary
Joshua Bovell	Ongoing from October 2013	3 months	3 months	$290,175	3 months base salary

* Base salaries are quoted for the year ended 30 June 2015. 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.

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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% and from 1 July 2014 was increased from 9.25% to 9.50%. 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% for each financial year. The changes are effective from 1 July 2013 and 1 July 2014. Additionally, 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 2014:

	Board fees including Superannuation $	Chair fees including Superannuation $
Chair	150,688	-
Other Non-Executive Directors	85,390	10,046

Fees prior to 30 June 2014:

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

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 2015 and 30 June 2014 are set out below:

	Short-term benefits Fees $	Post –employment benefits Superannuation¥ $	Total $
Current Non-Executive Directors			
Robert McKinnon			
2015	137,615	13,073	150,688
2014	137,615	12,729	150,344
Michael Humphris			
2015	87,156	8,280	95,436
2014	87,156	8,062	95,218
Richard Allen			
2015	95,000	-	95,000
2014	95,000	-	95,000
Katherine Hirschfeld			
2015	87,156	8,280	95,436
2014	87,156	8,062	95,218
Total			
2015	406,927	29,633	436,560
2014	406,927	28,853	435,780

¥ 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.

1. KMP - Option Holdings – 30 June 2015

No options were granted to KMP as remuneration during the reporting period (2014: Nil).

30 June 2015	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
KMP						
E Goodwin	1,000,000	-	(500,000)	500,000	500,000	-

2. KMP – Right Holdings – 30 June 2015

Performance Rights

30 June 2015	Beginning of year	Granted as remuneration	Exercised	Forfeited	End of year	Vested and Exercisable	Unvested
Directors							
S Gostlow	153,103	60,276	(59,088)	(28,809)	125,482	16,196	109,286
Other KMP							
E Goodwin	41,915	41,691	-	-	83,606	-	83,606
M Constable	51,835	18,384	(19,312)	(10,876)	40,031	6,640	33,391
J Dixon	50,838	18,384	(19,312)	(10,258)	39,652	6,261	33,391
S Bagshawe	26,646	10,297	(6,726)	(6,425)	23,792	3,922	19,870
J Bovell	9,121	12,105	-	-	21,226	-	21,226
	333,458	**161,137**	**(104,438)**	**(56,368)**	**333,789**	**33,019**	**300,770**

Share Appreciation Rights

30 June 2015	Beginning of year	Granted as remuneration	Exercised	Forfeited	End of year	Vested and Exercisable	Unvested
Directors							
S Gostlow	633,336	280,594	(253,434)	(127,083)	533,413	58,533	474,880
Other KMP							
E Goodwin	166,162	194,078	-		360,240	-	360,240
M Constable	214,034	85,581	(82,830)	(49,029)	167,756	22,685	145,071
J Dixon	209,950	85,581	(82,830)	(46,237)	166,464	21,393	145,071
S Bagshawe	109,161	47,935	(28,846)	(28,964)	99,286	13,401	85,885
J Bovell	36,156	56,353	-	-	92,509	-	92,509
	1,368,799	**750,122**	**(447,940)**	**(251,313)**	**1,419,668**	**116,012**	**1,303,656**

3. Equity instruments granted as a result of exercise of Rights:

Details of ordinary shares in the Group provided as a result of the exercise of remuneration Rights to Directors and other KMP of the Group for FY2015 are set out below:

Name	No. of shares issued as result of exercise of Rights	Exercise Date	Intrinsic value of Rights exercised during the year ➚
S Gostlow	153,653	04/09/2014	$429,818
M Constable	50,219	04/09/2014	$140,478
J Dixon	50,219	04/09/2014	$140,478
S Bagshawe	17,489	04/09/2014	$48,924

➚ The fair value is determined at the date of exercise and reflects the intrinsic value of the Rights. The conversion is based on an average market price of approximately $2.79 per ordinary share acquired on-market by the Toxfree Share Trust.

4. KMP – Shareholdings – 30 June 2015

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 2015	Balance at beginning of year	Exercise of options	Exercise of rights	Other changes	Balance at end of year
Directors					
R McKinnon	50,000	-	-	-	50,000
M Humphris	710,000	-	-	-	710,000
R Allen	164,874	-	-	(12,500)	152,374
K Hirschfeld	13,850	-	-	5,576	19,426
S Gostlow	1,127,012	-	153,653	15,000	1,295,665
Other KMP					
E Goodwin	-	63,492	-	-	63,492
M Constable	-	-	50,219	-	50,219
J Dixon	84,000	-	50,219	7,227	141,446
S Bagshawe	-	-	17,489	-	17,489
J Bovell	-	-	-	2,000	2,000
	2,149,736	**63,492**	**271,580**	**17,303**	**2,502,111**

The above shareholdings include KMP related party holdings.

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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

	2015 $	2014 $
Beginning of year	**115,777**	897,290
Loans advanced	**-**	3,085,800
Loan and interest repayments received	**(115,777)**	(3,957,782)
Interest charged	**-**	90,469
End of year	**-**	115,777

The purpose of these loans is to enable KMP to exercise previously awarded Options. There were no loan balances outstanding at the end of the year.

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

30 June 2015	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	102,319	-	-	102,319

No interest was charged on the loans during the year because the loans were repaid before the end of the share trading blackout period for Executives. Interest of 6.5% was charged on amounts advanced in FY14.

J. VOTING AND COMMENTS MADE AT THE COMPANY'S 2014 ANNUAL GENERAL MEETING

Toxfree received more than 99% of "yes" votes on its Remuneration Report for the 2014 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

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 2016	$2.39	20,000
23 November 2010 ^	Vested	1 November 2016	$3.00	500,000
Total				**520,000**

^ Holder of options; E Goodwin (KMP).

Performance Rights

Grant Date	End of performance period	Tranche ∑	Number of Rights
3 October 2012* €	30 June 2015	2	21,549
14 November 2012 ^ €	30 June 2015	2	16,196
1 July 2013 **	30 June 2016	1	68,665
1 July 2013 **	30 June 2016	2	113,263
1 July 2014 **	30 June 2017	1	83,033
1 July 2014 **	30 June 2017	2	129,841
Total			**432,547**

Share Appreciation Rights

Grant Date	End of performance period	Tranche ∑	Number of Rights
3 October 2012* €	30 June 2015	2	73,625
14 November 2012 ^ €	30 June 2015	2	58,533
1 July 2013 **	30 June 2016	1	348,776
1 July 2013 **	30 June 2016	2	372,424
1 July 2014 **	30 June 2017	1	481,591
1 July 2014 **	30 June 2017	2	509,375
Total			**1,844,324**

***** KMP (excluding Executive-Director) and other employee rights
^ Executive-Director rights
****** Includes Executive-Director, other KMP and other employee rights
€ Vested and exercisable
∑ Tranche 1 = EPS performance condition; tranche 2 TSR performance condition.

Insurance and Indemnity of Officers
During the financial year, Toxfree paid a premium of $84,428 (2014: $55,345) 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 $13,255 (2014: $10,311) 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 on pages 32 to 59 and also in 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 2015:

	2015 $	2014 $
Tax advice and compliance services (BDO Corporate Tax (WA) Pty Ltd)	**233,582**	247,958
Other services		
Accounting advice and review of information	**12,691**	2,750
Business combinations and acquisitions	**21,392**	-
Group restructure	**-**	2,834
Total – Other services	**34,083**	5,584
Total	**267,665**	253,542

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 73.

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 2015

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The 2015 Corporate Governance Statement is dated as 30 June 2015 and reflects the corporate governance practices in place throughout the 2015 financial year.

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 3rd edition of 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
- Ensuring the Group has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities
- overseeing the process for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities
- ensuring that the Company has a suitably qualified Company Secretary who shall be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board
- ensuring that the Company reports on its measurable objectives in relation to gender diversity and assesses annually both the objectives and progress in achieving gender diversity

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 specific skills that the Board collectively bring to the Company include:

- Industry Experience
- Commercial experience
- Public company experience
- Analytical
- Financial
- Risk Management
- Strategic planning
- Strategic leadership
- Corporate Governance
- Communications
- Inter personal

The chair of each of the sub committees formed by the Board has specific skills in the area for which they are responsible.

The Board does not have a director with legal experience, as any legal work is out sourced to external lawyers.

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. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Each incumbent director is given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of shareholders.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to shareholders a candidate for election as a Director.

The Board ensures that shareholders are provided with all material information in the Board’s possession relevant to a decision on whether or not to elect or re-elect a Director.

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 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.

Director Education
All new Directors complete an induction process. The Non-Executive Directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Group operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. The Board are specifically provided the opportunity to enhance their financial, regulatory and compliance skills in relation to public companies through external courses.

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
- 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 quarterly. 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.

The Company assesses its exposure to economic, environmental and social sustainability risks. The Board assesses the likely impact of changes and implements strategies to minimise exposure to these risks.

The Company does not have an internal audit function. The Board has determined that the established internal controls for the Company, combined with the work of the audit committee and the risk management committee, satisfactorily address the function that would otherwise be dealt with by an internal audit function.

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 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 overviewing 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 five 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
- 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 twice during the year.

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 five 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
- 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 Committee met once during the year.

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 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.

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 2015 financial year the Boards' objectives were met by the Group. The Nomination Committee reports annually to the Board on the progress and achievement of the objectives.

Pursuant to Recommendation 1.5, the Group policy discloses the following information as at the date of this report:

Percentage details	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%

Percentage details	Total
Indigenous staff employed within the Group	5%

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 (Third Edition)*".

This statement is current as at 30 June 2015 and has been approved by the Board.

Director - Chairman Robert McKinnon

Director - Stephen Gostlow

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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 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 19 August 2015

Consolidated Income Statement
For the Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue from continuing operations			
Services	7	**407,278**	369,997
Other revenue	7	**254**	826
Total Revenue		**407,532**	370,823
Other income	8	**501**	1,149
Expenses	9		
Waste disposal, consumables and other non-employee benefit related direct costs		**(127,897)**	(109,542)
Outsourcing costs		**(33,417)**	(35,012)
Employee benefits expense		**(141,495)**	(127,098)
Administrative expenses		**(20,120)**	(21,374)
Amortisation		**(2,073)**	(2,697)
Depreciation		**(29,655)**	(24,745)
Impairment losses and write-offs		**-**	(976)
Finance costs		**(6,505)**	(6,505)
Occupancy costs		**(12,332)**	(11,857)
Acquisition and rebranding costs		**(1,395)**	(820)
Other expenses		**(896)**	(451)
Profit before income tax		**32,248**	30,895
Income tax expense	10	**(10,254)**	(9,171)
Profit after income tax for the year		**21,994**	21,724
Profit is attributable to:			
Owners of Tox Free Solutions Limited		**21,768**	21,724
Non-controlling interests		**226**	-
		21,994	21,724
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	Cents
Basic earnings per share (cents)	33	**16.27**	16.33
Diluted earnings per share (cents)	33	**16.19**	16.18

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

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
Profit for the year		**21,994**	21,724
Other comprehensive income (expense)			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	23	**(766)**	(280)
Income tax relating to these items	10	**230**	84
Other comprehensive income (expense) for the year, net of tax		**(536)**	(196)
Total comprehensive income for the year		**21,458**	21,528
Total comprehensive income for the year is attributable to:			
Owners of Tox Free Solutions Limited		**21,232**	21,528
Non-controlling interests		**226**	-
		21,458	21,528

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

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Consolidated Balance Sheet
As at 30 June 2015

	Note	2015 $'000	2014 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	**19,709**	16,168
Trade and other receivables	12	**88,586**	81,633
Inventories	14	**241**	296
TOTAL CURRENT ASSETS		**108,536**	98,097
NON-CURRENT ASSETS			
Property, plant and equipment	15	**153,486**	134,858
Deferred tax assets	13	**7,954**	8,167
Intangible assets	16	**151,388**	149,572
TOTAL NON-CURRENT ASSETS		**312,828**	292,597
TOTAL ASSETS		**421,364**	390,694
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**46,451**	38,076
Borrowings	18	**12,314**	9,868
Derivative financial instruments	21	**-**	60
Current tax liabilities	13	**542**	273
Employee benefits	19	**8,487**	7,430
Provisions	20	**6,402**	6,971
TOTAL CURRENT LIABILITIES		**74,196**	62,678
NON-CURRENT LIABILITIES			
Borrowings	18	**88,203**	87,595
Derivative financial instruments	21	**1,864**	1,038
Deferred tax liabilities	13	**6,366**	2,401
TOTAL NON-CURRENT LIABILITIES		**96,433**	91,034
TOTAL LIABILITIES		**170,629**	153,712
NET ASSETS		**250,735**	236,982

Consolidated Balance Sheet
As at 30 June 2015

	Note	2015 $'000	2014 $'000
EQUITY			
Contributed equity	22	**170,885**	170,885
Reserves	23	**4,376**	6,376
Retained earnings	23	**72,488**	59,721
Capital and reserves attributable to owners		**247,749**	236,982
Non-controlling interests	29	**2,986**	-
TOTAL EQUITY		**250,735**	236,982

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

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)		**452,409**	418,447
Payments to suppliers and employees (inclusive of goods and services tax)		**(380,298)**	(359,932)
Other revenue		**370**	737
Interest paid		**(4,869)**	(4,817)
Income taxes paid		**(6,329)**	(7,192)
Net cash inflow from operating activities	25	**61,283**	47,243
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant and equipment		**3,019**	1,521
Purchase of property, plant and equipment		**(42,297)**	(25,574)
Payments for the acquisition of businesses, net of cash acquired	6	**(5,328)**	(911)
Loans to related parties		**-**	(3,086)
Repayment of loans from related parties		**-**	3,957
Net cash (outflow) from investing activities		**(44,606)**	(24,093)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of ordinary shares		**-**	3,199
Proceeds from borrowings		**40,700**	22,361
Payments for shares acquired by Employee Share Trust		**(775)**	-
Repayment of borrowings		**(42,033)**	(44,654)
Dividends paid to company's shareholders		**(8,788)**	(10,624)
Dividends paid to non-controlling interests in subsidiaries		**(2,240)**	-
Net cash (outflow) from financing activities		**(13,136)**	(29,718)
Net increase (decrease) in cash and cash equivalents		**3,541**	(6,568)
Cash and cash equivalents at beginning of year		**16,168**	22,736
Cash and cash equivalents at end of financial year	11	**19,709**	16,168

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 2015

	Note	Ordinary Shares $'000	Share-based Payment Reserve $'000	Cash Flow Hedging Reserve $'000	Equity Reserve $'000	Retained Earnings $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 July 2013		**167,686**	**6,772**	**(573)**	**-**	**48,621**	**222,506**	**-**	**222,506**
Profit for the year		-	-	-	-	21,724	21,724	-	21,724
Other comprehensive income (expense)	23	-	-	(196)	-	-	(196)	-	(196)
Total comprehensive income for the year		-	-	(196)	-	21,724	21,528	-	21,528
Transactions with owners in their capacity as owners									
Contribution of equity, net of transaction costs and tax	22	3,199	-	-	-	-	3,199	-	3,199
Share-based payment – net movements	23	-	373	-	-	-	373	-	373
Dividends paid or provided for	24	-	-	-	-	(10,624)	(10,624)	-	(10,624)
		3,199	373	-	-	(10,624)	(7,052)	-	(7,052)
Balance at 30 June 2014		**170,885**	**7,145**	**(769)**	**-**	**59,721**	**236,982**	**-**	**236,982**

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2015

	Note	Ordinary Shares $'000	Share-based Payment Reserve $'000	Cash Flow Hedging Reserve $'000	Equity Reserve $'000	Retained Earnings $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 July 2014		**170,885**	**7,145**	**(769)**	**-**	**59,721**	**236,982**	**-**	**236,982**
Profit for the year		-	-	-	-	21,768	21,768	226	21,994
Other comprehensive income (expense)	23	-	-	(536)	-	-	(536)	-	(536)
Total comprehensive income for the year		-	-	(536)	-	21,768	21,232	226	21,458
Transactions with owners in their capacity as owners									
Contribution of equity, net of transaction costs and tax	22	575	-	-	-	-	575	-	575
Share-based payment – current period expense	23	-	572	-	-	-	572	-	572
Share-based payment – vested and reclassified	22&23	200	(562)	-	-	362	-	-	-
Settlement of vested executive rights	22	(760)	-	-	-	-	(760)	-	(760)
Acquisition of treasury shares	22	(15)	-	-	-	-	(15)	-	(15)
Acquisition of subsidiaries	6	-	-	-	-	-	-	3,526	3,526
Transactions with non-controlling interests	6	-	-	-	(1,474)	-	(1,474)	1,474	-
Dividends paid or provided for	6&24	-	-	-	-	(9,363)	(9,363)	(2,240)	(11,603)
		-	10	-	(1,474)	(9,001)	(10,465)	2,760	(7,705)
Balance at 30 June 2015		**170,885**	**7,155**	**(1,305)**	**(1,474)**	**72,488**	**247,749**	**2,986**	**250,735**

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

Contents of the notes to the Consolidated Financial Statements

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 2015.

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 and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial statements of the Tox Free Solutions Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

Subsidiaries are entities over which the Group has control. 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 involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 29 to the financial statements.

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

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

Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(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;
- (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 Statement of Cash Flows.

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 Income Statement.

(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 income statement.

(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 (bargain purchase), 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 five 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 licenses

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 corporate bond rates 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 Balance Sheet.

(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 corporate bond rates 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 Balance Sheet.

(vi) Share-based payment transactions

The Group provides benefits to senior management personnel with a combination of Options, Performance Rights and Share Appreciation Rights in exchange for them rendering their services. Details of the Long-Term Incentive are disclosed in the Remuneration Report; refer to pages 32 to 59.

The grant date fair value of Options and/or 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 and/or Rights. No ongoing adjustment is made to the expense except where an employee leaves the business.

For Rights subject to a total shareholders return (TSR) performance condition, an adjusted Black Scholes Option Pricing Model that includes a Monte Carlo simulation model is utilised to value the Rights.

(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. For contract variations this requires estimates and judgements based on future economic benefit and is typically when the variations / overruns have been agreed with 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) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However the investment may need to be tested for impairment as a consequence.

(iv) Revenue – net of tax

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

(k) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tox Free Solutions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(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 in the Consolidated Balance Sheet.

(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 Income Statement.

(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
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- Interpretation 21 Accounting for Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Amendments to Australian Accounting Standards

The Group also elected to adopt the following standards early:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations
- AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- AASB2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

None of the new Standards and amendments to Standards that are mandatory or early adopted for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. Additionally, they did not significantly affect the Group's accounting policies or any of the disclosures.

(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 2015 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	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the financial instruments standard.	There will be no significant impact on the Group on the adoption of this standard.
AASB 15	Revenue from Contracts with Customers	1 January 2017	1 July 2017	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise any applicable transitional adjustments in retained earnings on the date of the initial application (i.e. 1 July 2017) without restating the comparative period. Entities will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Management is currently assessing the impact of the new rules. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next 12 months.

Reference	Title	Standard application date	Group application date	Key Requirements	Impact
AASB 2015-2	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	1 January 2016	1 July 2016	This standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative Project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. The amendments also clarify that companies should use professional judgment in determining where and in what order in formation is to be presented in the financial disclosures.	There will be no significant impact on the Group on the adoption of this standard. The Group is currently conducting an exercise of reviewing financial report disclosures.

There are no other standards that are not yet effective and that would be expected to have a material impact on Toxfree in the current or future period and on foreseeable future transactions.

(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. Please refer to note 28 for additional details. 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

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) Revenue recognition

The Group recognises revenue in the accounting period in which the services are rendered. Revenue is recognised when it is probable that the benefit will flow to the Group. For contract variations, this requires estimates and judgments based on future economic benefit and is typically when the variations / overruns have been agreed with the customer.

At 30 June 2015, the Group has accrued revenue amounting to $7,896,333 for contract variations relating to waste management services.

The contract variations must be approved by the client before sales invoices can be raised. Based on historical dealings with the client, the Group believes that the variations will be approved, paid and thus the Group has recognised the revenue on these contract variations in the current financial year.

(iv) Control of Pilbara Logistics Pty Ltd

The Directors have concluded that the Group gained control of Pilbara Logistics Pty Ltd when it held 50% of the voting rights of this subsidiary. This is because Tox and Pilbara Logistics entered into all of the following agreements on acquisition date:

- Tox to acquire a 50% equity interest in Pilbara Logistics Pty Ltd;
- Sale and Leaseback Arrangement for all assets in Pilbara Logistics Pty Ltd;
- Tox to acquire a further 10% equity interest in Pilbara Logistics Pty Ltd.

All agreements were entered into with the intention that Toxfree would hold a 60% interest in Pilbara Logistics Pty Ltd. As such all these agreements are linked giving Toxfree control over Pilbara Logistics.

(v) 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

(vi) Key estimates – Depreciation of Major ERP Software

Major ERP software is deemed to have a 10 year useful life and is amortised on a straight-line basis over this period.

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	2015 $'000	2014 $'000
Financial Assets			
Cash and cash equivalents	11	**19,709**	16,168
Trade and other and receivables ¥	12	**85,696**	79,675
Total financial assets		**105,405**	95,843
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	17	**46,451**	38,076
Borrowings ¥	18	**100,517**	97,608
Derivatives used for hedging			
Derivative financial instruments	21	**1,864**	1,098
Total financial liabilities		**148,832**	136,782

¥ 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:

Current	Consolidated 2015 $'000	2014 $'000
Trade and other receivables ¥	**85,696**	79,675
Cash and cash equivalents	**19,709**	16,168
	105,405	95,843

¥ excludes prepayments

The Group's maximum exposure to credit risk for trade receivables at the reporting date was 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 2015	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	46,451	-	-	46,451	46,451
Borrowings	9,940	37,615	49,588	97,143	87,338
Finance lease liabilities	5,470	9,081	-	14,551	13,179
Total contractual outflows	**61,861**	**46,696**	**49,588**	**158,145**	**146,968**
Derivatives					
Net settled - Interest rate swaps	**-**	**1,864**	**-**	**1,864**	**1,864**

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
Derivatives					
Net settled - Interest rate swaps	60	1,038	-	1,098	1,098

¥ excludes prepayments

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 2015, approximately 58% (2014: 63%) 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 2.85% (2014: 3.56%) 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 58% (2014: 63%) of the variable loan principal outstanding. The fixed interest rates range between 3.27% and 3.97% (2014: 2.96% and 3.97%) and the variable rates between 2.79% and 3.01% (2014: 3.32% and 3.60%).

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:

	30 June 2015		30 June 2014	
Category	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Bank Loans – cash advance facilities	**2.85**	**87,338**	3.56	84,250
Interest rate swaps	**3.69**	**(50,250)**	3.59	(53,250)
Net exposure to variable cash flow interest rate risk		**37,088**		31,000

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 2015 reporting period was 6.5% (2014: 6.8%).

Sensitivity analysis

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

At 30 June 2015, 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 $589,000 (2014: $382,000) 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	2015 Carrying Amount $'000	2015 Fair Value $'000	2014 Carrying Amount $'000	2014 Fair Value $'000
Trade and other receivables ¥	**85,696**	**85,696**	79,675	79,675
Cash and cash equivalents	**19,709**	**19,709**	16,168	16,168
Secured bank loans ϡ	**(87,338)**	**(88,285)**	(84,250)	(85,902)
Finance lease liabilities €	**(13,179)**	**(13,615)**	(13,358)	(13,678)
Trade and other payables	**(46,451)**	**(46,451)**	(38,076)	(38,076)
	(41,563)	**(42,946)**	(39,841)	(41,813)

¥ excludes prepayments.

ϡ The fair value of borrowings are based on cash flows discounted at a rate of 2.79% (2014: 3.32%).

€ The fair value of finance lease liabilities are based on cash flows discounted at a rate of 4.5% (2014: 6.15%).

(ii) Price risk

The Group is not exposed to equity securities or commodity price risk at 30 June 2015 (30 June 2014: 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.

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 (as prices) or indirectly (derived from prices) (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 assets and liabilities measured and recognised at fair value at 30 June 2015 and 30 June 2014:

At 30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivatives used for hedging	-	1,864	-	1,864
Total liabilities				1,864

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

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 five cash generating operating units; refer to note 16. The cash generating units are based on the aggregation of cost centres. 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, tax, depreciation and amortisation (EBITDA) 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 primarily 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, Sydney, Brisbane and Melbourne facilities. Toxfree uses a number of technologies to manage this waste stream including, thermal desorption, incineration, plasma arc, base catalytic de-chlorination, 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(c) Segment performance								
Revenue								
Total segment revenue	**270,080**	208,403	**113,754**	109,984	**86,073**	97,073	**469,907**	415,460
Inter-segment revenue	**(19,997)**	-	**(9,926)**	(12,153)	**(32,706)**	(33,310)	**(62,629)**	(45,463)
External customers	**250,083**	208,403	**103,828**	97,831	**53,367**	63,763	**407,278**	369,997
Depreciation and amortisation	**17,039**	13,049	**8,194**	8,653	**5,252**	4,628	**30,485**	26,330
Impairments / write-offs	**-**	-	**-**	-	**-**	976	**-**	976
Segment EBIT	**45,045**	39,899	**9,902**	9,762	**14,631**	16,810	**69,578**	66,471
Segment EBITDA	**62,084**	52,948	**18,096**	18,415	**19,883**	21,438	**100,063**	92,801
(d) Segment assets								
Total segment assets	**215,262**	198,475	**64,264**	69,043	**99,378**	90,721	**378,904**	358,239
Capital Expenditure	**21,220**	15,800	**5,947**	8,354	**6,448**	3,139	**33,615**	27,293
(e) Segment liabilities								
Total segment liabilities	**23,139**	18,490	**11,050**	9,937	**18,562**	13,171	**52,751**	41,598

(f) Reconciliations

	2015 $'000	2014 $'000
Reconciliation of segment EBITDA to operating profit before income tax:		
Segment EBITDA	**100,063**	92,801
Share-based payments	**(572)**	(373)
Finance costs	**(6,505)**	(6,505)
Employee expenses	**(20,168)**	(19,140)
Acquisition and rebranding costs	**(1,395)**	(725)
Information technology expenses	**(355)**	(854)
Travel and motor vehicle expenses	**(2,048)**	(1,946)
Depreciation and amortisation	**(31,728)**	(27,442)
Occupancy costs	**(937)**	(916)
Other corporate costs	**(4,987)**	(4,627)
Other income	**880**	622
Total net profit before tax	**32,248**	30,895
Reconciliation of segment assets to total assets per the Balance Sheet:		
Segment assets	**378,904**	**358,239**
Cash and cash equivalents	**19,709**	**16,168**
Other receivables	**415**	**1,440**
Inventories	**241**	**296**
Prepayments	**2,890**	**1,958**
Prepaid tax	**-**	**-**
Deferred tax assets	**7,954**	**8,167**
Property, plant and equipment	**11,251**	**4,426**
Total assets per the Consolidated Balance Sheet	**421,364**	390,694
Reconciliation of segment liabilities to total liabilities per the Balance Sheet:		
Segment liabilities	**52,751**	41,598
Other payables and derivative liabilities	**1,966**	4,547
Loans and borrowings	**100,517**	97,463
Employee benefits	**8,487**	7,430
Current tax payable	**542**	273
Deferred tax liability	**6,366**	2,401
Total liabilities per the Consolidated Balance Sheet	**170,629**	153,712

6 Business Combination

(a) Acquisition of Pilbara Logistics Pty Ltd

On 1 August 2014, Toxfree acquired 50% interest in Pilbara Logistics Pty Ltd (PL) and an additional 25% interest in PT Environmental Services Pty Ltd (PTES), for a cash consideration of $5.5m. PL is an indigenous waste management company with operations in Newman and Port Hedland within the Pilbara region of Western Australia and is currently Toxfree's joint venture (50:50) partner in PTES which has been servicing the Fortescue Metals Group (FMG) Total Waste Management Contract for the last four years.

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

	$'000
Purchase consideration	
Cash paid for 50% interest in PL and 25% of PTES	5,500
Fair value of Toxfree's initial 50% interest in PTES	910
Total Purchase consideration	6,410

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

	Fair Value $'000
Cash	331
Trade receivables	3,905
Work in progress	4
Deposits	19
Other receivables	138
Plant and equipment	7,389
Deferred tax asset	197
Intangible assets – Customer contracts	668
Trade payables	(736)
Employee Entitlements	(486)
Income tax payable	(746)
Finance leases payable	(2,496)
Other payables	(225)
Net identifiable assets acquired	7,962
Less: Non-controlling interests	(3,526)
	4,436
Add: Goodwill	1,974
	6,410

The goodwill is attributable to the strengthened foothold obtained in the area, increased workforce, business and market capabilities. None of the goodwill is expected to be deductible for tax purposes.

The Group has reported provisional amounts for goodwill, customer contracts and plant and equipment acquired as part of the purchase of PL and PTES.

(i) Acquisition-related costs
Acquisition-related costs for the acquisition of PL of $0.222M are included in the Consolidated Income Statement.

(ii) Revenue and profit contribution
The Pilbara Logistics Group contributed combined revenues of $34.174m and net profit before tax of $1.535m to the Toxfree Group for the period 1 August 2014 (acquisition date) to 30 June 2015. If the acquisition had occurred earlier on 1 July 2014, combined revenues of $35.677m and net profit before tax of $1.81m would have been contributed for the period 1 July 2014 to 30 June 2015.

(iii) Accounting policy choice for non-controlling interests
For the non-controlling interests in PL, the Group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets.

(iv) Acquired receivables
The fair value of the acquired trade receivables is $3,905k which is the gross contractual amount due.

Transactions with Non-controlling interests (NCI)
On 1 August 2014, Toxfree also acquired a further 10% of the shares of PL and an additional 5% of PTES, by selling the shares of its wholly owned subsidiary PW to PL, thus creating a larger business in the Pilbara. The consideration for the additional interest was an assumed fair value of $1,878,752 being 40% of the carrying value of the net assets of PW.

	$'000
Transactions with NCI:	
NCI arising on business combination	3,526
Acquisition of additional 10% in PL	(405)
Consideration paid to NCI	1,879
Dividends paid to NCI	(2,240)
NCI share of profit	226
Non-controlling interests - carrying value 30 June 2015	2,986

(b) Acquisition of GBR Enviroservices Pty Ltd

On 1 January 2015 (the completion date) , Toxfree acquired 100% interest in GBR Enviroservices Pty Ltd (GBR), a provider of Technical and Environmental Services in Wingfield, South Australia.

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

	$'000
Purchase consideration	
Cash paid	111
Contingent consideration	1,067
Total Purchase consideration	1,178

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

	Fair Value $'000
Cash	5
Trade receivables	234
Other receivables	11
Plant and equipment	843
Trade payables	(84)
Bank overdraft	(53)
Employee Entitlements	(33)
Income tax payable	(37)
Waste Provision	(36)
Finance leases payable	(618)
Borrowings	(32)
Other payables	(78)
Net identifiable assets acquired	122
Add: Goodwill	1,056
	1,178

The goodwill is attributable to the additional market capabilities obtained in the area and synergies expected to arise after the Group's acquisition. None of the goodwill is expected to be deductible for tax purposes.

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

(i) Acquisition-related costs
Acquisition-related costs for the acquisition of GBR of $0.51M are included in the Consolidated Income Statement.

(ii) Revenue and profit contribution
GBR contributed revenue of $1.034m and net profit before tax of $0.069m to the Toxfree Group for the period 1 January 2015 (acquisition date) to 30 June 2015. If the acquisition had occurred earlier on 1 July 2014, combined revenues of $2.087m and net profit before tax of $0.087m would have been contributed for the period 1 July 2014 to 30 June 2015.

(iii) Contingent consideration
An anniversary payment is to be paid to the former shareholders of GBR by Toxfree and is calculated as follows:

From the completion date, the payment consideration will be equivalent to the value of 12 months earnings before interest, tax and deprecation (EBITDA) x 4.

The contingent consideration of $1.067M is budget based and at 30 June 2015, the business was on track to achieve budget.

(c) 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 2014. There have been no adjustments made to any of these provisional amounts in total in the current reporting period.

(d) Purchase consideration – cash outflow

	2015 $'000	2014 $'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration - PL and PTES	**5,500**	-
Cash consideration - GBR	**111**	-
Total cash consideration	**5,611**	-
Less: Balances acquired		
Cash – PL and PTES	**331**	-
Cash - GBR	**5**	-
Bank overdraft - GBR	**(53)**	-
	283	-
Net outflow of cash – investing activities	**5,328**	-

7 Revenue

	2015 $'000	2014 $'000
The Group derives the following types of revenue:		
Sales revenue		
Provision of services	**407,278**	369,997
	407,278	369,997
Other Revenue:		
Interest received	**222**	388
Rental income	**32**	438
	254	826
Total Revenue	**407,532**	370,823

8 Other Income

	2015 $'000	2014 $'000
Other Income comprises the following items:		
Other	**501**	744
Write-back of site remediation provision	**-**	405
	501	1,149

9 Expenses

Profit before income tax includes the following specific expenses:

	2015 $'000	2014 $'000
Interest and finance charges paid/payable	**4,860**	4,893
Establishment and other fees	**1,645**	1,612
Total finance costs	**6,505**	6,505
Amortisation	**2,073**	2,697
Bad debts	**440**	896
Depreciation	**29,655**	24,745
Insurance and workers compensation costs	**4,147**	3,894
Labour costs	**129,747**	119,452
Motor vehicle expenses	**22,192**	22,686
Net loss - disposal of property, plant and equipment	**323**	1,054
Rental expenses relating to operating leases	**19,985**	13,250
Share based payment expense **€**	**572**	373
Superannuation contributions	**8,986**	7,646
Travel expenses	**5,477**	5,897

€ 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:

	2015 $'000	2014 $'000
Current tax expense		
Current tax	**7,572**	8,581
Deferred tax	**2,525**	768
Adjustment to current tax expense	**-**	(40)
Over provision in prior years	**157**	(138)
	10,254	9,171
Deferred income tax expense / (revenue) included in income tax expense comprises:		
Decrease in deferred tax assets	**558**	2,331
Increase /(decrease) in deferred tax liabilities	**1,967**	(1,563)
	2,525	768

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

	2015 $'000	2014 $'000
Profit from continuing operations before income tax expense	**32,248**	30,895
Tax at the Australian tax rate of 30% (2014: 30%)		
Consolidated Group	**9,674**	9,268
	9,674	9,268
Add: Tax effect of:		
Entertainment	**79**	72
Share-based payments	**172**	112
Other	**189**	100
	10,114	9,552
Less: Tax effect of:		
Adjustment for current tax of prior period	**140**	341
Previously unrecognised timing differences now recouped	**-**	40
Income tax expense	**10,254**	9,171
The applicable weighted average effective tax rates are as follows:	**32%**	30%

(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:

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

	Note	2015 $'000	2014 $'000
Cash flow hedges	23	**(230)**	(84)

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	2015 $'000	2014 $'000
Cash at Bank and in hand	**19,709**	16,168
Balance per Consolidated Statement of Cash Flows	**19,709**	16,168

(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	2015 $'000	2014 $'000
Trade receivables		**60,623**	66,226
Provision for impairment of receivables	(a)	**(264)**	(1,287)
		60,359	64,939
Other receivables – accrued revenue	2(iii)	**24,901**	13,295
Other sundry receivables		**436**	1,325
Loans to KMP ¥		**-**	116
Prepayments		**2,890**	1,958
		88,586	81,633

¥ Further information relating to loans to KMP is set out in the Remuneration Report on pages 32 to 59 and also 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:

	2015 $'000	2014 $'000
Balance at beginning of the year	**(1,287)**	(565)
Provision for impairment	**-**	(1,618)
Unused amount reversed	**583**	-
Receivables written off during the year as uncollectible	**440**	896
Balance at end of the year	**(264)**	(1,287)

The creation and release of the Provision for Impaired Receivables has been included in Administrative expenses in the Consolidated Income Statement. 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
2015						
Trade receivables	**60,623**	**(264)**	**36,468**	**17,998**	**3,822**	**2,335**
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

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

	2015 $'000	2014 $'000
Current Tax Liability	**542**	273

(b) Recognised deferred tax assets

	Note	2015 $'000	2014 $'000
Deferred tax assets	13(d)	**7,954**	8,167
Deferred tax assets to be recovered within 12 months		6,379	6,253
Deferred tax assets after 12 months		1,575	1,914

(c) Recognised deferred tax liabilities

	Note	2015 $'000	2014 $'000
Deferred tax liabilities	13(d)	**6,366**	2,401
Deferred tax liabilities to be recovered within 12 months		**394**	311
Deferred tax liabilities after 12 months		**5,972**	2,090

(d) Deferred tax assets and liabilities - consolidated

	Note	Opening Balance $'000	Charged to Provision $'000	Charged to Income $'000	Business Acquisitions $'000	Other Compre-hensive Income $'000	Closing Balance $'000
Deferred tax assets							
PPE - Timing differences		**184**	**10**	**(194)**	**-**	**-**	**-**
Provisions - employee benefits		**2,460**	**-**	**170**	**161**	**-**	**2,791**
Transaction costs on equity issue		**589**	**(135)**	**(143)**	**-**	**-**	**311**
Borrowing costs		**110**	**(19)**	**(24)**	**-**	**-**	**67**
Cash Flow Hedging Reserve		**329**	**-**	**-**	**-**	**230**	**559**
Other		**4,495**	**25**	**(366)**	**72**	**-**	**4,226**
Balance at 30 June 2015	**13(b)**	**8,167**	**(119)**	**(557)**	**233**	**230**	**7,954**
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		10,166	247	(2,330)	-	84	8,167
Deferred tax liabilities							
PPE		**2,090**	**1,887**	**1,769**	**226**	**-**	**5,972**
Other – recognised on acquisition		**311**	**(116)**	**199**	**-**	**-**	**394**
Balance at 30 June 2015	**13(c)**	**2,401**	**1,771**	**1,968**	**226**	**-**	**6,366**
PPE		3,740	29	(1,680)	-	-	2,090
Other – recognised on acquisition		314	(119)	117	-	-	311
Balance at 30 June 2014		4,054	(90)	(1,563)	-	-	2,401

14 Inventories

Current assets	2015 $'000	2014 $'000
At cost:		
Raw materials and consumables	**241**	296

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

15 Property, Plant and Equipment

Non-current assets	2015 $'000	2014 $'000
Plant and equipment		
At cost	**237,594**	204,118
Accumulated depreciation	**(106,868)**	(90,827)
Total plant and equipment	**130,726**	113,291
Land, buildings and leasehold improvements		
At cost	**31,784**	29,351
Accumulated depreciation	**(9,024)**	(7,784)
Total land, buildings and leasehold improvements	**22,760**	21,567
Total Property, Plant and Equipment	**153,486**	134,858

(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 2015			
Balance - beginning of year	**113,291**	**21,567**	**134,858**
Additions	**41,815**	**1,578**	**43,393**
Additions - Business combinations	**8,232**	**-**	**8,232**
Disposals	**(3,342)**	**-**	**(3,342)**
Transfers and reclassifications	**(1,422)**	**1,422**	**-**
Depreciation expense	**(27,848)**	**(1,807)**	**(29,655)**
	130,726	**22,760**	**153,486**
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)
	113,291	21,567	134,858

(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 2015 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 $3.527M (2014: $2.175M) in relation to property, plant and equipment which is in the course of construction.

16 Intangible Assets

Non-current assets	2015 $'000	2014 $'000
Goodwill		
Cost	**142,653**	139,432
Net carrying value	**142,653**	139,432
Intellectual Property		
Cost	**3,325**	3,325
Accumulated amortisation and impairments	**(2,666)**	(2,566)
Net carrying value	**659**	759
Business Licenses		
Cost	**3,878**	3,878
Net carrying value	**3,878**	3,878
Customer Contracts		
Cost	**11,436**	10,768
Accumulated amortisation	**(7,238)**	(5,265)
Net carrying value	**4,198**	5,503
Total Intangibles	**151,388**	149,572

	Intellectual Property $'000	Customer Contracts $'000	Business Licenses $'000	Goodwill $'000	Total $'000
Year ended 30 June 2015					
Balance - beginning of the year	**759**	**5,503**	**3,878**	**139,432**	**149,572**
Additions through business combinations	**-**	**668**	**-**	**3,221**	**3,889**
Reclassification	**-**	**-**	**-**	**-**	**-**
Amortisation	**(100)**	**(1,973)**	**-**	**-**	**(2,073)**
Closing value at 30 June 2015	**659**	**4,198**	**3,878**	**142,653**	**151,388**

	Intellectual Property $'000	Customer Contracts $'000	Business Licenses $'000	Goodwill $'000	Total $'000
Year ended 30 June 2014					
Balance - beginning of the year	859	8,099	3,878	138,659	151,495
Additions through business combinations	-	-	-	773	773
Reclassification	-	-	-	-	-
Amortisation and impairment	(100)	(2,596)	-	-	(2,696)
Closing value at 30 June 2014	759	5,503	3,878	139,432	149,572

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 Income Statement. Goodwill and Business Licenses have an indefinite life and are not amortised; 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:

	2015 $'000	2014 $'000
Technical and Environmental Services	**60,260**	49,682
Industrial Services	**10,771**	14,564
Waste Services	**80,357**	85,326
Total	**151,388**	149,572

For the purpose of impairment testing, intangibles are allocated to five (2014: seven) cash-generating units (CGU). During the year, the CGU and aggregate carrying amounts were restructured to fall in line with the Group operations, cash-flow, management and reporting changes over the past two years.

2015: The aggregate carrying amounts allocate to the five CGUs are:

	2015 $'000
Waste Services – East	56,763
Waste Services - West	23,594
Industrial Services - East	7,577
Industrial Services - West	3,194
Technical and Environmental Services (TES)	60,260
Closing value at 30 June 2015	151,388

2014: The aggregate carrying amounts allocate to the seven CGUs are:

	2014 $'000
Waste Services – Far North West	26,646
Waste Services - East	47,635
Waste Services – South East	10,247
Waste Services - Pilbara	798
Industrial Services - West Coast	6,884
Industrial Services - East Coast	7,680
Technical and Environmental Services	49,682
Closing value at 30 June 2014	149,572

The recoverable amount of each CGU is determined based on value-in-use calculations. Value-in-use calculations use cash flow projections based on financial budgets excluding growth initiatives, covering a projected five year period and then estimating a year five terminal value. The cash flows are discounted using a discount rate of 7% (2014: 9%).

(b) Significant estimate: key assumptions used for value-in-use calculations

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Waste Services - East	**Waste Services - West**	**TES**
EBITDA (% annual growth rate)	3% - 5%	Maximum 1%	Maximum 5%
Annual capital expenditure ($'000)	3,058 – 6,158	3,858 – 4,458	1,411 – 4,111

Management has determined the values assigned to each of the above key estimates as follows:

Assumption	**Approach used to determine values**
EBITDA	Based on past performance and management's expectation for the future, excluding any growth initiatives.
Annual Cap Exp	Expected cash costs to maintain assets in current condition.

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(c) Sensitivity to change in assumptions

The Directors and management have considered and assessed reasonably possible changes to key assumptions that result in a change to the recoverable amount for each CGU. 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 over 1% for any of the CGU recoverable amounts to fall below their carrying amount. The Directors and management have not identified other reasonably possible changes in key assumptions that could cause the carrying amount of any CGU to exceed its recoverable amount.

17 Trade and Other Payables

Current liabilities	2015 $'000	2014 $'000
Trade payables	**30,922**	23,277
Other payables and accrued expenses	**15,529**	14,799
	46,451	38,076

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

18 Borrowings

Secured liabilities	Note	2015 $'000	2014 $'000
Current liabilities			
Bank cash advance facility ➋		**7,550**	6,855
Lease liabilities	28	**4,764**	3,013
Current borrowings		**12,314**	9,868
Non-current liabilities			
Bank cash advance facility ➋		**79,788**	77,250
Lease liabilities	28	**8,415**	10,345
Non-current borrowings		**88,203**	87,595
Total borrowings		**100,517**	97,463

➋ Prepaid bank establishment fees of $nil (2014: $145,070) 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 2.79% to 3.01%, payable in arrears (2014: 3.32% to 3.60%) and in addition, the capital portion of the facilities are currently repayable in quarterly instalments of $1.888M (2014: $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 58% (2014: 63%) 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 2015 financial year was approximately 6.5% (2014: 6.8%). Monthly repayments including finance charges are approximately $456,000 (2014: $319,000).

(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

	2015 $'000	2014 $'000
Total loan facilities	**148,338**	135,000
Loan facilities - utilised	**(107,189)**	(97,608)
Loan facilities - available	**41,149**	37,392

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

	2015 $'000	2014 $'000
Current liabilities		
Annual and long service leave	**8,487**	7,430

Amounts not expected to be settled within the next 12 months		
Current leave obligations expected to be settled after 12 months	**2,555**	1,189

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 $8.487M (2014: $7.43M) 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

Current liabilities	2015 $'000	2014 $'000
Site testing and remediation	**28**	50
Waste destruction	**6,374**	6,921
	6,402	6,971

Movements during the financial year are set out below:

	Site Remediation $'000	Waste Destruction $'000	Total $'000
Carrying amount 1 July 2014	50	6,921	6,971
Additional provisions recognised	-	2,242	2,242
Amounts used in the year	(22)	(2,789)	(2,811)
Carrying amount 30 June 2015	28	6,374	6,402

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 $28,000 (2014: $50,000) 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

	2015 $'000	2014 $'000
Current liability		
Interest rate swap contracts – cash flow hedges	-	60
Long-term liability		
Interest rate swap contracts – cash flow hedges	**1,864**	1,038
	1,864	1,098

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 2.85% (2014: 3.56%). 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 2015 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 2015 was $30,250,000 (2014: $33,250,000).

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	3.27%	1 month BBSY	18 May 2015	17 May 2018

The notional amount at 30 June 2015 was $20,000,000 (2014: $nil).

The Swaps in place currently cover over 58% (2014: 63%) 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

	Notes	2015 Shares	2014 Shares	2015 $'000	2014 $'000
(a) Share capital					
Ordinary shares					
Fully paid	(c)	**134,013,376**	133,752,359	**170,900**	170,885
(b) Other equity securities					
Treasury shares – Tox Free Employee Share Trust	(d)	**(6,536)**	-	**(15)**	-
Total contributed equity		**134,006,840**	133,752,359	**170,885**	170,885

(c) Movements in Ordinary Share Capital

Date	Details	Notes	2015 Number	2014 Number	2015 $'000	2014 $'000
	On issue at 1 July		**133,752,359**	**132,529,859**	**170,885**	**167,686**
	Movements:					
05/09/2014	Settlement of vested executive rights		-	-	(760)	-
26/03/2015	Dividend reinvestment plan issue	**(e)**	197,525	-	575	-
27/05/2015	500,000 cashless share options exercised at $2.75		63,492	-	200	-
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
	On issue at 30 June		**134,013,376**	**133,752,359**	**170,900**	**170,885**

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.

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(d) Treasury Shares – Toxfree Employee Share Trust

Details	Number of shares	$'000
Opening balance 1 July 2014	-	-
Acquisition of shares (average share price $2.79 per share)	**(271,580)**	**(760)**
Acquisition of shares (average share price $2.34 per share)	**(6,536)**	**(15)**
Executive LTI Plan issue	**271,580**	**760**
Closing balance 30 June 2015	**(6,536)**	**(15)**

(e) Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at no discount to the market price.

(f) Employee Share Schemes

Information relating to Toxfree employee share schemes is set out in Note 26 Share-based payment.

(g) Options and Rights

(i) 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, is set out in Note 26 Share-based payment.

(ii) 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 32 to 59.

(h) 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 2015, the Group's strategy was to maintain a gearing ratio of no greater than 2.75 times (2014: 2.75 times) EBITDA.

	Note	Consolidated 2015 $'000	2014 $'000
Finance debt	18	**100,517**	97,608 ➽
EBITDA		**70,481**	64,842
Gearing ratio		**1.43 times**	1.51 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

	2015 $'000	2014 $'000
Share-based Payment Reserve	**7,155**	7,145
Cash Flow Hedging Reserve	**(1,305)**	(769)
Equity Reserve	**(1,474)**	-
	4,376	6,376

Share-Based Payment Reserve	2015 $'000	2014 $'000
Opening balance	**7,145**	6,772
Share- based payment expense – current year	**572**	373
Transfers to contributed equity	**(200)**	-
Transfers to retained earnings	**(362)**	-
Closing balance	**7,155**	7,145

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

Cash Flow Hedging Reserve	2015 $'000	2014 $'000
Opening balance	**(769)**	(573)
Revaluation - gross	**(766)**	(280)
Deferred tax	**230**	84
Closing balance	**(1,305)**	(769)

The Reserve is used to record gains and losses on hedging instruments 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.

Equity Reserve	2015 $'000	2014 $'000
Opening balance	**-**	-
Increase in equity held by non-controlling interest	**(1,474)**	-
Closing balance	**(1,474)**	-

As mentioned in note 6, Toxfree acquired an additional 10% interest in PL and 5% indirect interest in PTES by giving up a 40% equity interest in PW. The Reserve represents the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid.

(b) Retained Earnings

	2015 $'000	2014 $'000
Opening balance	**59,721**	48,621
Profit for the year	**21,768**	21,724
Transfers from share-based payment reserve	**362**	-
Dividends	**(9,363)**	(10,624)
Closing balance	**72,488**	59,721

24 Dividends

Dividends provided for or paid	2015 $'000	2014 $'000
The following dividends were declared and paid:		
Final ordinary dividend for the year ended 30 June 2014 of 3 cents (2013: 5 cents) per share	**4,013**	6,626
Interim ordinary dividend for the year ended 30 June 2015 of 4 cents (2014: 3 cents) per share	**5,350**	3,998
Total dividends provided for or paid	**9,363**	10,624
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2015 and 30 June 2014 were as follows:		
Paid in cash	**8,788**	10,624
Satisfied by the issue of shares – dividend reinvestment plan	**575**	-
	9,363	10,624

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

Proposed dividends	2015 $'000	2014 $'000
Proposed final 2015 fully franked ordinary dividend of 4.5 cents (2014: 3 cents) per share to be paid on 29 September 2015	**6,031**	4,013

The proposed final dividend for 2015 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 2015.

Franking account	2015 $'000	2014 $'000
The franking credits available for subsequent financial years at a tax rate of 30%	31,529	29,888

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

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) 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 $2.585M (2014 $1.719M).

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 profit after income tax to net cash inflow from operating activities

	2014 $'000	2013 $'000
Profit for the year	**21,994**	21,724
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- gain on equity interest	**(258)**	-
- amortisation	**2,073**	2,696
- bad and doubtful debts	**(8)**	1,618
- depreciation	**29,655**	24,745
- net loss on disposal of property, plant and equipment	**323**	78
- net loss – plant and equipment written-off	**-**	976
- write-back of site remediation provision	**-**	(405)
- share-based payment transactions	**572**	373
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(2,470)**	1,334
- (increase)/decrease in prepayments	**(787)**	189
- decrease/(increase) in inventories	**55**	(92)
- increase/(decrease) in trade and other payables	**6,301**	(5,757)
- decrease/(increase) in net tax assets	**3,900**	1,867
- (decrease)/increase in provisions	**(67)**	(2,103)
Net cash inflow from operating activities	**61,283**	47,243

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(b) Non-cash Financing and Investing Activities

	2015 $'000	2014 $'000
Acquisition of property, plant and equipment by means of finance lease	**1,096**	6,500
	1,096	6,500

26 Share-based Payment

At 30 June 2015, the Group has the following share-based payment schemes:

I. Tox Free Employee Share Option Program (ESOP)

The 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.

II. Tox Free Executive Long-Term Incentive (LTI) Plan

On 24 November 2011, the Shareholders approved the adoption of an additional LTI Plan that provides the Board with the discretion to grant Performance Rights (PR) and/or Share Appreciation Rights (SAR) to executives that will vest subject to the satisfaction of performance hurdles i.e. Earnings per Share (EPS) and Total Shareholder Return (TSR) 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 60% depending their executive level and seniority.

The LTI Plan is administered by the Tox Free Solutions Employee Share Trust (Trust). The Trust is consolidated in accordance with note 1(c).

Shares issued by the Trust to the employees are acquired on-market prior to the issue. Shares held by the Trust and not yet issued to employees at the end of the reporting period are shown as Treasury shares in the financial statements (see note 22(d)).

Equity instruments granted as a result of exercise of Rights:

Details	**2015**	2014
Number of shares issued under the Plan to participating employees	**271,580**	-

Please refer to the Remuneration Report set out on pages 32 to 59 for additional information.

(a) Options

At 30 June 2015, a summary of the Group options issued and not exercised are as follows. Options are settled by the physical delivery of shares:

2015 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
26/02/2010	26/02/2010	15/01/2015	$2.64	20,000	-	-	(20,000)	-	-
26/02/2010	26/02/2010	15/01/2016	$2.39	20,000	-	-	-	20,000	20,000
23/11/2010	01/09/2012	01/11/2015	$2.75	500,000	-	(500,000)	-	-	-
23/11/2010	01/09/2013	01/11/2016	$3.00	500,000	-	-	-	500,000	500,000
Total				**1,040,000**	**-**	**(500,000)**	**(20,000)**	**520,000**	**520,000**
Weighted Average Exercise Price				$2.86		$2.75	$2.64	$2.98	

During the year ended 30 June 2015, nil (2014: nil) options were forfeited and 20,000 (2014: 45,000) options expired.
At the exercise date, the weighted average share price of options exercised during the year was $2.75 (2014: $2.62).
The weighted average remaining contractual life of options outstanding at year end was 1.31 years (2014: 1.81 years).
The weighted average exercise price of outstanding shares at the end of the reporting period was $2.98 (2014: $2.86).

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 (2014: Nil).

At 30 June 2014, a summary of the Group options issued and not exercised are as follows

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
28/10/2009	01/09/2012	01/11/2013	$2.74	368,000	-	(368,000)	-	-	-
23/09/2009	01/09/2012	01/11/2013	$2.74	379,500	-	(334,500)	(45,000)	-	-
26/02/2010	26/02/2010	15/01/2014	$1.20	20,000	-	(20,000)	-	-	-
26/02/2010	26/02/2010	15/01/2015	$2.64	20,000	-	-	-	20,000	20,000
26/02/2010	26/02/2010	15/01/2016	$2.39	20,000	-	-	-	20,000	20,000
23/11/2010	01/09/2011	01/11/2014	$2.50	500,000	-	(500,000)	-	-	-
23/11/2010	01/09/2012	01/11/2015	$2.75	500,000	-	-	-	500,000	500,000
23/11/2010	01/09/2013	01/11/2016	$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	

(b) Rights

At 30 June 2015, a summary of the Group's *Performance Rights* (PR) 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)	-	-	-
24 November 2011	30 June 2014	2	59,595	-	(59,595)	-	-	-
3 October 2012	30 June 2015	1€	22,093	-	-	(22,093)	-	-
3 October 2012	30 June 2015	2€	34,756	-	-	(13,207)	21,549	21,549
14 November 2012	30 June 2015	1€	18,882	-	-	(18,882)	-	-
14 November 2012	30 June 2015	2€	26,123	-	-	(9,927)	16,196	16,196
1 July 2013	30 June 2016	1	68,665	-	-	-	68,665	-
1 July 2013	30 June 2016	2	113,263	-	-	-	113,263	-
1 July 2014	30 June 2017	1	-	83,033	-		83,033	-
1 July 2014	30 June 2017	2	-	129,841	-		129,841	-
Total			**388,220**	**212,874**	**(104,438)**	**(64,109)**	**432,547**	**37,745**

€ EPS performance condition (tranche 1) >10% compound annual growth rate target over the 3 year performance period not met. Vesting % = nil. TSR performance condition (tranche 2) only partially met. TSR outcome was at the 56th percentile in the Peer Group – 62% of the rights allocation will vest.

Each PR 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 PR 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 2015, 212,874 (2014: 203,763) PR were granted and 104,438 (2014: 42,613) PR were forfeited. The weighted average remaining contractual life of PR outstanding at year end was 3.43 years (2014: 3.20 years). The Rights expire 5 years after the grant date.

At 30 June 2014, a summary of the Group's *Performance Rights* (PR) 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	-	(8,241)	68,665	-
1 July 2013	30 June 2016	2	-	126,857	-	(13,594)	113,263	-
Total			**227,070**	**203,763**	**-**	**(42,613)**	**388,220**	**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.

At 30 June 2015, 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)	-	-	-
24 November 2011	30 June 2014	2	232,265	-	(232,265)	-	-	-
3 October 2012	30 June 2015	1€	114,000	-	-	(114,000)	-	-
3 October 2012	30 June 2015	2€	118,750	-	-	(45,125)	73,625	73,625
14 November 2012	30 June 2015	1€	91,208	-	-	(91,208)	-	-
14 November 2012	30 June 2015	2€	94,408	-	-	(35,875)	58,533	58,533
1 July 2013	30 June 2016	1	348,776	-	-	-	348,776	-
1 July 2013	30 June 2016	2	372,424	-	-	-	372,424	-
1 July 2014	30 June 2017	1	-	481,591	-	-	481,591	-
1 July 2014	30 June 2017	2	-	509,375	-	-	509,375	-
Total			**1,587,506**	**990,966**	**(447,940)**	**(286,208)**	**1,844,324**	**132,158**

€ EPS performance condition (tranche 1) >10% compound annual growth rate target over the 3 year performance period not met. Vesting % = nil. TSR performance condition (tranche 2) only partially met. TSR outcome was at the 56th percentile in the Peer Group – 62% of the rights allocation will vest.

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 2015, 990,966 (2014: 807,770) SAR were granted and 286,208 (2014: 171,639) SAR were forfeited. The weighted average remaining contractual life of SAR outstanding at year end was 3.49 years (2014: 3.17 years). The Rights expire 5 years after the grant date.

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	162,152	-	-	(43,402)	118,750	-
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	-	(41,867)	348,776	-
1 July 2013	30 June 2016	2	-	417,127	-	(44,703)	372,424	-
Total			**951,375**	**807,770**	**-**	**(171,639)**	**1,587,506**	**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.

Details of Rights issued for the year ended 30 June 2015 are as follows:
On 1 July 2014, 212,874 Performance Rights and 990,966 Share Appreciation Rights were granted to Key Management Personnel and to Senior Management under the Executive LTI Plan. The rights vest on 30 June 2017. Specific disclosure details of the 1 July 2014 grant are as follows:

Details	Performance Rights Granted	Share Appreciation Rights Granted	Total
Directors			
S Gostlow **^**	60,276	280,594	340,870
KMP			
E Goodwin	41,691	194,078	235,769
M Constable	18,384	85,581	103,965
J Dixon	18,384	85,581	103,965
S Bagshawe	10,297	47,935	58,232
J Bovell	12,105	56,353	68,458
Senior Management	51,737	240,844	292,581
	212,874	**990,966**	**1,203,840**

^ The grant to Mr S Gostlow was approved by the shareholders at the Annual General Meeting held on 28 November 2014.

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 2014	3.19	2.04	0.55	0.52

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Key valuation assumptions made at grant date are summarised below:

Key value assumptions	1 July 2014
Share price	$3.36
Effective exercise price (SAR only)	$3.44
Annualised volatility (midpoint)	25.0%
Annual dividend yield	1.75%
Risk free rate	2.61%

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**

^ 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%

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

	2015 $'000	2014 $'000
Options	**-**	23
Performance Rights	**397**	175
Share Appreciation Rights	**397**	175
Reversal of unvested non-market related performance rights	**(222)**	-
	572	373

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 $5.99M (2014: $5.43M). 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 2015. Please refer to note 31 for details of Group contingencies.

Capital expenditure commitments of the parent entity

	2015 $'000	**2014 $'000**
Capital expenditure commitments contracted for:		
Capital	-	3,998
Total Capital contracted for	-	3,998
Payable:		
- no later than 1 year	-	3,998
- between 1 year and 5 years	-	-
Total Capital Contracted for	-	3,998

As at 30 June 2015, the parent entity had no contractual commitments for the acquisition of property, plant or equipment. Please refer to Note 28 for additional information on Group Commitments.

The individual statements for the parent entity show the following aggregate amounts:

Balance Sheet	2015 $'000	2014 $,000
Current assets	**24,645**	42,077
Non-current assets	**325,109**	242,450
Total assets	**349,754**	284,527
Current liabilities	**13,802**	27,421
Non-current liabilities	**149,188**	90,271
Total liabilities	**162,990**	117,692
Net assets	**186,764**	166,835
Contributed equity	**170,900**	170,884
Retained earnings / (Accumulated losses)	**10,014**	(10,425)
Cash Flow Hedging Reserves	**(1,305)**	(769)
Share-based payment Reserve	**7,155**	7,145
Total Shareholders' Equity	**186,764**	166,835
Profit / (Loss) for the year	**29,295**	54,577
Total comprehensive income / (expense) for the year	**28,759**	54,381

28 Commitments

(a) Finance lease commitments

	2015 $'000	2014 $'000
Payable - minimum lease payments:		
- no later than 1 year	**5,470**	3,831
- between 1 year and 5 years	**9,081**	11,380
- greater than 5 years	**-**	31
Minimum lease payments	**14,551**	15,242
Less: finance changes	**(1,372)**	(1,884)
Present value of minimum lease payments	**13,179**	13,358

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.

	2015 $'000	2014 $'000
Payable - minimum lease payments:		
- no later than 1 year	**9,390**	9,446
- between 1 year and 5 years	**23,861**	28,293
- greater than 5 years	**4,218**	9,694
	37,469	47,433

Operating leases have been 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 2015, $19.9M (2014: $13.25M) was recognised as an expense in the Consolidated Income Statement.

(c) Capital expenditure commitments

	2015 $'000	2014 $'000
Capital expenditure commitments contracted for:		
Capital	**4,134**	12,535
Total Capital contracted for	**4,134**	12,535
Payable:		
- no later than 1 year	**4,134**	12,535
- between 1 year and 5 years	**-**	-
Total Capital Contracted for	**4,134**	12,535

29 Controlled entities

(a) Parent and ultimate controlling entity

The parent and ultimate controlling entity is Tox Free Solutions limited, incorporated in Australia.

(b) Controlled entities

Subsidiaries:	Country of Incorporation	Holding % 2015	Holding % 2014
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 π	Australia	**-**	100
Dolocrete WA Pty Ltd π	Australia	**-**	100
DoloMatrix Australia Pty Ltd ¥	Australia	**100**	100
DoloMatrix Environmental Solutions Pty Ltd ¥	Australia	**100**	100
Entech Industries Pty Ltd π	Australia	**-**	100
Grimefighters Fluidclean Pty Ltd π	Australia	**-**	100
Hazwaste Pty Ltd π	Australia	**-**	100
MMS Enterprises (QLD) Pty Ltd ¥	Australia	**100**	100
Oil Energy Corporation Pty Ltd ¥	Australia	**100**	100
Pilbara Logistics Pty Ltd	Australia	**60**	-
Entities controlled by Pilbara Logistics Pty Ltd			
Pilbara Waste Pty Ltd ^	Australia	**60**	100
PTES Environmental Services Pty Ltd Ω	Australia	**80**	50
Specialised Investments Pty Ltd π	Australia	**-**	100
SRL Plasma Pty Ltd ℈	Australia	**100**	100
Thermal Treatment Solutions Pty Ltd π	Australia	**-**	100
Tox Free (Australia) Pty Ltd	Australia	**100**	100
Entities controlled by Tox Free Australia Pty Ltd			
GBR Enviroservices Pty Ltd	Australia	**100**	-
Tox Free (Henderson) Pty Ltd ¥	Australia	**100**	100
Tox Free Industrial Solutions Pty Ltd π	Australia	**-**	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 ʂ	Australia	**-**	100
Waste Services Australia Pty Ltd ¥	Australia	**100**	100
Waste Solutions (NT) Pty Ltd ¥	Australia	**100**	100

π Liquidated during the year.
℈ Entity dormant and currently in the process of being liquidated.
ʂ sold during the year for a total cash consideration of $230k, resulting in a gain on sale of $84k.
¥ Dormant
^ 100% held by Pilbara Logistics Pty Ltd
Ω 50% held by Tox Free Solutions Limited and 50% by Pilbara Logistics Pty Ltd.

The investments in subsidiaries are measured at cost in the parent company financial statements.

(c) Non-controlling interests (NCI)

Set out below is summarised financial information for the Pilbara Logistics Group that has non-controlling interests that are significant to the Group. The amounts disclosed are before inter-company eliminations.

Summarised balance sheet:	2015 $'000	2014 $'000
Current assets	**8,976**	-
Current liabilities	**5,202**	-
Current net assets	**3,774**	-
Non-current assets	**4,698**	-
Non-current liabilities	**144**	-
Non-current net assets	**4,554**	-
Net assets	**8,328**	-
Accumulated NCI	**2,986**	-

Summarised statement of comprehensive income:	2015 $'000	2014 $'000
Revenue	**34,174**	-
Profit for the period	**1,289**	-
Other comprehensive income	**-**	-
Total comprehensive income	**1,289**	-
Profit allocated to NCI	**226**	-
Dividends paid to NCI	**2,240**	-

Summarised cash flows:	2015 $'000	2014 $'000
Cash flows from operating activities	**702**	-
Cash flows from investing activities	**4,860**	-
Cash flows from financing activities	**(5,665)**	-
Net decrease in cash and cash equivalents	**(103)**	-

For additional information please refer to note 6, Business Combination.

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:

	2015 $'000	2014 $'000
Short-term employee benefits	**3,475**	3,487
Post-employment benefits	**309**	309
Long-term benefits	**13**	29
Share-based payments	**427**	296
	4,224	4,121

Detailed remuneration disclosures are provided in the Remuneration Report on pages 32 to 59.

(i) Subsidiaries

The consolidated financial statements include the financial statements of Tox Free Solutions Limited and the controlled entities which are listed in note 29, Controlled entities.

(b) Other transactions with Related parties

Dividend revenue

During the year, the parent company received dividend revenue of $3.01m from the Pilbara Logistics Group and $45m from Tox Free Australia Pty Ltd. These transactions have been eliminated on consolidation.

(c) Loans to Key Management Personnel

	2015 $'000	2014 $'000
CURRENT		
Beginning of year	**116**	897
Loans advanced	**-**	3,086
Lion and interest repayments received	**(116)**	(3,957)
Interest charged	**-**	90
End of year	**-**	116

The purpose of the loans is to enable KMP to exercise previously awarded Options. For additional information, please refer to the Remuneration Report set out on pages 32 to 59.

31 Contingencies

The Group had the following contingencies at the end of the reporting period:

Contingent Instruments

Bank Guarantees to the value of $5.99M (2014: $5.43M), 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 2015, Tox Free has continued to monitor the Group's potentially contaminated sites through scheduled environmental assessments such as groundwater monitoring.

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. The planned 2015 site improvements are yet to be completed. As part of these improvements, the Group will develop a plan to proactively remediate accessible areas.

There has been no change to the contaminated site status of the Oil Energy Corporation site, now known as the Toxfree Port Hedland Resource Recovery Centre. The facility was previously assessed by the Department of Environment Regulation as "Possibly Contaminated - Investigation Required". Toxfree has undertaken monitoring of groundwater in 2014 as part of its investigation program of the site contamination. Over the past 12 months, remediation activities were completed at a section of site as part of concrete storage and operational area bunding upgrades. The contingent liability for this site is not yet determined.

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

	2015 $'000	2014 $'000
Remuneration of the auditor of the parent entity, BDO Audit (WA) Pty Ltd:		
Audit and assurance services		
Audit and review of the financial statements	**290**	281
Taxation Services		
Tax advice and compliance services (BDO Corporate Tax (WA) Pty Ltd)	**234**	248
Other services		
Accounting advice and review of information	**13**	3
Business combinations and acquisitions	**21**	-
Group restructure	**-**	3
Total other services	**34**	6
Total Remuneration of Auditor	**558**	535

33 Earnings per Share

(a) Reconciliation of earnings used in calculating earnings per share:

	2015 $'000	2014 $'000
Basic earnings per share		
Profit from continuing operations attributable to ordinary equity holders of the Company	**21,768**	21,724
Diluted earnings per share		
Profit from continuing operations attributable to ordinary equity holders of the Company	**21,768**	21,724
Add: Potential interest earned on proceeds from the conversion of share options	**19**	48
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**21,787**	21,772

(b) Weighted average number of ordinary shares used as the denominator

	2015 Number	2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**133,806,268**	133,063,784
Adjustments for calculation of diluted earnings per share:		
Weighted average number of dilutive options and rights	**781,432**	1,490,910
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**134,587,700**	134,554,694

34 Deed of Cross-Guarantee

Tox Free Solutions Limited and wholly-owned operating 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

Subsequent to the year end, the Directors of Tox Free Solutions Limited declared a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of the dividend is $6,030,602 which represents a fully franked dividend of 4.5 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

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Director's Declaration
For the Year Ended 30 June 2015

The Directors of the Group declare that:

1. The financial statements and notes, as set out on pages 74 to 154, 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); the Corporations Regulations 2001; and other mandatory reporting requirements; and

   b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group;

2. the Chief Executive Officer 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

Director - Stephen Gostlow

Dated: 19th August 2015

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of 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 2015 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

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

Opinion

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

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 19 August 2015

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 July 2015:

1. Distribution of Equity Securities

Range	Total Holders	Ordinary Shares	% of Issued Capital
1 - 1,000	914	382,695	0.29
1,001 - 5,000	1,586	4,347,944	3.24
5,001 - 10,000	695	5,213,580	3.89
10,001 - 100,000	743	17,378,141	12.97
100,000 and over	54	106,691,016	79.61
Total	**3,992**	**134,013,376**	**100.00**

There were 302 holders of less than a marketable parcel of ordinary shares.

2. Twenty Largest Shareholders

	Ordinary shares	
	Number held	% of issued shares
J P Morgan Nominees Australia Limited	22,088,165	16.48
HSBC Custody Nominees (Australia) Limited	21,163,161	15.79
National Nominees Limited	14,098,408	10.52
Australian Foundation Investment Company Limited	10,661,200	7.96
Citicorp Nominees Pty Ltd	10,589,465	7.90
RBC Investor Services Australia Nominees Pty Ltd >BKCust A/C	6,114,090	4.56
BNP Paribas Nominees Pty Ltd < DRP>	6,047,730	4.51
Citicorp Nominees Pty Ltd > Colonial First State Inv A/C	1,240,360	0.93
Mirrabooka Investments Limited	1,200,000	0.90
Australian Executor Trustees Limited < No 1 Account >	777,467	0.58
Mr S J Gostlow	728,387	0.54
Horizon Equity Consulting Pty Ltd	710,000	0.53
Spar Nominees Pty Ltd	702,607	0.52
Sandhurst Trustees Ltd <SISF A/C>	680,000	0.51
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	633,934	0.47
Netwealth Investments Limited <Super Services A/C>	624,626	0.47
Netwealth Investments Limited <Wrap Services A/C>	611,092	0.46
Pershing Australia Nominees Pty Ltd <Accordius A/C>	514,253	0.38
Venue Holdings Pty Ltd	500,000	0.37
The Trust Company Superannuation Limited <GPMSF2 – Future Super A/C	450,000	0.34

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
Australian Super Pty Ltd	6,777,073
Investors Mutual Limited	6,655,616

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	15/01/16	$2.39
23/11/10	500,000	1	01/11/16	$3.00

There are 520,000 Options issued to 2 executives under the Tox Free Solutions Long-Term Option Plan to take up ordinary shares.

6. Rights

There are 432,547 Performance Rights issued to 11 executives under the Tox Free Solutions Limited free Long-Term Incentive Plan to take up ordinary shares.

There are 1,844,324 Share Appreciation Rights issued to 11 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 11
172 St Georges Terrace
PERTH WA 6000

TEL: 1300 787 272

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.