ASX ANNOUNCEMENT

ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

29 October 2013

Tox Free Solutions Limited advises the despatch of the Annual Report and Notice of Annual General Meeting to shareholders.

D McArthur

David McArthur
Company Secretary

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

24 Sangiorgio Court, Osborne Park WA 6017
P: +61 08 6216 7000 F: +61 08 6216 7001
For more information please contact investors@toxfree.com.au

TOX FREE SOLUTIONS LIMITED

ABN 27 058 596 124

toxfree

NOTICE OF ANNUAL GENERAL MEETING

DATE OF MEETING

27 November 2013

TIME OF MEETING

10.30am (WST)

PLACE OF MEETING

Four Points by Sheraton Perth
707 Wellington Street, Perth,
Western Australia

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Tox Free Solutions Limited ("**Company**") will be held at 10.30am (WST) on 27 November 2013 at Four Points by Sheraton Perth, 707 Wellington Street, Perth, Western Australia.

In order to determine voting entitlements, the register of Shareholders will be closed at 5.00pm (Sydney time) on 25 November 2013.

An Explanatory Memorandum containing information in relation to each of the Resolutions to be put to the meeting accompanies this Notice.

AGENDA

To consider and, if thought fit, to pass the following Resolutions.

ORDINARY BUSINESS

2013 Accounts

To receive and consider the annual financial report, the Directors' report and the auditor's report for the financial year ended 30 June 2013 and the Directors' declaration on the accounts.

Non-binding Ordinary Resolution 1: Directors' Remuneration Report

To receive and consider the Directors' Remuneration Report for the year ended 30 June 2013 and, if thought fit, to pass, with or without amendment, the following Resolution as a non-binding Resolution:

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act, the Directors' Remuneration Report contained within the Directors' Report for the financial year ended 30 June 2013 be adopted."

Note 1: the vote on this Resolution is advisory only and does not bind the Directors of the Company.

Note 2: If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must stand for re-election. Less than 25% of shareholder voted against the remuneration report at the 2012 Annual General Meeting.

Voting Prohibition Statement:

A vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member,

(collectively, a **"Prohibited Voter"**).

However, a Prohibited Voter may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

(c) the Prohibited Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or

(d) the Prohibited Voter is the Chair and the appointment of the Chair as proxy:

- (i) does not specify the way the proxy is to vote on this Resolution; and
- (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Ordinary Resolution 2:
Re-election of Bob McKinnon as a Director

To consider and, if thought fit, to pass, with or without amendment, as an ordinary Resolution:

"That Bob McKinnon, who retires by rotation in accordance with rule 13.2 of the Company's constitution, and being eligible, be re-elected as a Director."

Ordinary Resolution 3:
Re-election of Kathy Hirschfeld as a Director

To consider and, if thought fit, to pass, with or without amendment, as an ordinary Resolution:

"That Kathy Hirschfeld, a director who having been appointed since the last Annual General Meeting of the Company retires in accordance with the Company's Constitution, and being eligible is elected as a director of the Company."

Ordinary Resolution 4:
Ratification of Previous Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, as an ordinary Resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the issue and allotment of 13,607,595 Shares issued on terms and conditions outlined in the Explanatory Memorandum."

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 4 by any persons who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Ordinary Resolution 5:
Issue of Performance Rights and Share Appreciation Rights to Mr Stephen Gostlow

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary Resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the Directors to grant 49,010 Performance Rights and 194,286 Share Appreciation Rights to Mr Stephen Gostlow and to allot and issue Shares on the vesting of the Performance Rights and Share Appreciation Rights in accordance with the terms of the Executive LTI Plan, as detailed in the Explanatory Memorandum."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 5 by Mr Gostlow and any of his associates.

However, the Company need not disregard a vote on this Resolution if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

D McArthur

By order of the Board
D M McARTHUR
Company Secretary

Dated: 14 October 2013

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice**") of the Company.

The Directors of the Company ("**Directors**") recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report, the Directors' report and the auditor's report for the financial year ended 30 June 2013 and the Directors' declaration on the accounts.

A copy of the Company's 2013 Annual Report is available on the Company's ASX platform (ASX: TOX) and on the website www.toxfree.com.au. Alternatively, a hard copy will be made available upon request.

NON-BINDING ORDINARY RESOLUTION 1: Directors' Remuneration Report

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2013.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must stand for re-election. Less than 25% of shareholders voted against the remuneration report at the 2012 Annual General Meeting.

Proxy restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

(a) If you appoint a member of the Key Management Personnel (other than the Chair) as your proxy

If you elect to appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

(b) If you appoint the Chair as your proxy

If you elect to appoint the Chair as your proxy, you ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chair how to vote, ***you must tick the acknowledgement on the Proxy Form to acknowledge that the Chair may exercise their discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.***

(c) If you appoint any other person as your proxy

You ***do not*** need to direct your proxy how to vote, and you ***do not*** need to tick any further acknowledgement on the Proxy Form.

ORDINARY RESOLUTION 2: Re-election of Bob McKinnon as a Director

Clause 13.2 of the Company's Constitution requires that at every Annual General Meeting of the Company one-third of the Directors (rounded up to the nearest whole number) shall retire from office. The Directors to retire are those who have been longest in office since their last election. A retiring Director is eligible for re-election.

Accordingly, Bob McKinnon retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Information about Mr McKinnon is set out in the Company's 2013 Annual Report.

Recommendation

The directors (other than Mr McKinnon because of his interest in this Resolution) recommend that Shareholders vote in favour of Resolution 2.

ORDINARY RESOLUTION 3: Re-election of Kathy Hirschfeld as a Director

Clause 13.4 of the Company's Constitution requires that any Director appointed since the last Annual General Meeting of the Company resign at the next following Annual General Meeting and, if eligible, seek re-election at that meeting.

Accordingly, Kathy Hirschfeld resigns as a Director at the Annual General Meeting and, being eligible, offers herself for re-election as a Director of the Company.

Information about Ms Hirschfeld is set out in the Company's 2013 Annual Report.

Recommendation

The directors (other than Ms Hirschfeld because of her interest in this Resolution) recommend that Shareholders vote in favour of Resolution 3.

ORDINARY RESOLUTION 4:
Ratification of Previous Issue of Shares

Background

Resolution 4 seeks Shareholder ratification for the issue of 13,607,595 Shares issued on 1 May 2013.. On 1 May 2013 the Company announced the completion of a placement to institutional investors to raise gross proceeds of approximately $43 million to partly fund the acquisition of the assets and business of Wanless Enviro Services Pty Ltd, Smart Skip Pty Ltd and Jones Enviro Services Pty Ltd., and certain of the assets of Wanless Enviro Asset Management Pty Ltd.

ASX Listing Rule requirements

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying this issue of Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Shares the subject of this Resolution 4:

(a) the number of Shares which the Company issued was 13,697,595;

(b) the price for the issue of those Shares was $3.16 per share to raise approximately $43 million;

(c) the Shares issued were fully paid ordinary shares and rank pari passu with the Company's existing Shares;

(d) the Shares were issued to investors in accordance with the provisions of section 708 of the Corporations Act;

(e) the funds raised from the placement were used to partly fund the acquisition of the assets and business of Wanless Enviro Services Pty Ltd, Smart Skip Pty Ltd and Jones Enviro Services Pty Ltd., and certain of the assets of Wanless Enviro Asset Management Pty Ltd.; and

(f) a voting exclusion statement is provided in Resolution 4 of the Notice.

No related parties of the Company participated in the placement.

Recommendation

The Directors believe it is in the best interests of the Company to ratify the issue of the ordinary shares described above and recommend that Shareholders vote in favour of Resolution 4.

ORDINARY RESOLUTION 5:
Issue of Performance Rights and Share Appreciation Rights to Mr Stephen Gostlow

Resolution 5 seeks approval to issue Performance Rights and Share Appreciation Rights to Mr Stephen Gostlow under the Executive LTI Plan.

Mr Stephen Gostlow is the Managing Director of the Company.

The structure of Mr Gostlow's remuneration package has been brought into line with market practice, whereby LTI forms a key component of his total annual remuneration. A significant portion of his total annual remuneration has been placed at-risk to better align his interests with those of Shareholders, to encourage the production of long-term sustainable growth, and to assist with retention.

EXPLANATORY MEMORANDUM - CONTINUED

Quantum

The appropriate LTI grant quantum to be issued to Mr Gostlow for the financial year ending 30 June 2014 ("**FY14**") has been determined with reference to current market practice. For FY14, the dollar value of the LTI grant will be determined as 50% of Mr Gostlow's FY14 base salary (ie. an LTI grant of $236,775 in value).

Half of the LTI grant to Mr Gostlow will be granted as Performance Rights and the other half will be granted as Share Appreciation Rights (ie. $118,388 worth of Performance Rights and $118,388 worth of Share Appreciation Rights).

Allocation methodology and number of instruments

In determining the number of Performance Rights and Share Appreciation Rights to be granted, the LTI quantum is divided by the fair value ("**FV**") of one Performance Right/Share Appreciation Right (as determined by an independent valuer) as follows:

$$\text{Number of Performance Rights/Share Appreciation Rights to be granted} = \frac{\text{LTI quantum (\$)}}{\text{FV of one Performance Right/Share Appreciation Right}}$$

Performance Rights allocation

- 50% of the Performance Rights are measured against the relative total shareholder return ("**Relative TSR**") hurdle – with the FV for reward allocation purposes determined to be $1.94 per Performance Right.
  - (118,388 x 50%) / $1.94 = 30,512 Performance Rights
- The remaining 50% of the Performance Rights are measured against the absolute earnings per Share ("**Absolute EPS**") hurdle – with the FV for allocation purposes determined to be $ 3.20 per Performance Right
  - (118,388 x 50%) / $3.20 = 18,498 Performance Rights

Therefore, the total number of Performance Rights to be granted = 49,010.

Share Appreciation Rights allocation

- 50% of the Share Appreciation Rights are measured against the Relative TSR hurdle – with the FV for reward allocation purposes determined to be $0.59 per Share Appreciation Right.
  - (118,388 x 50%) / $0.59 = 100,328 Share Appreciation Rights
- The remaining 50% of the Share Appreciation Rights are measured against the Absolute EPS hurdle – with the FV for allocation purposes determined to be $0.63 per Share Appreciation Right
  - (118,388 x 50%) / $0.63 = 93,958 Share Appreciation Rights

Therefore, the total number of Share Appreciation Rights to be granted = 194,286

Performance period

The FY14 LTI grant will be performance tested from 1 July 2013 through to 30 June 2016. Performance is tested over the whole 3-year period to ensure that sustainable Shareholder growth has been created. A 3-year performance and vesting period is typical of ASX listed companies.

Vesting conditions and performance hurdles

The FY14 LTI grant to be made to Mr Gostlow under the Executive LTI Plan will vest subject to satisfaction of Relative TSR (50% of the grant) and Absolute 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 the other hurdles are not met.

Relative TSR performance will be assessed against the performance of the ASX 300, excluding companies within the metals and mining, financial services, infrastructure, investment and property sectors.

The Relative TSR portion of the FY14 LTI grant will become performance-qualified as follows:

Relative TSR performance	Vesting outcome (for the Relative TSR portion of the grant)
Less than 50th percentile	Nil
At the 50th percentile	50% of the relevant grant will become performance-qualified
Between the 50th and 75th percentile	For each percentile over the 50th, an additional 2% of the relevant grant will become performance-qualified
At or above the 75th percentile	100% vesting

Absolute EPS performance will be assessed against compound annual growth rate targets set by the Board. The target set for FY14 LTI grant is 10 % compound average growth rate.

The Absolute EPS portion of the FY14 LTI grant will become 100% performance-qualified if the compound average growth rate over the 3-year performance period is 10 % or greater. Where the compound annual growth rate over the 3-year period does not reach 10 % per annum, 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 Nominations and Remuneration Committee review the returns of a comparable index and reviewed industry growth rates.

ASX Listing Rule requirements

ASX Listing Rule 10.14 provides that a company must not permit a director to acquire securities under an employee incentive scheme (such as the Executive LTI Plan) without the prior approval of holders of ordinary securities. Accordingly, under Resolution 5, approval is sought for the issue of the Performance Rights and Share Appreciation Rights, and Shares upon the vesting of the Performance Rights and Share Appreciation Rights to Mr Stephen Gostlow.

ASX Listing Rule 10.15 requires the following information to be included in this Notice:

- The Performance Rights and Share Appreciation Rights will be granted to Mr Gostlow (the Managing Director of the Company).
- Subject to Shareholder approval being obtained, the number of Performance Rights and Share Appreciation Rights granted to Mr Gostlow will be determined by the allocation methodology formula as outlined above, with a maximum of 49,010 Performance Rights and a maximum of 194,286 Share Appreciation Rights being available for grant to Mr Gostlow.
- No consideration is payable by Mr Gostlow at the time of grant of the Performance Rights or Share Appreciation Rights or upon the allocation of Shares to which he may become entitled to on the vesting of some or all of the Performance Rights and/or Share Appreciation Rights.
- Since the Executive LTI Plan was approved on 24 November 2011 being the date the last approval was sought in accordance with ASX Listing Rules 10.14 and 10.15, 113,726 Performance Rights and 419,509 Share Appreciation Rights have been granted under the Executive LTI Plan, to Mr Gostlow.
- Mr Gostlow is the only person referred to in ASX Listing Rule 10.14 entitled to participate in the Executive LTI Plan for the purpose of the approval sought.
- The initial grant of Performance Rights and Share Appreciation Rights will be subject to the performance hurdles outlined above.
- Full details of Mr Gostlow's holdings of Shares and options are set out in the Company's 2013 Annual Report.
- No loans will be made by the Company in connection with the acquisition of the Performance Rights or Share Appreciation Rights.
- It is expected that the Performance Rights and Share Appreciation Rights will be granted to Mr Gostlow as soon as practicable after Shareholder approval is received and in any event no later than 12 months from the date of the Annual General Meeting without obtaining further Shareholder approval.
- A voting exclusion statement is provided at Resolution 5 of the Notice.

Corporations Act requirements

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "Related Party" unless one of the statutory exceptions applies or shareholders have in a general meeting approved the giving of that financial benefit.

Mr Gostlow is a "Related Party" of the Company as defined in the Corporations Act because he is a Director of the Company and the issue of Performance Rights and Share Appreciation Rights to him constitutes the giving of a "financial benefit".

The Performance Rights and Share Appreciation Rights are being issued to Mr Gostlow as part of his remuneration package in respect of services provided to the Company and to be provided to the Company. The Executive LTI Plan forms an important part of the Company's long term incentive strategy.

Section 211 of the Corporations Act provides an exception to the need to obtain shareholder approval to the giving of a financial benefit to a Related Party where the financial benefit is remuneration to an officer of a public company and giving the remuneration would be reasonable given the respective circumstances of the public company and Related Party (including the responsibilities involved in the office or employment).

The Board (with the exception of Mr Gostlow) considers that the grant of the Performance Rights and Share Appreciation Rights to Mr Gostlow is reasonable given the circumstances of the Company and Mr Gostlow. Accordingly, the Company will not seek approval of the issue of the Performance Rights and Share Appreciation Rights pursuant to Chapter 2E of the Corporations Act.

Recommendation

The Board (excluding Mr Gostlow) recommends that Shareholders vote in favour of this Resolution 5 to approve the grant of Performance Rights and Share Appreciation Rights under the Executive LTI Plan to Mr Gostlow. Mr Gostlow is interested in the outcome of this Resolution and therefore does not consider it appropriate to make a recommendation to Shareholders.

GLOSSARY OF TERMS

The following terms and abbreviations used in the Notice of Annual General Meeting and this Explanatory Memorandum have the following meanings:

$ means Australian dollars.

Absolute EPS means absolute earnings per share.

Annual General Meeting means the meeting of Shareholders convened by this Notice.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member; or

(b) a child of the member's spouse; or

(c) a dependent of the member or the member's spouse; or

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; or

(e) a company the member controls; or

(f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Tox Free Solutions Limited ABN 27 058 596 124.

Constitution means the constitution of the Company as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth) as amended from time to time.

Directors means the directors of the Company, from time to time.

Executive LTI Plan or LTI means the Tox Free Solutions Executive Long-Term Incentive Plan as amended from time to time.

Explanatory Memorandum means this explanatory memorandum.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company.

Notice means the notice of Annual General Meeting of the Company.

Performance Rights means an entitlement granted to a participant in the Executive LTI Plan to receive one Share subject to the satisfaction of any applicable vesting conditions, performance hurdles and / or exercise conditions.

Proxy Forms means the proxy form attached to the Notice.

Relative TSR means relative total shareholder return.

Remuneration Report means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 30 June 2013.

Resolution means a resolution contained in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Share Appreciation Rights means a right granted to a participant in the Executive LTI Plan to receive a future payment equal to the positive difference between the market value of a Share at the grant date or other time determined by the Board and the market value of a Share upon exercise of the Share Appreciation Right.

Shareholder means a registered holder of Shares.

WST means Australian Western Standard Time.

toxfree

1300 toxfree
www.toxfree.com.au

Annual Report 2013

toxfree

safe.reliable.sustainable

Tox Free Solutions Limited

Annual Report

CONTENTS

For the Year Ended 30 June 2013

Corporate DIRECTORY

Directors and Company Secretary

Robert McKinnon
Non-Executive Chairman

Katherine Hirschfeld
Non-Executive Director

Richard Allen
Non-Executive Director

Michael Humphris
Non-Executive Director

Stephen Gostlow
Managing Director

David McArthur
Company Secretary

Principal Place of Business

24 Sangiorgio Court
OSBORNE PARK WA 6017

PO Box 1108
OSBORNE PARK WA 6916

Registered Office in Australia

Level 2, 55 Carrington Street
NEDLANDS WA 6009

PO Box 985
NEDLANDS WA 6909

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

Share Register

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

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

Auditor

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

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

Bankers

ANZ – Corporate Banking
Level 30, 100 Queen Street
MELBOURNE VIC 3000

Legal Advisor

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

Securities Exchange

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

www.toxfree.com.au

Steve Gostlow, Managing Director

"Toxfree is a value driven organisation; our guiding values are safety, reliability and sustainability."

Managing Director's
REVIEW OF OPERATIONS

Tox Free Solutions Limited (**"Toxfree"**, the **"Company"** or **"Group"**) is pleased to present the following operational and financial results for the financial year ended 30 June 2013.

Results Commentary – 30 June 2013

Key Highlights

Strategy

Waste Services – to provide a comprehensive range of Waste Services in Western Australia, Queensland, Northern Territory and regional hubs throughout Australia.

- Significant expansion of services within Queensland and Western Australia to complement Toxfree's Total Waste Management Strategy in Australia.
- Acquisition of Wanless Enviro Services and Smart Skip in Queensland providing both an opportunity to expand total waste management services to regional resource areas as well as diversifying our suite of services across a greater range of industry sectors and regions to expand earnings opportunities.
- Expansion of services in Tasmania through the acquisition of the business assets of Jones Enviro Services.
- Expanded our business development team to focus on organic growth through award of long term industrial service and total waste management contracts with blue chip companies.

Industrial Services – to provide a comprehensive range of industrial services and obtain long term contracts with blue chip clients throughout Australia.

- Significant expansion of Industrial Services in the Surat Basin and Gladstone regions in Queensland.
- Acquisition of Absolute Waste in Toowoomba providing a solid base to service the developing Coal Seam Gas (CSG) sector in Queensland.
- Award of an industrial services contract with Queensland Alumina (QAL) in Gladstone expecting to generate revenue of $30 million over three years.
- Award of contracts with South East Water in Melbourne.
- Expansion of the range of industrial services in Western Australia to the oil and gas, mining and commercial sectors.

Technical and Environmental Services – to provide a comprehensive range of technical and environmental services to all industry sectors complementing our total waste management services.

- Integration of DMX assets with Toxfree sites developing Toxfree Centres of Excellence to more efficiently treat a broad range of industrial and hazardous waste.
- Expansion of Technical and Environmental Services with the commencement of services in Tasmania.
- Divestment of Entech International including Entech China (DMX subsidiary) to focus on our strategy within Australia.
- Award of household hazardous waste contracts with Sustainability Victoria and NSW Department of Environment and Conservation.

Financial

- Revenue up 37% to $284.7M (FY12: $207.9M).
- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)* up 29% to $58.0M (FY12: $45.0M).
- Underlying earnings before interest and tax (EBIT)* up 24% to $35.7M (FY12: $28.9M).
- Underlying net profit after tax (NPAT)* up 26% to $21.7M (FY12: $17.2M).
- Statutory net profit after tax down 13% to $13.6M (FY12: $15.7M) after one-off adjustments*.
- Dividend increased to 5 cents (2012: 4 cents) per share paid to shareholders on 30 August 2013.
- Net debt to equity at 41% (FY12: 30%).
- Gross cash flows generated from operations of $47.8M were 98% of statutory EBITDA (FY12: 89%).

Sustainability & Our People

- Ongoing commitment to the Company's Harmfree culture with a zero tolerance to unsafe work practices, reinforcing every employee's "stop work authority" and "if you see it you own it" mindset.
- A reduction in the All Injury Frequency Rate (AIFR) of 35% over the period.
- Continued with third party triple accreditation of systems with an additional 10 sites achieving triple certification.
- A 50% reduction in open work cover claims and a 48% reduction in the average cost per claim.
- Winner of the 2013 Australian Business Award for Environmental Sustainability.
- Finalist in the 2013 Australian Petroleum Production and Exploration (APPEA) awards for safety innovation.

Operations

- Major contracts and operations linked to the resource sector were the best performing areas within the period.
- Waste and Industrial Services in Western Australia and Central Queensland performed well.
- Technical and Environmental Services in Queensland performed well.
- Industrial Services to the infrastructure sector in Sydney and Brisbane were below expectations.

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 6 for further detail)*

2013

Financial Year 2013 Overview

The Company is very pleased with the performance of financial year 2013 considering the difficult trading conditions experienced by a number of industry sectors throughout the Australian economy. In particular, weakness in the manufacturing and infrastructure sectors resulted in the deferral of a number of maintenance and infrastructure projects during the period.

Revenue was $284.7M, an increase of 37% compared to the previous corresponding period (2012: $207.9M). Underlying Earnings (EBITDA) increased by 29% to $58.0M* (2012: $45.0M*) before depreciation and amortisation expense of $22.3M (2012: $16.1M*). Underlying EBIT increased by 24% to $35.7M* compared to the previous corresponding period (2012: $28.9M*).

The underlying net profit after tax of the Group for the financial year ending 30 June 2013 increased by 26% to $21.7M* (2012: $17.2M*) which includes income tax expense of $8.6M* (2012: $7.5M*) and share-based payment expense of $0.72M (2012: $0.87M*).

The underlying operational result reflects adjustments to the Statutory Earnings with respect to the Sodic Soil Amendment Agent (SSAA) patent write off, MMS earn-out, Wanless and other acquisition costs and the Sydney Milperra branch closure. Refer to table 1 on page 6 for additional information.

The Board is also pleased to announce an increase in the dividend to 5 cents per share, which will be fully franked. The 5 cent per share dividend represents a 31%* return on FY13 underlying net profit. The Company will commence with the payment of an interim and final dividend together with a Dividend Reinvestment Plan in 2014 financial year.

During the year the Company continued its focus on its strategy to expand its three core service lines:

- Waste Services;
- Industrial Services, to;
- Technical and Environmental Services (previously named Hazardous Waste Services).

This was achieved through geographic expansion in Western Australia, Queensland and Tasmania through award of long term contracts, gaining additional market share and acquisition of complementary business assets.

The best performing areas during the period were from our divisions linked to the resource sector in WA and Queensland, however we are now seeing signs that our other service lines linked to other industry sectors including manufacturing and commercial businesses have stabilised.

The Surat Basin and Gladstone regions in Queensland and the Pilbara, South West and Kimberley regions of Western Australia provided the basis for growth within financial year 2013. The major contracts serviced in these regions, as well as the major contracts for the management of household hazardous waste and destruction of persistent organic pollutants, also performed very well.

The contribution from Chemsal Victoria, BCD Technologies and Waste Audit was in line with our expectations. During the first half we announced the sale of Entech Industries and Entech China to focus on our strategy in Australia.

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 6 for further detail)*

Financial Year 2013 Overview (continued)

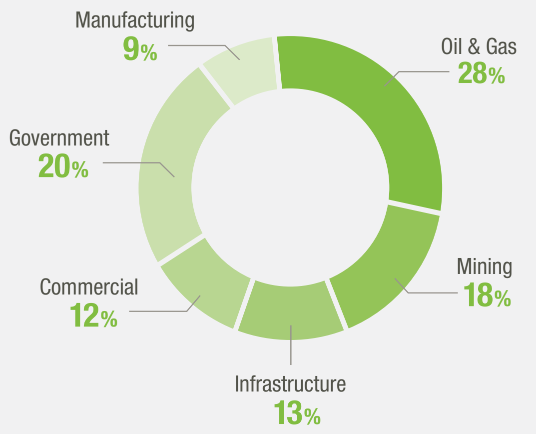
During the period we expanded our services within the resource sector with the award of contracts with Rio Tinto (Pacific Minerals) for the Boyne Aluminium Smelter and Queensland Alumina in Gladstone. The Company also expanded its operations in central Queensland (Surat Basin) with the acquisition of Absolute Liquid Waste in Toowoomba in December 2012 and Racelog Waste Services in Roma in February 2013.

The most significant strategic event during the year was the acquisition of the Wanless Group's business assets in Queensland and Tasmania. The acquisition of the business assets provide a platform for Toxfree to integrate our industrial, technical and environmental services with the goal of providing and expanding our total waste management services in regional and south east Queensland. Wanless have over 8,000 clients across all industry sectors. The acquisition also diversifies our suite of services across a greater range of industry sectors and regions.

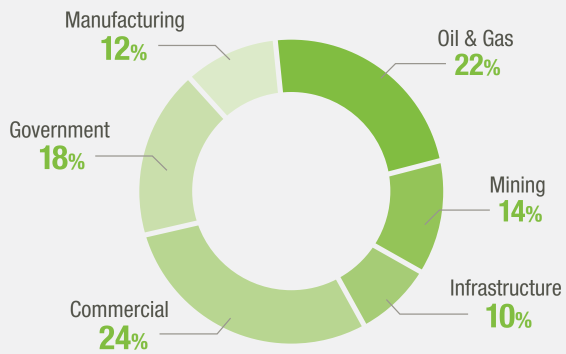
The acquisition was completed by way of an asset purchase in May 2013. Total acquisition costs of $7.8M (which included Wanless stamp duty costs of $4.1M) have been reported separately from the underlying operational earnings reported within this period.

Figure 1 – Pie chart outlining change in industry segmentation post Wanless

Current Industry Segmentation (FY2012)



Post Wanless pro forma Industry Segmentation (FY2012)



Toxfree continued to capture further market share and increase earnings through a focus on services to existing operational assets within the resource sector. The award of QAL industrial services is an example of this strategy. There are also a number of regulatory and environmental drivers that will continue to stimulate the waste sector over the medium to long term.

As reported in the first half interim results for the period ending 31 December 2012, the economic environment in the manufacturing and infrastructure sectors in the major east coast cities has been challenging and this resulted in our East Coast Industrial Services in Brisbane and Sydney performing below expectations. The Company has closed the Sydney metropolitan branch and relocated assets to a new Hunter Valley NSW branch. The Brisbane branch has also been downsized with assets relocated to the Surat Basin and Gladstone.

The Company has ceased the production of SSAA at our Coopers Plains facility in Brisbane due to changes in the market affecting the supply of raw material along with a number of other factors, including regulatory change on the final end use of the product.

Due to the closure of SSAA production, the decision was made to write off the remaining carrying value of the patents ($1.586M) and assets ($0.445M) used to manufacture SSAA and incurred an additional $0.2M in alternate disposal costs for waste which can no longer be treated by the SSAA process.

The other services provided at our Coopers Plains site in Brisbane continue to trade profitably and in the period our packaged chemical business saw an increase in profitability.

The acquisition of MMS Enterprises in December 2011 included an earn-out based on the performance of the subsequent 12 months of trading. The objective was to incentivise the vendors to improve the operational performance of the business over that period. Actual performance has resulted in a positive adjustment to the Statutory income statement of $1.267M.

The Group's debtor Days Sales Outstanding (DSO) are 72 days at the end of the period with cash in bank of $23M and total borrowings of $113M. The Company Statement of Financial Position is in good order with net debt of $90.4M and net debt to equity of 41%. Our debtor collections by number during the period were good, with 80% of our business units having a DSO of less than 60 days. However the late payment by some of our major contracted clients resulted in a higher overall DSO. Gross Cash flows from Operations were 98% of statutory EBITDA.

Net capital expenditure in the business was $24.7M during the period. Capital continues to be invested in those areas of the business that achieve the Company's return criteria.

Toxfree's tender book remains strong with a number of tender's submitted, pending award. Further resources have been introduced into our business development team to focus on organic growth opportunities through the award of total waste management and industrial service contracts throughout Australia.




"Toxfree's workforce is made up of individuals with diverse skills, values, backgrounds and experiences. Toxfree values this diversity and recognises the organisational strength and opportunities that it brings."

Summary of Results

Table 1 – Group Results

Group Results	30 June 2013 $'000	30 June 2012 $'000	% Change
Revenue	284,723	207,963	37%
EBITDA *	58,037	45,003	29%
Depreciation and amortisation	(22,262)	(16,121)	38%
EBIT *	35,775	28,882	24%
Finance expenses	(5,454)	(4,171)	31%
Profit before tax *	30,321	24,711	23%
Income tax expense *	(8,618)	(7,503)	15%
Underlying Profit after tax *	21,703	17,208	26%
Statutory Profit after tax	13,604	15,726	(13)%
Earnings per share (cents) *	18.41	16.30	13%
Number of shares on issue at balance date (million)	132,530	115,321	15%

**Non-IFRS Financial Information:*
FY2012 and FY2013 adjustments that were adjusted to reflect the underlying performance of the business were as follows:

FY2013

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

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

FY2012

- DMX acquisition costs of $1.482M.

Table 2 – Divisional Revenue

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

1. Technical and Environmental Services (previously named Hazardous Waste Services)
2. Waste Services
3. Industrial Services

Divisional Revenue	30 June 2013 $'000	30 June 2012 $'000	% Change
Technical and Environmental Services	60,774	43,100	41%
Industrial Services	76,894	70,812	9%
Waste Services	147,055	94,051	56%
Total Consolidated Revenue	**284,723**	**207,963**	**37%**

Table 3 – Divisional EBIT

Divisional EBIT	30 June 2013 $'000	30 June 2012 $'000	% Change
Technical and Environmental Services (1)*	16,401	12,951	27%
Industrial Services (2)*	9,702	9,986	(3)%
Waste Services	32,366	21,994	47%
Unallocated Corporate EBIT (3)*	(22,694)	(16,049)	41%
Total Consolidated EBIT *	**35,775**	**28,882**	**24%**

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

1. SSAA related costs $2,776K and inter-company debt forgiveness $734K.
2. Milperra closure costs $502K.
3. Acquisition and other related costs $7,796K; reduction in MMS contingent consideration $(1,267)K; royalty write-back $(545)K and inter-company debt forgiveness $(734)K.

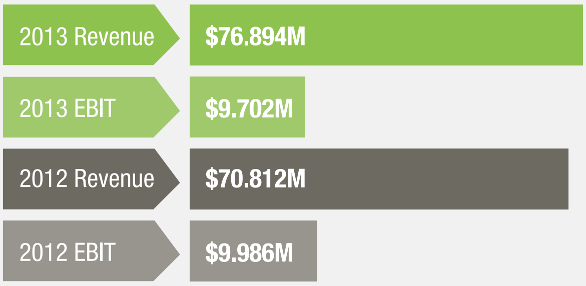
Table 4 – Divisional Margins

Divisional Margins	30 June 2013 %	30 June 2012 %
Technical and Environmental Services	27%	30%
Industrial Services	13%	14%
Waste Services	22%	23%

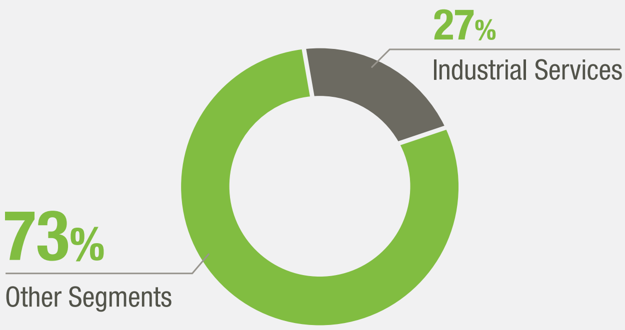
Summary of Results (continued)

Industrial Services – Performance

Divisional Revenue and EBIT



Revenue as a % of Group Revenue



Performance from our Industrial Services division was less than expected due to softer trading in Sydney and Brisbane. The result was underpinned by solid performance in Western Australia, Roma, Gladstone and Victoria. Revenue was $76.9M and EBIT was $9.7M* with an operating margin of 13%.

The poor performance of Sydney and Brisbane services to the infrastructure sector adversely effected margins within the period. Management has taken action to address the poor performance of these business units and the Company is confident that margins within this service line will return to normal. Since closing the Sydney branch in November 2012 and commencing our new Hunter Valley operations, we have seen an improvement in the financial performance through greater utilisation of equipment. We are confident that in the short-term we can continue to improve in this region.

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

In April 2013 Toxfree was awarded a long term contract with Queensland Alumina (QAL) in Gladstone to provide industrial services at the Alumina refinery. As expected there were some initial mobilisation expenses however overall the process of mobilising our equipment and personnel into an operating refinery was very smooth and exceeded client expectations. We look forward to working with QAL and demonstrating our commitment to safe, reliable and sustainable services for the long-term.

In Victoria our services are diversified across a greater number of market sectors and the operations have performed well in a challenging market.

On the West Coast our Industrial Services operations have experienced their best trading to date and the oil and gas and mining sectors remain attractive opportunities.

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer table 1 page 6 for further details).*

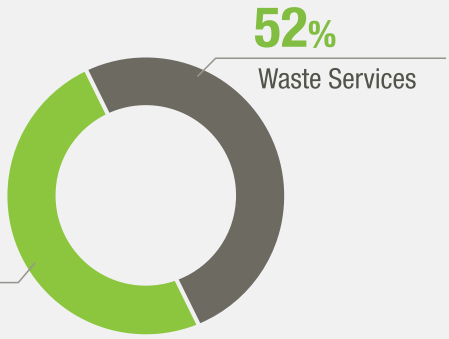
Summary of Results (continued)

Waste Services – Performance

Divisional Revenue and EBIT

2013 Revenue	$147.055M
2013 EBIT	$32.366M
2012 Revenue	$94.05M
2012 EBIT	$21.994M

Revenue as a % of Group Revenue



The Waste Services division grew significantly during the period with revenue increasing by 56% to $147M and earnings (EBIT) by 47% to $32.4M.

Toxfree's contract with Toll Energy to manage waste from Barrow Island, Western Australia has continued to perform strongly. Toxfree has embraced an incident and injury free culture throughout its operations and is proud to have achieved over 1,400 days without Lost Time Injury (LTI).

Our Kimberley, Karratha, and Darwin operations performed well with Rio Tinto, Woodside, Mermaid Marine, FMG and Apache contracts meeting expectations. We were disappointed to receive notification that our tender to provide ongoing contracted waste services to Woodside has not been accepted. Woodside acknowledged that we have performed very well for them over the last four years, implementing a number of new initiatives including improving recycling rates from 2% to over 40%. We remain a supplier of non-contracted waste and industrial services to Woodside.

Our contract to Bechtel for the APLNG contract is improving as construction progresses and volumes of waste increase.

In May 2013 the Company acquired the assets of Wanless. The operations of Wanless have been integrated with Toxfree's Waste Services Division. We have been very impressed by the 'Can Do' and 'Service Orientated' culture of the Wanless employees. There is a real sense of drive and optimism from the Wanless employees because they can now offer complementary hazardous waste and industrial services to their existing and new clients. We have already developed a number of revenue synergies and consolidated the finance and administration services within Toxfree Corporate Shared Services. Our focus this year is the continued integration of Wanless systems with Toxfree, cross-selling initiatives, increased sales and business development to the resource sector.

Margins within this service line were slightly down on the previous period due to the initial costs of the integration of Wanless and higher margin projects coming to an end. Overall the Company is satisfied with the operating margins of this division.

Tender activity for Waste Services is at an all-time high with a number of tenders submitted, pending award or being developed.

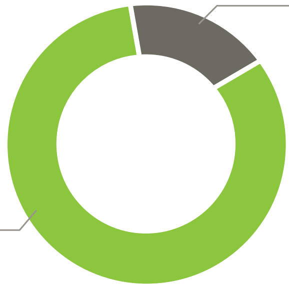
Summary of Results (continued)

Technical and Environment Services – Performance

Divisional Revenue and EBIT

2013 Revenue	$60.774M
2013 EBIT	$16.401M
2012 Revenue	$43.100M
2012 EBIT	$12.951M

Revenue as a % of Group Revenue



With a full year contribution from the addition of Chemsal, BCD Technologies and Waste Audit during this financial year, the performance from Technical and Environmental Services was considerably higher than the previous corresponding period with revenue increasing by 41% to $60.8M with EBIT of $16.4M*. Our exposure to the resource, government and household sector has helped counteract the downturn in volumes of waste received from the manufacturing sector.

It appears conditions in the manufacturing sector have stabilised as we have seen our performance in the second half of FY13 in line with the first half which is encouraging.

The integration of Chemsal, BCD Technologies and Waste Audit continues to plan. The contribution from these business units has enabled Toxfree to treat a greater variety of waste from all industry sectors across Australia. During the period our operations in New South Wales and Victoria were consolidated under one management structure. Management, Administration and Sales are now coordinated on a regional basis in each state.

Further progress has been made to develop Toxfree's new 'Waste to Energy' facility in the Pilbara with the project going through the final stages of independent engineering and environmental assessment. The current incinerator in Port Hedland sustained a mechanical failure during the second half of the financial year. The Company has decided not to invest the capital expenditure required to repair the incinerator, deciding this would be better spent on developing the new facility sooner.

There were a number of costs incurred within the period to commence local treatment alternatives for some waste streams including transfer of wastes to Toxfree's other approved facilities. Margins were impacted as a result.

*(*Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 6 for further details)*

Summary of Results (continued)

Unallocated Corporate EBIT – Overview

Unallocated Corporate Expenses increased by 41% to $22.6M* due to the organic growth and acquisitions made over the year. Of these expenses, $6.76M related to regional overheads and the provision of health, safety and environmental services to our operations.

Insurance costs increased by $1.3M as insurance coverage was improved within the Group. Employee expenses increased by $2.3M which was associated with a larger regional management structure associated with the larger business.

Overall unallocated corporate expenses of $22.7M amounted to 8% of revenue (2012: 8%).

Total Debt increased to $113.2M with the increase in facilities associated with the $45M drawdown for the Wanless acquisition. Net Debt to Equity was 41%.

Interest rates on over half of core borrowings have recently been fixed for periods ranging from 2 to 5 years, which allows the business to lock interest rates into its financing structure whilst providing adequate risk management in relation to future interest rate movements. Refer Note 4 of the Financial Statements for further detail on Interest Rate Risk Management.

Cash Conversion (Gross Cashflows from Operations / Statutory EBITDA) in the business remains very strong at 98% up from 89% in the prior year. Over 75% of all business units have satisfactory (or better than satisfactory) DSO results, whilst some of the major contracts have deteriorated over the year pushing out Group-wide DSO to 72 days from 64 days in the prior year. The decline in the major contract DSO result is associated with invoice approval processes lengthening rather than an emergence of commercial dispute or service related problems.

Gross capital expenditure at $26.4M was slightly down on the prior year ($27.1M). The company continues to focus on recycling capital within the business to deliver incremental improvement on Return on Invested Capital within the business.

The statutory income tax expense of $7.455M (2012: $ 7.503M) was at an effective rate of 35% (2012: 32%) of earnings before tax.

Included in the statutory profit was $7.8M of acquisition costs which are not tax deductible under current income tax legislation. The income tax expense on the underlying earnings before tax was at an effective rate of 28%*.

*(*Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 6 for further details)*

Summary of Results (continued)

Health and Safety

Our behavioural based safety mantra is 'Harmfree'. It is ingrained in the culture of our business and is focused on the principles of: exceeding customer expectations with no harm to people, no harm to the environment, and no harm to property. These are the values built into every activity we undertake.

It is our vision to set the industry benchmark for service standards, safety performance and environmental outcomes. We will achieve this by building on the strengths of our integrated Quality, Safety, Environmental and Training management systems (QUEST) to ensure we have the disciplines and systems to manage our business effectively.

While systems and technology will be the bedrock of our success, it is through the development of our culture that lasting success will be ensured. We are committed to developing a workplace that is customer focused, incident and injury free, for the benefit of all stakeholders of the business.

The Company continues to improve the QUEST system. Our sites continue to work towards being accredited to AS/NZS: 4801, AS/NZS ISO: 9001 and AS/NZS ISO: 14001 accreditation and we will continue to integrate acquired business to our QUEST disciplines.

Toxfree's performance metrics have continued to improve with Lost Time Injury Frequency Rate (LTIFR) of 0.6 bettering the benchmark industry rates for Mining of 4.7†, remaining measures improved in the period with a 13% reduction in the Medical Treatment Injury Frequency Rate and 35% reduction in the All Injury Frequency Rate. The Group remains committed to improved performance and will benchmark services to measure our performance against industry competitors and customer expectations.

Toxfree has been honoured in the prestigious Environmental Sustainability category of "The Australian Business Awards 2013" for services provided as part of one of our major contracts. The award provides important recognition of the organisation's focus on environmentally friendly, sustainable waste management solutions.

Toxfree's operators have also been recognised by the Waste Recycling Industry Association of Queensland for their excellence in safety. This reward and recognition demonstrates to our clients and employees our ongoing success in achieving the companies 'Harmfree' mantra thanks to the dedication of our employees.

Toxfree's industrial services team have also been recognised for their achievement and innovation to improve health and safety in the oil and gas sector. Toxfree was one of nine finalists in the 2013 APPEA Health & Safety Awards for the development of Confined Space i-Watch-Surveillance. The submission was judged using the five criteria: description of the initiative, impact on health and safety, applicability to the rest of the industry, ownership and sustainability.

(†Safe Work Australia Australian Lost-Time Injury Frequency Rates by Industry)

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

Summary of Results (continued)

Our People

People are the cornerstone of our business. Toxfree is an equal opportunity employer whose employee relations strategy is to develop a workforce where safe work practices, excellent technical skills, teamwork, job satisfaction, pride in achievement, professional and personal development and community and environmental responsibility are the key ingredients to establishing a productive, stable and incident free workplace.

Toxfree's workforce is made up of individuals with diverse skills, values, backgrounds and experiences. Toxfree values this diversity and recognises the organisational strength and opportunities that it brings. Toxfree is committed to providing an environment in which all employees are treated with fairness and respect, and have equal access to opportunities at work. Toxfree believes that genuine diversity drives strategic advantage and contributes to the achievement of its corporate objectives. It enables Toxfree to attract people with the best skills and attributes, and to develop a workforce selected from all available talent, whose diversity reflects that of the customers and communities Toxfree serves.

Toxfree is a value driven organisation; our guiding values are safety, reliability and sustainability.

Engaging local communities and Indigenous groups is an important objective of Toxfree and one that identifies with our corporate responsibility for supporting the growth and development of the communities we operate within. Toxfree has an endorsed Reconciliation Action Plan which provides structured and clearly defined pathways for education, training and employment. Our planned and monitored pathway allows for the engagement of both individuals and extended families to access training and work experience choices and achieve individual goals.

Our people and the teams we develop are key to our sustainable success. The skills and capabilities of our people are our strength and the major source of the contribution to our success. We are a multi-stream waste services provider and we pride ourselves on our development programs and our investment in our people which allow us to occupy a unique position in the market place.

“The skills and capabilities of our people are our strength and the major source of the contribution to our success.”

Cash Flow Statement

Table 5 – Group Cash Flow

Group Cash Flow	30 June 2013 $'000	30 June 2012 $'000	% Change
Gross operating cash flow	47,870	38,531	24%
Net interest paid	(4,886)	(3,517)	39%
Income taxes paid	(13,045)	(6,010)	117%
Net operating cash flows	**29,939**	**29,004**	**3%**
Payments for acquisition of businesses and intangibles	(94,988)	(73,053)	30%
Proceeds from sale of property, plant and equipment	1,662	5,470	(70)%
Purchases of property, plant and equipment	(26,416)	(27,152)	(3)%
Net investing cash flows	**(119,742)**	**(94,735)**	**26%**
Net proceeds from borrowings/ (repayment of borrowings)	46,729	36,632	28%
Dividends paid	(4,613)	(2,895)	59%
Proceeds from the issue of share capital (net of capital raising costs)	51,499	36,405	41%
Net financing cash flows	**93,615**	**70,142**	**33%**
Net increase in cash	**3,812**	**4,411**	**(13)%**
Cash at the beginning of the year	18,924	14,513	30%
Cash at the end of the year	**22,736**	**18,924**	**20%**

Statement of Financial Position

Table 6 – Group Statement of Financial Position

Group Statement of Financial Position	30 June 2013 $'000	30 June 2012 $'000	% Change
Cash	22,736	18,924	20%
Trade and other receivables	85,468	54,996	55%
Inventories and work-in-progress	204	314	(35)%
Tax assets	11,414	8,076	41%
Property, plant and equipment	129,904	96,673	34%
Intangibles	151,495	93,826	61%
Total assets	**401,221**	**272,809**	**47%**
Trade and other payables	43,854	28,714	52%
Loans and borrowings	113,169	66,605	70%
Employee benefits	6,842	4,158	65%
Tax liabilities	4,054	7,447	(46)%
Provisions	9,820	5,221	88%
Derivative financial instruments	818	–	100%
Total liabilities	**178,557**	**112,145**	**60%**
Total equity	**222,664**	**160,664**	**39%**
Gross debt to equity	51%	41%	25%
Net debt to equity	41%	30%	37%

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

Outlook

During 2014 financial year the business focus will be on the integration of acquisitions completed during 2013 financial year especially Wanless. The first months of trading in Wanless have been pleasing and our focus will be to ensure we achieve not only our budgeted earnings for 2014 but also build the platform to realise the revenue synergies we expect over the medium to long-term. Morale within the two businesses is very positive and both teams are working in partnership for the benefit of the overall organisation.

Productivity and efficiency gains have already been initiated in many areas where we are seeing some contraction in capital expenditure in areas such as the Pilbara and major capital cities throughout Australia.

Queensland and the resource hubs of Australia will continue to remain focus points for the Company. Toxfree is a relatively small player in these markets and we are confident of our ability to capture further market share. The estimated available market for waste and industrial services to oil and gas and mining operations is over $1 billion in revenue per annum.

During the period we have invested further resources in our business development team to focus on organic growth opportunities through award of total waste management and industrial service contracts.

We are committed to ensuring we provide safe, reliable and sustainable services to our clients and through this commitment Toxfree will strengthen long-term relationships with clients. We are confident in once again providing a positive outlook for our shareholders in 2014 financial year.

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.

Stephen Gostlow – Managing Director


toxfree

Tox Free Solutions Limited

Directors' Report
CONTENTS

For the year ended 30 June 2013

DIRECTORS' REPORT

30 June 2013

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 2013.

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
Douglas Wood (retired 28 August 2012)
Katherine Hirschfeld (appointed 26 February 2013)

Executive Director
Stephen Gostlow

Result

The statutory profit attributable to ordinary equity holders of the Group was $13,604,000 (2012: $15,726,000).

Non-IFRS Financial Information
The underlying profit after tax of the Group was $21,703,000 (2012: $17,208,000).

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 2 to 15 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:

Details	2013 $'000
2012 final franked dividend declared, paid on 21 September 2012	4,613

In addition to the above, on 30 August 3013 the Directors paid a final ordinary dividend of $6,626,493 (5 cents per fully paid share) out of retained earnings at 30 June 2013. All dividends paid were fully franked.

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 2 to 15 of this Annual Report.

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

Over the course of the year the Group expanded its Industrial and Waste services in central Queensland (Surat Basin) by acquiring 100% of the business assets of Absolute Liquid Waste Services and 100% of the business assets of Racelog Pty Ltd.

The Group also acquired the business assets of "Wanless" (Wanless Enviro Services Pty Ltd, Smart Skip Pty Ltd, Jones Enviro Services Pty Ltd and certain assets of Wanless Enviro Asset Management Pty Ltd). The acquisition of Wanless is a significant expansion for Toxfree into the East Coast waste market and positions Toxfree with a platform entry into the Queensland commercial and industrial market.

The acquisitions were in line with the Group's growth strategy. Additional comments are set out in the Managing Director's Review of Operations on pages 2 to 15 of this Annual Report.

Matters Subsequent to the End of the Financial Year

Subsequent to the year end, the Directors of Toxfree paid a final dividend on ordinary shares in respect of the 2013 financial year. The total amount of the dividend was $6,626,493 which represented a fully franked dividend of 5 cents per share.

Except for the above, no other matters or circumstances arose since 30 June 2013 that significantly affected or may have significantly affected 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 largest 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 2 to 15 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 throughout Australia. These licences relate to the management of waste including: storage, treatment, transportation and disposal.

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

National Greenhouse and Energy Reporting Guidelines
The Group has undertaken an assessment of its annual greenhouse gas emissions and energy use and is satisfied that it is not currently subject to the reporting requirements under the National Greenhouse and Energy Reporting Act 2007. The Group will continue to measure its greenhouse gas emissions and energy use to determine if or when it may be required to report in the future.

Information on Directors – 30 June 2013

Robert McKinnon	Non-Executive Director
Qualifications	Fellow CPA Australia, Fellow Chartered Secretaries 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	Chairman of the Board. Member of the Nominations and Remuneration and Audit and Risk Committees
Other current Directorships in listed entities	Non-Executive Director of Programmed Maintenance Services Limited
Other Directorships in listed entities held in the previous three years	Non-Executive Director of Brierty Limited (resigned 26 September 2011)

Stephen Gostlow	Managing Director
Qualifications	Environmental Scientist, Member of the Australian Institute of Company Directors
Experience	Stephen has over 16 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	1,491,012 ordinary shares, granted 368,000 options, 113,726 performance rights and 419,509 share 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	750,000 ordinary shares
Special responsibilities	Chair of the Audit and Risk Committee, Member of the Nominations and Remuneration Committee
Other current Directorships in listed entities	Chairman of Virax Holdings Ltd (16 January 2008 to date), Chairman of CNPR Ltd (22 December 2011 to date)
Other Directorships in listed entities held in the previous three years	Non-Executive Director of Murray Irrigation Ltd (20 November 2007, resigned 15 November 2011), Non-Executive Director of CMA Corporation Ltd (24 May 2010, resigned 15 December 2010), Non-Executive Director of Centro Retail Ltd (1 October 2009, resigned 15 December 2011)

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

Katherine Hirschfeld	Non-Executive Director (appointed 26 February 2013)
Qualifications	Chemical Engineer, Graduate of the Australian Institute of Company Directors
Experience	Katherine has significant experience in management and leadership of public and private companies, both nationally and internationally. She has operated businesses in Turkey, as well as Australia, with the bulk of her experience focussed around oil refining, logistics, exploration and production
Interest in shares, options and rights	Nil
Special responsibilities	Member of the Audit and Risk Committee, Member of the Nominations and Remuneration Committee
Other current Directorships in listed entities	Nil
Other Directorships in listed entities held in the previous three years	Nil

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

Company Secretary

Mr David McArthur has a Bachelor of Commerce Degree and is also a Chartered Accountant. David spent four years with a major international accounting firm and has been actively involved in the financial and corporate management of a number of public listed companies over the past 29 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 2013, and the numbers of meetings attended by each Director were:

Name	Directors' Meetings		Audit and Risk Committee		Nominations and Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McKinnon	11	11	4	4	6	6
Stephen Gostlow *	11	11	–	–	–	–
Douglas Wood	1	1	1	1	2	2
Michael Humphris	11	11	4	4	6	6
Richard Allen	11	11	4	4	6	6
Katherine Hirschfeld	7	7	3	3	1	1

* Executive Director and not a member of the relevant committees.

2013 Remuneration Report Summary (unaudited)

During the year the remuneration of Key Management Personnel (KMP) and Non-Executive Directors were benchmarked 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.

For the KMP review the following Remuneration Benchmarking Peer Group was used:

Company	Market Capitalisation (15/11/12)
Decimil Group	467.76
Emeco Holdings Limited	426.44
Ausenco Limited	383.35
Forge Group Limited	362.31
MACA Limited	317.94
Toxfree Solutions Limited	**316.59†**
Credit Corp. Group Ltd	309.97
Austin Engineering Ltd	305.88
MacMahon Holdings Limited	290.70
Hills Holdings Limited	257.61
Programmed Maintenance Services Ltd	257.16
Sedgman Limited	243.82
RCR Tomlinson	233.12
50th percentile	**307.93**

† At 30 June 2013 Toxfree's market capitalisation was $457.2M (2012: $288.3M).

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 2013/14 financial year.

The benchmarking review for the Non-Executive Directors resulted in changes to the remuneration offer, with the changes taking effect from 1 January 2013 – please refer to pages 31 to 32.

Changes post feedback from 2012 AGM

Post the 2012 AGM, the Nominations and Remuneration Committee sought feedback from shareholders and proxy advisors with regard to the remuneration policy and the 2012 Remuneration Report.

As a result of this feedback, significant changes have been made to the structure and content of the Remuneration Report, including specifically enhanced disclosures around the operation of the Short Term Incentive (STI) plan and its performance measures and the movement to a staggered vesting structure for the Earnings per Share (EPS) hurdle as it applies to the Long Term Incentive (LTI) grants. In respect of grants made in previous years, no vesting occurs under the EPS portion of the grant if the Compound Annual Growth Rate (CAGR) over the three year performance period does not reach 10% or greater per annum. This has been amended and the EPS performance condition in respect of future grants will now only vest on a staggered basis between 5% CAGR (50% of Rights vest) and 10% and greater CAGR (100% of Rights vest) over the three year performance period.

For additional information, please refer to the EPS performance condition set out on pages 21 to 22 of the Remuneration Report.

2013 Remuneration Report (audited)

The Directors are pleased to present your Company's 2013 Remuneration Report prepared in accordance with the Corporations Act 2001. The Report sets out detailed remuneration information for Toxfree's Non-Executive Directors, Executive Directors and other KMP of the Group.

The report contains the following sections:

A. Directors and other KMP disclosed in this report

Name	Position
Directors	
Robert McKinnon	Non-Executive Chairman
Stephen Gostlow	Managing Director (MD)
Douglas Wood	Non-Executive Director (until 28 August 2012)
Michael Humphris	Non-Executive Director
Katherine Hirschfeld	Non-Executive Director (from 26 February 2013)
Richard Allen	Non-Executive Director
Other KMP	
David McArthur	Company Secretary
Michael Constable	Chief Financial Officer (CFO)
Peter Goodwin	Chief Operating Officer (COO)
Jason Dixon	Executive General Manager – Corporate & Risk EGM (C&R)
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 Nominations and Remuneration Committee is a committee of the Board. It assists the Board in fulfilling its responsibilities relating to the remuneration of Directors, the remuneration of, and incentives for the MD and other KMP, and remuneration practices, strategies and disclosures generally. The Nominations and Remuneration Committee also reviews gender pay equity.

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

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

The membership of the Nominations and Remuneration Committee changed during the 2012/2013 financial year. Douglas Wood stood down as a member of the Nominations and Remuneration Committee on retirement from the Board on 28 August 2012. Katherine Hirschfeld joined the Nominations and Remuneration Committee as a new member on 26 February 2013.

The Corporate Governance Statement set out on pages 36 to 39 provides further information on the role of the Nominations and Remuneration Committee.

C. Use of Remuneration Consultants

During the year PwC was engaged to provide market data on executive remuneration to enable the Board to determine whether any adjustments to KMP remuneration were required. PwC did not provide any remuneration recommendations (as defined in section 9B of the Corporations Act 2001) during the year ended 30 June 2013. For the provision of benchmarking market data, PwC was paid a total of $13,000 (excluding GST).

In addition to the above, Toxfree paid the HayGroup $4,640 (excluding GST) in order to complete a benchmarking exercise. HayGroup did not provide any remuneration recommendations (as defined in section 9B of the Corporations Act 2001) as part of its work.

As a result of the benchmarking exercise, Non-Executive Director remuneration was adjusted from 1 January 2013 (please refer to Non-Executive Directors Remuneration set out on pages 31 to 32).

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

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 – from FY2012, through the issue of Share Performance Rights (SPR) and Share Appreciation Rights (SAR) under the Tox Free Solutions Long-Term Incentive Plan.

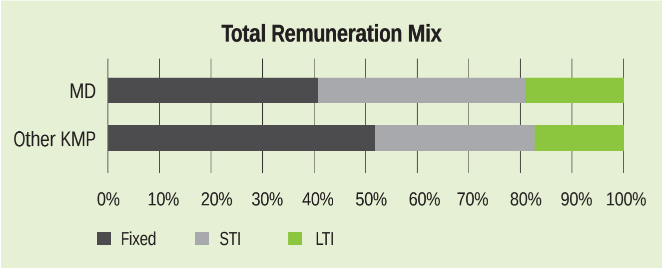
The combination of the above comprises an executive's total remuneration.

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 "Remuneration Paid to the MD & other KMP" on page 30 for additional details.

Target remuneration mix for the year to 30 June 2013 was:



1. Fixed Remuneration – Total Employment Cost (TEC)

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

Total Employment Cost:

- 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 Nominations and Remuneration Committee with reference to an individual's role, experience and performance, as well as relevant comparative market data. Independent remuneration consultants and surveys, internal relativities and market conditions also provide guidance. An executive's TEC is also reviewed on a change in role and upon promotion.

2. Short Term Incentive (STI) – Cash Bonus

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

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

- Annual rewards are tied to pre-determined individual and business performance measures;
- Individual targets reflect individual specific accountabilities and key drivers for growth and success; and
- Group performance targets linked to profitability, 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 Executives level and seniority. An executive's individual (key performance indicators) and Group performance targets are set by the Board.

In the year ended 30 June 2013, the performance measures for the STI cash bonus were linked to:

- Growth in Profitability
- Working Capital
- Return on Investment
- Safety Performance
- Individual Performance Review

More detail on the performance measures are set out in Section E on pages 23 to 30.

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

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

During the year ended 30 June 2013, the value of all long-term incentive awards granted under the LTIP was split evenly between SPR and SAR. Both SPR and SAR (collectively referred to as "Rights") have a performance period of three years. The performance measures for the LTI awards granted during the year ended 30 June 2013 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 50% depending on the participants' level and seniority.

SPR

Each SPR represents a right to be issued one ordinary share at a future point in time. No exercise price will be payable and eligibility to receive an SPR under the LTIP 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 are 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 ConditŠn

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 Nominations and 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 is the same index that will be used to measure TSR performance (refer to TSR Performance Condition on pages 22 to 23). The comparable reported earnings growth was for a three year period and included; FY2011 actual, FY2012 actual and FY2013 forecast on a weighted and average EPS basis for the index. The 3 year weighted average was approximately 5.9% EPS growth, the unweighted average was approximately 1.5% and the long-term average was approximately 0.3%.

Industry growth rates

The Nominations and 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 Nominations and 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 Nominations and 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).

CalculatŠn 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 ConditŠn

TSR measures the return received by shareholders from 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:

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

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

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

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

The TSR will be measured against the S&P ASX300 index as at 1 July 2012 (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

For SPR and SAR granted in FY2013, the peer group included the following companies:

Tox Free Solutions Ltd	Acrux Limited
Adelaide Brighton Ltd	Alesco Corporation Limited
ALS Limited	Amcor Limited
Ansell Ltd	APA Group
APN News & Media Ltd	ARB Corporation Limited
Ardent Leisure Group	Aristocrat Leisure Ltd
Asciano Limited	ASG Group Limited
Ausdrill Ltd	Ausenco Limited
Austal Ltd	Austar United Communications Limited
Austin Engineering Ltd	Australian Agricultural Co Ltd
Australian Pharmaceutical Industries	Billabong International Limited
Biota Holdings Limited	Boart Longyear Limited
Boral Limited	Bradken Limited
Brambles Limited	Cabcharge Australia Ltd
Caltex Australia Ltd	Carsales.com Limited
Cash Converters International	Ceramic Fuel Cells Limited
Clough Limited	Coca-Cola Amatil Limited
Cochlear Ltd	Computershare Limited
Crown Limited	CSG Limited
CSL Ltd	CSR Limited
Customers Ltd	Downer EDI Limited
DuluxGroup Limited	Echo Entertainment Group Limited
Elders Limited	Emeco Holdings Limited
Energy World Corp Ltd	Envestra Limited
Fairfax Media Limited	Fleetwood Corp Ltd
Fletcher Building Ltd	Flight Centre Ltd
Forge Group Limited	Fosters Group Ltd
Goodman Fielder Ltd	GrainCorp Ltd
GUD Holdings Limited	Gunns Ltd
GWA Group Limited	Hastie Group Limited
Hills Holdings Limited	iiNet Ltd
Incitec Pivot Limited	Industrea Limited
Infigen Energy	InvoCare Ltd
IRESS Limited	James Hardie Industries plc
JB Hi-Fi Limited	Kathmandu Holdings Limited
Leighton Holdings Limited	MacMahon Holdings Ltd
Matrix Composites & Engineering	McMillan Shakespeare Ltd
McPherson's Limited	Mermaid Marine Australia Limited
Mesoblast Limited	Metcash Limited
Miclyn Express Offshore Limited	Mineral Resources Ltd
Monadelphous Group Limited	Navitas Limited
News Corp	NRW Holdings Limited
Nufarm Limited	Oakton Ltd
Orica Ltd	Origin Energy Limited
Pacific Brands Limited	PaperlinX Limited
Pharmaxis Ltd	Premier Investments Ltd
Primary Health Care Limited	Programmed Maintenance Services Ltd
Qantas Airways Limited	QR National Ltd
Ramsay Health Care Limited	REA Group Limited

ResMed Inc	SAI Global Limited
Sedgman Limited	SEEK Limited
Seven Group Holdings Limited	Seven West Media Limited
Sigma Pharmaceuticals Ltd	Silex Systems Ltd
Singapore Telecommunications	SKILLED Group Limited
SMS Management & Technology Ltd	Sonic Healthcare Limited
Southern Cross Media Group	Spark Infrastructure Group
Specialty Fashion Group Limited	Spotless Group
STW Communications Group Ltd	Super Retail Group Limited
Tabcorp Holdings Ltd	Tassal Group Limited
Tatts Group Limited	Telecom Corporation of New Zealand
Telstra Corporation Limited	Ten Network Holdings Limited
The SP AusNet Group	Toll Holdings Limited
TPG Telecom Limited	Transfield Services Limited
Transpacific Industries Group Ltd	Treasury Wine Estates Limited
UGL Limited	Unilife Corporation
Virgin Australia Holdings Limited	Watpac Ltd
Wesfarmers Limited	Woolworths Limited
WorleyParsons Limited	Wotif.com Holdings Limited

E. Detailed overview of the operation of the STI and LTI – 30 June 2013

1. Short Term Incentive – Cash Bonus

Change in STI disclosure

The 2012 Remuneration Report only disclosed STI amounts paid in FY2012 (2011 accrued STI). This report discloses both STI amounts paid and accrued in FY2013 (i.e. FY2012 (paid) and FY2013 (accrued) STI amounts).

The FY2012 STI amounts were accrued within the 2012 financial results and paid in October 2012; however those amounts were not disclosed in the 2012 remuneration report on the basis that they had not been approved by the Board before the date the 2012 Annual Report was finalised.

The FY2013 STI amounts have been reviewed and approved by the Board through the Company's Nominations and Remuneration Committee and will be paid in September 2013. These amounts have been accrued within the 2013 financial results.

For additional information please refer to "Remuneration paid to the MD and Other KMP" set out on page 30.

STI measures, outcomes and the relationship between performance and STI for FY2013

STI performance measures are 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 2013. 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 FY2013 are:

- Group – Growth in Profitability
- 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 2013:

Group Measure	Target	FY 2013 Result
Growth in Profitability (a)[n]	18% Underlying NPAT increase on FY2012 result[†]	26% increase
Safety Performance (b)[n]	10% decrease on FY2012 result	35% decrease
Working Capital (c)[n]	55 days outstanding	72 days
Return on Investment (d)[n]	1% increase from FY2012 result	Greater than 1%
Individual Performance Review (e)[n]	Personal development plan objectives	Objectives met

[n] Refer to "Further detail on STI measures" set out on pages 25 to 26.

[†] Based on underlying NPAT for STI remuneration (refer to page 25 for additional information).

For the year ended 30 June 2013, 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 each Senior Executive's STI for FY2013 is:

Measure	MD & COO Weighting %	CFO Weighting %	EGM (C&R) Weighting %	EGM (HR) Weighting %
Growth in profitability	40	20	20	20
Safety Performance	20	20	30	20
Working Capital	15	15	10	10
Return on Investment	15	15	10	10
Performance Review	10	30	30	40

SenŠr Executive STI awards for the year ended 30 June 2013 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	430,500	100%	430,500	345,000	80%	20%
Peter Goodwin	395,000	100%	395,000	300,000	76%	24%
Michael Constable	281,000	50%	140,500	110,000	39%	22%
Jason Dixon	265,000	50%	132,500	120,000	45%	10%
Sarah Bagshawe	166,000	50%	83,000	70,000	42%	16%

^ The cash STIP payments in respect of FY2013 have been accrued but will only be paid in September 2013.

¥ Excludes motor vehicle allowances and superannuation.

Amount excludes superannuation.

STI measures, outcomes and awards for FY2012

For the year ended 30 June 2012, 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 opportunity of 50% of their base salary.

The 2012 STI had three key performance measures:

- Growth in Profitability
- Safety Performance
- Individual Performance Review

For all KMP, the weighting of the three performance measures is detailed below:

Measure	% of Incentive opportunity
Growth in Profitability	40
Safety Performance	10
Performance Review	50

Growth in ProfitabÕity

For the FY2012, target underlying NPAT was set at a 10% increase from FY2011. A 31% growth in underlying NPAT was achieved for the FY2012.

Safety Performance

Target safety performance was achieved for FY2012. There were no noted significant or lost time injuries and there was an improved focus on safety throughout the Group in FY2012.

Performance Review

All Senior Executives met their performance review targets for FY2012.

SenŠr Executive STI awards for the year ended 30 June 2012 are set out in the table below:

Name	Eligible Annual Base Salary ($)	Maximum STI Opportunity %	Maximum STI Value ($)	Actual STI awarded ($)# Cash^	Actual STI awarded % of base	STI forfeited (%)
Stephen Gostlow	410,000	100%	410,000	320,000	78%*	22%
Peter Goodwin	359,000	100%	359,000	280,000	78%*	22%
Michael Constable	270,000	50%	135,000	110,000	41%	18%
Jason Dixon	230,000	50%	115,000	110,000	48%	4%
Sarah Bagshawe	160,000	50%	46,667¥	16,000	17%¥	65%

^ The STI payments in respect of FY2012 were paid on 9 October 2012.

Amount excludes superannuation.

* Stretch targets met for growth in profitability and performance reviews.

¥ Based on pro-rata employment period of 7 months.

Further detail on STI measures

(a) Growth in ProfitabÕity

To measure growth in profitability, the Group uses growth in underlying net profit after tax (NPAT) from the previous year.

Target

Measure	Target
Growth in Profitability	18% increase growth in NPAT from FY2012 result *

* Based on underlying NPAT for STI remuneration.

Outcome

The underlying NPAT for the calculation of the STI for the year ended 30 June 2013 was $21.352 million (2012: $17.208 million), a 24% increase from the prior year result.

The NPAT result was driven by the Group's continued focus on growth, margin maintenance, cost control and efficient contract delivery.

Additional information on the Growth in Profitability performance measure

NPAT is a common operational performance measure used by many companies. NPAT is one of the primary measures that the Board uses to assess the operating performance of the Group, with an aim to maintain focus on the Group's operating results and associated cash generation. It reflects the contribution from individual assets to the Group's operating performance and focuses on elements of the result that management can influence to drive improvements in short-term earnings.

The Board can decide to exclude specific items from NPAT to provide an underlying result 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 on a consistent manner on which the underlying targets were established

These abnormal items may include, but are not be limited to:

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

- Legal Advice
- Advisory
- Accounting and due diligence
- Consultancy
- 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 Nominations and Remuneration Committee will approve management's normalisation adjustments.

Exclusions from the statutory NPAT results for FY2013 and FY2012 are as follows:

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

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

FY2012
• DMX acquisition costs of $1.49M

(b) Safety Performance

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

Target

Measure	Target
Safety Performance	10% decrease on FY2012 AIFR result

Outcome

The AIFR result for the year was 48 (2012: 74), a decrease of 35% from the previous year.

(c) Working Capital

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

Target

Measure	Target
Working Capital	Group Debtor Collection Days <55 days

Outcome

The Group's Debtor Collection Days result for the year ended was 72 days (2012: 64 days).

(d) Return on Investment

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

Target

Measure	Target
Return on Investment	100 basis points increase on FY2012 ROIC result

The FY2012 ROIC result was 8%. The Directors set a ROIC target of 9% for the FY2013.

Outcome

The ROIC result for the year was 9% (2012: 8%), an increase of 1% from the previous year. The calculation was based on underlying net operating profit after tax and took into consideration factors such as the weighting and timing of the Wanless acquisition.

(e) Individual Performance Review

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

Target

Set out in the Senior Executive's individual Performance Development Plan (PDP) that is prepared and assessed on an annual basis.

Outcome

All Senior Executives met or exceeded their individual performance review targets for FY2013.

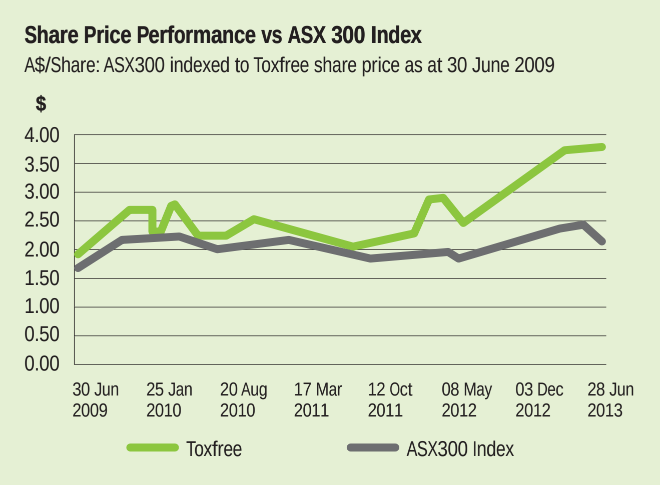
Group Performance Summary

Measure	2013	2012	2011	2010	2009
Share price at year end (cents)	345	250	212	235	182
Dividend paid per share (cents)	5	4	3	2	–
Statutory NPAT ($'000)	13,604	15,726	11,865	7,964	7,047
Underlying NPAT ($'000)†	21,703	17,208	13,094	7,964	7,047
Number of ordinary shares ('000)	132,530	115,322	92,670	91,574	79,147
Weighted average number of shares ('000)	117,917	105,562	91,985	86,088	75,854
Market capitalisation($'000)	457,228	288,304	196,483	215,199	144,048
Statutory earnings per share (cents)	11.54	14.90	12.89	9.25	9.29
Underlying earnings per share (cents)†	18.41	16.30	14.23	9.25	9.29
Revenue ($'000)	284,723	207,963	143,556	98,686	88,198

† Non-IFRS financial information, please refer to the Managing Director's Review of Operations on pages 2 to 15 of this Annual Report for additional information.

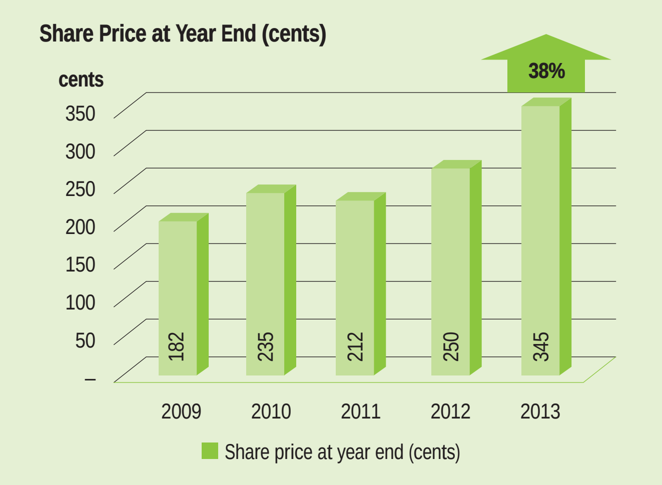
Share Price Performance

The chart below demonstrates how Toxfree's share price has performed relative to the S&P / ASX 300 Index since 2009:



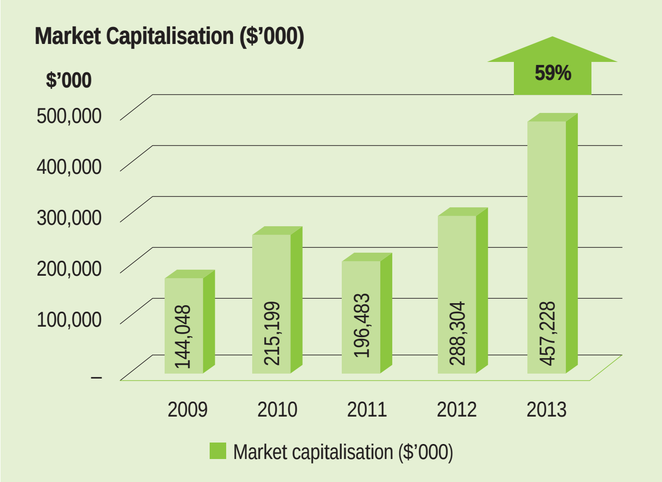
Growth in share price

The chart below demonstrates how Toxfree's share price has increased since 2009:



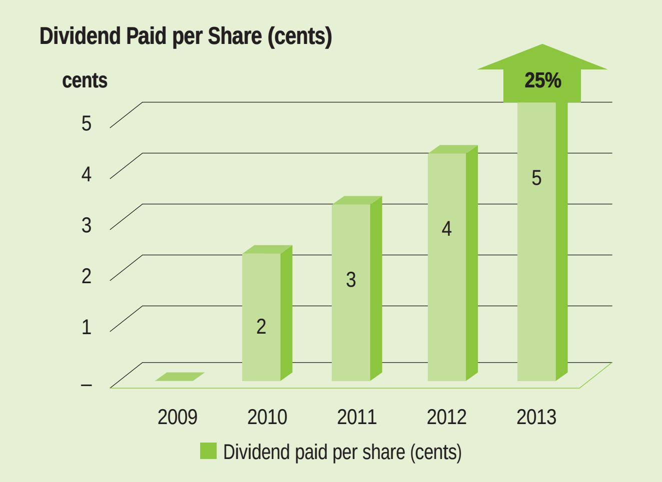
Growth in market capitalisatŠn

The chart below demonstrates how Toxfree's market capitalisation has increased since 2009:



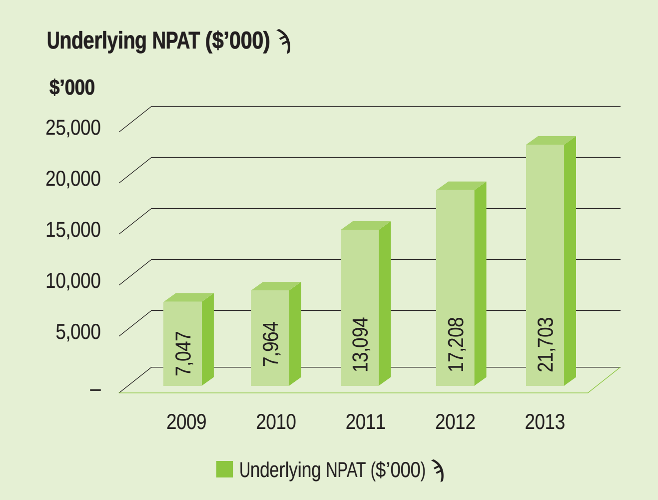
Dividend Performance

The chart below reflects the Dividends paid per Share since 2009:



Underlying NPAT

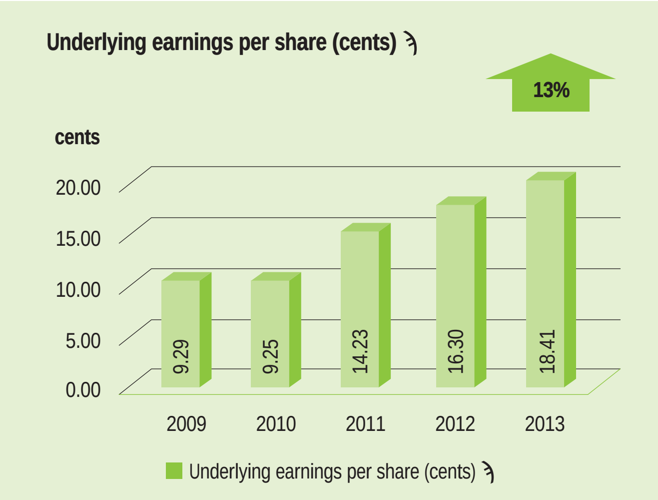
The chart below reflects the Underlying NPAT since 2009:



(Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 6 for further detail).

Underlying Earnings Per Share

The chart below reflects the Underlying earnings per share since 2009:



(Non-IFRS Financial Information – Normalised for non-operational adjustments – refer table 1 page 6 for further detail).

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 Nominations and 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 Nominations and 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 for the year ended 30 June 2013. The STI awards will be paid in September 2013.

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 LTIP.

CessatŠn of Employment

Under the service agreements for Senior Executives in place for the year ended 30 June 2013, if a Senior Executive ceased employment with the Group before performance against STI targets were assessed, they would generally not be entitled to receive any STI award, unless otherwise determined by the Board.

2. Long-Term Incentives – SPR and SAR

LTI performance awards granted

DetaÕs of Rights issued in FY2013 are as follows:

Share Performance Rights (SPR)			
Grant Date	End of performance period	Tranche	Granted during year
3 October 2012	30 June 2015	1	64,848
3 October 2012	30 June 2015	2	46,121
14 November 2012	30 June 2015	1	32,613
14 November 2012	30 June 2015	2	23,195
Total			**166,777**

Share Appreciation Rights (SAR)			
Grant Date	End of performance period	Tranche	Granted during year
3 October 2012	30 June 2015	1	222,917
3 October 2012	30 June 2015	2	214,000
14 November 2012	30 June 2015	1	112,109
14 November 2012	30 June 2015	2	107,625
Total			**656,651**

On 3 October 2012, 110,969 SPR (tranche 1 = 64,848 (25% of total grant value) and tranche 2 = 46,121 (25% of total grant value)) and 436,917 SAR (tranche 1 = 222,917 (25% of total grant value) and tranche 2 = 214,000 (25% of total grant value)) were granted to Senior Executives and other employees under the LTIP. The rights vest on 30 June 2015.

On 14 November 2012, 55,808 SPR (tranche 1 = 32,613 (25% of total grant value) and tranche 2 = 23,195 (25% of total grant value)) and 219,734 SAR (tranche 1 = 112,109 (25% of total grant value) and tranche 2 = 107,625 (25% of total grant value)) were granted to the MD, Mr S Gostlow, under the LTIP. The rights vest on 30 June 2015. The grant to Mr S Gostlow was approved by the Shareholders at the Annual General Meeting which was held on 14 November 2012.

The grants made under the LTIP will vest subject to the satisfaction of TSR (50% of the grant) and 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 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 (25%) SPR (EPS) $	Tranche 2 (25%) SPR (TSR) $	Tranche 1 (25%) SAR (EPS) $	Tranche 2 (25%) SAR (TSR) $
Grant – 3 October 2012	2.58	1.64	0.50	0.48
Grant – 14 November 2012	2.85	2.06	0.59	0.57

Key valuation assumptions made at grant date are summarised below:

Key value assumptions	3 October 2012	14 November 2012
Share price	$2.69	$2.96
Effective exercise price (SAR only)	$2.66	$2.84
Annualised volatility (midpoint)	27.50%	27.50%
Annual dividend yield	1.50%	1.50%
Risk free rate	2.34%	2.56%

Rights issued to Directors and Other KMP in FY2013:

Name	Total number of SPR granted†	Value of SPR granted ($)	Total number of SAR granted†	Value of SAR granted ($)	Total value of Rights granted ($)	Annual base salary at grant date¥ ($)	Rights value / Annual Base salary value (%)	Vesting date of Rights
S Gostlow	55,808	107,625	219,734	107,625	215,250	430,500	50	30/06/15
M Constable	18,214	35,125	71,714	35,125	70,250	281,000	25	30/06/15
J Dixon	17,177	33,125	67,630	33,125	66,250	265,000	25	30/06/15
S Bagshawe	10,760	20,750	42,365	20,750	41,500	166,000	25	30/06/15

¥ Excludes motor vehicle allowances

† Includes tranche 1 and 2

Rights issued to Directors and Other KMP in FY2012:

Share Performance Rights (SPR)			
Grant Date	End of performance period	Tranche	Granted during year
24 November 2011	30 June 2014	1	71,266
24 November 2011	30 June 2014	2	52,764
Total			**124,030**

Share Appreciation Rights (SAR)			
Grant Date	End of performance period	Tranche	Granted during year
24 November 2011	30 June 2014	1	238,587
24 November 2011	30 June 2014	2	189,224
Total			**427,811**

On 24 November 2011 124,030 SPR (tranche 1 = 71,266 (25% of total grant value) and tranche 2 = 52,764 (25% of total grant value)) and 427,811 SAR (tranche 1 = 238,587 (25% of total grant value) and tranche 2 = 189,224 (25% of total grant value)) were granted to Senior Executives and other employees under the LTIP. The rights vest on 30 June 2014.

Included in the above issue were 57,918 SPR (tranche 1 = 33,279 (25% of total grant value) and tranche 2 = 24,639 (25% of total grant value)) and 199,775 SAR (tranche 1 = 111,413 (25% of total grant value) and tranche 2 = 88,362 (25% of total grant value)) granted to the MD, Mr S Gostlow, under the LTIP. The grant to Mr S Gostlow was approved by the Shareholders at the Annual General Meeting which was held on 24 November 2011.

The grants made under the LTIP will vest subject to the satisfaction of TSR (50% of the grant) and EPS (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 that includes a Monte Carlo Simulation model to value the TSR right. The Monte Carlo model has been modified to incorporate an estimate of the probability of achieving the TSR hurdle and the number of associated Rights vesting.

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

Rights Fair Market Value	Tranche 1 (25%) SPR (EPS)	Tranche 2 (25%) SPR (TSR)	Tranche 1 (25%) SAR (EPS)	Tranche 2 (25%) SAR (TSR)
Grant – 24 November 2011	$2.02	$1.52	$0.42	$0.39

Key valuation assumptions made at grant date are summarised below:

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

Rights issued to Directors and Other KMP in FY2012:

Name	Total number of SPR granted†	Value of SPR granted ($)	Total number of SAR granted†	Value of SAR granted ($)	Total value of Rights granted ($)	Annual base salary at grant date ($)	Rights value / Annual Base salary value (%)	Vesting date of Rights
S Gostlow	57,918	102,500	199,775	102,500	205,000	410,000	50	30/06/14
M Constable	18,930	33,500	65,292	33,500	67,000	270,000	25	30/06/14
J Dixon	18,930	33,500	65,292	33,500	67,000	230,000	29¥	30/06/14
N Armstrong	14,126	25,000	48,726	25,000	50,000	230,000	22¥	30/06/14

¥ Historically based on employment agreement.

† Includes tranche 1 and 2.

Legacy LTIP - OptŠns

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, Senior Managers and above (including Executive Directors) 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 Tox Free Solutions 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 no longer offered to Senior Executives.

No options were granted as remuneration during the reporting period (2012: Nil).

Directors and Other KMP OptŠns:

30 June 2013	Number of Options at beginning of year 000's	Number of Options granted as remuneration 000's	Number of Options exercised 000's	Other changes 000's	Number of Options at the end of year 000's	Number of Options vested during the year 000's	Number of Options vested and exercisable 000's
Directors							
Stephen Gostlow	734	–	(366)	–	368	368	368
Other KMP							
Peter Goodwin	1,500	–	–	–	1,500	500	1,000
Michael Constable	267	–	(133)	–	134	134	134
Jason Dixon	334	–	(166)	–	168	168	168
Total	2,835	–	(665)	–	2,170	1,170	1,670

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 FY2013 are set out below:

Name	No. of shares issued as result of options	Exercise price per share $	Exercise Date	Intrinsic value of Options exercised during the year†
Stephen Gostlow	366,000	2.38	8 November 2012	$190,320
Michael Constable	133,000	2.38	8 November 2012	$69,160
Jason Dixon	166,000	2.38	8 November 2012	$86,320

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

OptŠns

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

Grant date	Number	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date (cents)	Performance achieved	% vested
S Gostlow							
28 October 2009	368,000	1 September 2012	1 November 2013	$2.74	95.21	100%	100%
P Goodwin							
23 November 2010	500,000	1 September 2011	1 November 2014	$2.50	77.50	100%	100%
23 November 2010	500,000	1 September 2012	1 November 2015	$2.75	79.50	100%	100%
23 November 2010	500,000	1 September 2013	1 November 2016	$3.00	81.70	TBD	0%[#]
M Constable							
23 September 2009	134,000	1 September 2012	1 November 2013	$2.74	48.89	100%	100%
J Dixon							
23 September 2009	168,000	1 September 2012	1 November 2013	$2.74	48.89	100%	100%

TBD To be approved by the Nominations and Remuneration Committee.

The Company's FY 2013 EPS must increase by 10% from the FY 2012 result for the Options to vest.

[#] The maximum total value of the options yet to vest from a Share-based payment expense perspective is $23,985.

Remuneration paid to the MD and other KMP

Short-Term Benefits						Post-employment Benefits	Share-based payment (SBP)					
	Salary, fees and allowances[β] $	STI[Δ] 2013 $	STI[Δ] 2012 / 2011 $	Other / Non-monetary Benefits[¥] $	Total $	Super-annuation[†] $	Options $	SPR $	SAR $	Total $	Proportion of remuneration performance related[€] %	SBP value as a proportion of remuneration %
Executive Director												
Stephen Gostlow												
2013	470,099	345,000	320,000	10,935	1,146,034	103,022	21,246	67,054	180,302	**1,517,658**	**66%**	**18%**
2012	445,000	–	205,000	–	650,000	58,500	176,887	27,769	23,636	**936,792**	**48%**	**24%**
Other KMP												
David McArthur												
2013	48,000	–	–	–	48,000	–	–	–	–	**48,000**	**–**	**–**
2012	56,000	–	–	–	56,000	–	–	–	–	**56,000**	**–**	**–**
Peter Goodwin												
2013	430,281	300,000	280,000	26,055	1,036,336	91,675	174,329	–	–	**1,302,340**	**62%**	**13%**
2012	373,687	–	175,000	–	548,687	49,382	416,208	–	–	**1,014,277**	**60%**	**41%**
Michael Constable												
2013	304,446	110,000	110,000	1,602	526,048	47,475	3,549	21,840	63,283	**662,195**	**50%**	**13%**
2012	293,731	–	104,000	3,882	401,613	35,796	31,642	7,565	7,725	**484,341**	**33%**	**10%**
Jason Dixon												
2013	287,342	120,000	110,000	1,403	518,745	46,861	4,449	21,220	62,202	**653,477**	**52%**	**13%**
2012	254,000	–	76,000	–	330,000	29,700	39,492	7,565	7,725	**414,482**	**33%**	**13%**
Sarah Bagshawe (appointed 30 November 2011)												
2013	162,073	70,000	16,000	–	248,073	22,502	–	6,425	11,214	**288,214**	**39%**	**6%**
2012	87,385	–	–	–	87,385	7,865	–	–	–	**95,250**	**0%**	**0%**
Former KMP												
Neil Armstrong (No longer regarded as a KMP from 1 February 2012)												
2013	–	–	–	–	–	–	–	–	–	**–**	**–**	**–**
2012	156,014	–	80,000	–	236,014	21,241	39,492	5,645	5,765	**308,157**	**45%**	**17%**
Graeme McTaggart (Resigned 31 December 2011)												
2013	–	–	–	–	–	–	–	–	–	**–**	**–**	**–**
2012	95,609	–	22,000	–	117,609	9,868	–	–	–	**127,477**	**19%**	**0%**
Total												
2013	1,702,241	945,000	836,000	39,995	3,523,236	311,535	203,573	116,539	317,001	**4,471,884**		
2012	1,761,426	–	662,000	3,882	2,427,308	212,352	703,721	48,544	44,851	**3,436,776**		

[Δ] The 2013 STI (Bonus) has been accrued and will be paid in September 2013. The 2012 STI (Bonus) was paid in October 2012.

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

[β] Salary, fees and allowances include the value of the movement in the annual leave and long service leave entitlements.

[†] Superannuation includes the entitlement value related to the abovementioned movement in the annual leave and long service leave.

[€] Options with performance conditions are included in the calculation of "proportion of remuneration performance related %".

F. 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 employments 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 including superannuation*	Termination benefit**
Stephen Gostlow	Ongoing from November 2010	6 months	12 months	$469,245	***
Peter Goodwin	Ongoing from December 2010	6 months	12 months	$430,550	12 months base salary
Michael Constable	Ongoing from July 2010	6 months	6 months	$306,290	6 months base salary
Jason Dixon	Ongoing from October 2010	6 months	6 months	$288,850	6 months base salary
Sarah Bagshawe	Ongoing from November 2011	1 month	1 month	$180,940	1 month base salary

* Base salaries are quoted for the year ended 30 June 2013. They are reviewed annually by the Nominations and Remuneration Committee.

** 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.

G. 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 Board has also considered information provided by the HayGroup to ensure Non-Executive Directors' fees and payments are appropriate and in-line with the market. The Chair's fees are determined independently to the fees of Non-Executive Directors, based on comparative roles in the external market. The Chair is not present at any discussions relating to determination of his own remuneration.

The current base fees were last reviewed with effect from 1 January 2013. The Chairman's remuneration is inclusive of committee fees while other Non-Executive Directors who chair a committee receive an additional fee of $10,000 per annum.

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 January 2013:

Position	Board fees including Superannuation $	Chair Nominations and Remuneration Committee fees including Superannuation $	Chair Audit Committee fees including Superannuation $
Chair	150,000	–	–
Other Non-Executive Directors	85,000	10,000	10,000

Fees prior to 1 January 2013:

Position	Board fees including Superannuation $	Chair Nominations and Remuneration Committee fees including Superannuation $	Chair Audit Committee fees including Superannuation $
Chair	125,000	–	–
Other Non-Executive Directors	75,000	5,000	5,000

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

Remuneration paid to Non-Executive directors

Details of Non-Executive Directors Remuneration for the years ended 30 June 2013 and 30 June 2012 are set out below:

	Short-term benefits Fees $	Post-employment benefits Superannuation¥ $	Total $
Current Non-Executive Directors			
Robert McKinnon			
2013^	123,853	11,147	**135,000**
2012	118,501	10,665	**129,166**
Michael Humphris			
2013	80,275	7,225	**87,500**
2012	72,630	6,537	**79,167**
Richard Allen			
2013	87,500	–	**87,500**
2012	79,348	–	**79,348**
Katherine Hirschfeld			
2013	26,690	2,402	**29,092**
2012	–	–	**–**
Former Non-Executive Directors			
Douglas Wood (resigned 28 August 2012)			
2013	11,468	1,032	**12,500**
2012	68,807	6,193	**75,000**
Total			
2013	329,786	21,806	**351,592**
2012	339,286	23,395	**362,681**

^ 2012 overpayment ($2,500) including superannuation deducted from current year's remuneration.

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

H. Other – KMP disclosures

1. KMP – Option Holdings

30 June 2013	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	734	–	(366)	–	368	368	368
Other KMP							
Peter Goodwin	1,500	–	–	–	1,500	500	1,000
Michael Constable	267	–	(133)	–	134	134	134
Jason Dixon	334	–	(166)	–	168	168	168
Total	**2,835**	**–**	**(665)**	**–**	**2,170**	**1,170**	**1,670**

30 June 2012	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	1,100	–	(366)	–	734	366	366
Other KMP							
Peter Goodwin	1,500	–	–	–	1,500	500	500
Michael Constable	450	–	(183)	–	267	133	133
Neil Armstrong*	590	–	(256)	(334)	–	166	–
Jason Dixon	700	–	(366)	–	334	166	166
Total	4,340	–	(1,171)	(334)	2,835	1,331	1,165

* Neil Armstrong ceased to be part of KMP from 1 February 2012. The option holdings for KMP who ceased to be employed or regarded as a key management person during the year have been removed in the "other changes" column at the date they ceased to be an employee or KMP.

No options were granted to KMP as remuneration during the reporting period (2012: Nil).

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.

2. KMP – SPR Holdings

30 June 2013	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	58	56	–	–	114	–	–
Other KMP							
Michael Constable	19	18	–	–	37	–	–
Sarah Bagshawe	–	11	–	–	11	–	–
Jason Dixon	19	17	–	–	36	–	–
Total	**96**	**102**	**–**	**–**	**198**	–	–

30 June 2012	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	–	58	–	–	58	–	–
Other KMP							
Michael Constable	–	19	–	–	19	–	–
Neil Armstrong*	–	14	–	(14)	–	–	–
Jason Dixon	–	19	–	–	19	–	–
Total	–	110	–	(14)	96	–	–

* Neil Armstrong ceased to be part of KMP from 1 February 2012. The SPR holdings for KMP who ceased to be employed or regarded as a KMP during the year have been removed in the "other changes" column at the date they ceased to be an employee or KMP.

3. KMP – SAR Holdings

30 June 2013	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	200	220	–	–	420	–	–
Other KMP							
Michael Constable	65	72	–	–	137	–	–
Sarah Bagshawe	–	42	–	–	42	–	–
Jason Dixon	65	67	–	–	132	–	–
Total	**330**	**401**	**–**	**–**	**731**	**–**	**–**

30 June 2012	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	–	200	–	–	200	–	–
Other KMP							
Michael Constable	–	65	–	–	65	–	–
Neil Armstrong*	–	49	–	(49)	–	–	–
Jason Dixon	–	65	–	–	65	–	–
Total	–	379	–	(49)	330	–	–

* Neil Armstrong ceased to be part of KMP from 1 February 2012. The SAR holdings for KMP who ceased to be employed or regarded as a KMP during the year have been removed in the "other changes" column at the date they ceased to be an employee or KMP.

4. KMP – Shareholdings

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

30 June 2013	Balance at beginning of year 000's	On exercise of options 000's	Other changes 000's	Balance at end of year 000's
Directors				
Robert McKinnon	50	–	–	50
Douglas Wood€	236	–	(236)	–
Michael Humphris	1,000	–	(250)	750
Richard AllenΔ	163	–	2	165
Stephen GostlowΔ	1,123	366	2	1,491
Other KMP				
Peter GoodwinΔ	24	–	(14)	10
Michael Constable	49	133	(180)	2
Jason Dixon	150	166	(270)	46
Total	**2,795**	**665**	**(946)**	**2,514**

30 June 2012	Balance at beginning of year 000's	On exercise of options 000's	Other changes 000's	Balance at end of year 000's
Directors				
Robert McKinnon	–	–	50	50
Douglas Wood	231	–	5	236
Michael Humphris	2,050	–	(1,050)	1,000
Richard Allen	160	–	3	163
Stephen Gostlow	1,120	366	(363)	1,123
Other KMP				
Peter Goodwin^	21	–	3	24
Michael Constable	59	183	(193)	49
Neil Armstrong*	98	166	(264)	–
Jason Dixon	–	366	(216)	150
Total	3,739	1,081	(2,025)	2,795

^ Shareholding includes related party holdings.

* Neil Armstrong ceased to be part of KMP from 1 February 2012.

€ Douglas Wood resigned as a Director on 28 August 2012.

The shareholdings for Directors and other KMP who ceased to be employed or regarded as a Director or other KMP during the year have been removed in the "other changes" column at the date they ceased to be a Director or other KMP.

5. Loans to KMP

During the year, the company advanced monies to the following KMP:

- Mr Stephen Gostlow $871,080
- Mr Michael Constable $316,540
- Mr Jason Dixon $395,080

The purpose of the loans was to enable these KMP to exercise previously awarded Options. Interest of 6.12% per annum was charged on the loan balances during the eligible period.

At the end of the financial year, S Gostlow's loan balance was $897,370. The other loan balances were repaid before the end of the financial year.

I. Voting and comments made at the Company's 2012 Annual General Meeting

Toxfree received more than 85% of "yes" votes on its Remuneration Report for the 2012 financial year.

The Group received specific feedback from proxy advisors with regards to the Toxfree's 2012 remuneration report and remuneration practices after the 2012 Annual General Meeting.

The proxy advisors requested that Toxfree improve its disclosure with regards to remuneration at risk and consider using a staggered EPS vesting schedule. Toxfree has made amendments to reflect that feedback.

THIS IS THE END OF THE REMUNERATION REPORT AUDITED

Options and Rights

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

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

Options

Grant Date	Vesting Date	Expiry Date	Exercise price	Number of Options
23 September 2009*	Vested	1 November 2013	$2.74	368,000
23 September 2009**	Vested	1 November 2013	$2.74	379,500
26 February 2010	Vested	15 January 2014	$1.20	20,000
26 February 2010	Vested	15 January 2015	$2.64	20,000
26 February 2010	Vested	15 January 2016	$2.39	20,000
23 November 2010**	Vested	1 November 2014	$2.50	500,000
23 November 2010**	Vested	1 November 2015	$2.75	500,000
23 November 2010**	1 September 2013	1 November 2016	$3.00	500,000
Total				**2,307,500**

* Includes Executive-Director options.

** Includes other KMP options.

Share Performance Rights

Grant Date	End of performance period	Number of Rights
24 November 2011**	30 June 2014	55,032
24 November 2011**	30 June 2014	40,744
3 October 2012*	30 June 2015	49,696
3 October 2012*	30 June 2015	35,345
14 November 2012^	30 June 2015	32,613
14 November 2012^	30 June 2015	23,195
Total		**236,625**

^ Executive-Director performance rights

* Other KMP and other employee performance rights

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

Share Appreciation Rights

Grant Date	End of performance period	Number of Rights
24 November 2011**	30 June 2014	184,239
24 November 2011**	30 June 2014	146,120
3 October 2012*	30 June 2015	170,833
3 October 2012*	30 June 2015	164,000
14 November 2012^	30 June 2015	112,109
14 November 2012^	30 June 2015	107,625
Total		**884,926**

^ Executive-Director appreciation rights

* Other KMP and other employee appreciation rights

** Includes Executive-Director, other KMP and other employees appreciation rights

For additional information, refer to note 27 “Share-based payment” to the financial statements.

Insurance and Indemnity of Officers

During the financial year, Toxfree paid a premium of $20,050 (2012: $18,726) 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 $8,639 (2012: $8,045) excluding GST for 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, including amounts, interest rates and repayment terms are set out in the Remuneration Report and note 31 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 33 to the financial statements.

The Board of Directors has considered the position and, in accordance with advice from the Audit and Risk 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 and Risk 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) for non-audit services provided during the year ended 30 June 2013:

	2013 $'000	2012 $'000
Tax advice and compliance services (BDO Corporate Tax (WA) Pty Ltd)	**202**	122
Other services		
Accounting advice and review of information	**17**	19
Business combinations and acquisitions	**25**	45
Group restructure	**3**	27
Total – Other Services	**45**	91
Total	**247**	213

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 40.

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 13th day of August 2013

CORPORATE GOVERNANCE STATEMENT

For the Year Ended 30 June 2013

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council Principles and Recommendations, unless otherwise stated.

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

The Board evaluates this policy on an ongoing basis.

Board Composition

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

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

The Board is primarily responsible for identifying potential new Directors but has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. The selection of the Directors must be approved by the majority of the Shareholders.

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.

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.

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 may 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 annually. The Board may consult with the Group's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required.

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

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

Internal Controls

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

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

Audit and Risk Committee

The role of the Audit and Risk 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 role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

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

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

The Auditors and the Managing Director are invited to the Audit and Risk Committee meetings at the discretion of the Committee. The Committee met four times during the year.

The responsibilities of the Audit and Risk Committee include:

- Reviewing the financial report and other financial information distributed externally;
- Monitoring corporate risk assessment processes;
- Reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- Reviewing 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;
- Reviewing the nomination and performance of the auditor;
- Liaising with external auditors and ensuring that the annual and half year statutory audits are conducted in an effective manner;

- Monitoring the establishment of an appropriate internal control framework and considering enhancements;
- Monitoring the establishment of appropriate ethical standards;
- Monitoring the procedures in place to ensure compliance with the Corporations Act 2001 and Australian Securities Exchange Listing Rules and all other regulatory requirements;
- Addressing any matters outstanding with auditors, the Australian Taxation Office, Australian Securities and Investments Commission, the Australian Securities Exchange and financial institutions; and
- Improving the quality of the accounting function.

The Audit and Risk Committee reviews the performance of the external auditors on an annual basis and meets with them during the year.

Nominations and Remuneration Committee

The Nominations and Remuneration 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 six times during the year.

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

- Review the size and composition of the Board;
- Review and advise the Board on the range of skills available on the Board and appropriate balance of skills for future Board membership;
- Review and consider succession planning for the Managing Director, the Chairman and other Directors and key Executives;
- Develop criteria and procedures for the identification of candidates for appointment as Directors and apply the criteria and procedures to identify prospective candidates for appointment as Director and make recommendations to the Board;
- Make recommendations to the Board regarding any Director who should not continue in office;
- Nomination for approval by the Board, of external experts;
- 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.

Ethical Standards

In pursuit of the highest ethical standards, the Group 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. The Board monitors implementation of this Code. 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 also 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 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.

Corporate Governance Statement continues on page 39

Corporate Governance Statement continued from Page 38

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;
- The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Group's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Group; and
- The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report.

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

Diversity Policy

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

The Group strives to:

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

The Board is committed to workplace diversity and has developed measurable objectives and strategies to support the framework and objectives of the Diversity Policy, and the Nominations and Remuneration Committee is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms. For the 2013 financial year the Boards' objectives were met by the Group. The Nominations and Remuneration Committee reports annually to the Board on the progress and achievement of the objectives and will ensure that the Policy is made publicly available on the Group's website.

Pursuant to Recommendation 3.4, 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	15%	85%
Women and Men at senior management level	20%	80%
Women and Men employed at Board level	20%	80%

ASX Corporate Governance principles 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 Principles and Recommendations (Second Edition)".

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

13 August 2013

Tox Free Solutions Limited
The Board of Directors
24 Sangiorgio Court
OSBORNE PARK WA 6017

Dear Sirs,

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF
TOX FREE SOLUTIONS LIMITED

As lead auditor of Tox Free Solutions Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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.

Glyn O'Brien

GLYN O'BRIEN
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2013

	Note	2013 000's $	2012 000's $
Revenue from continuing operations			
Services	7	**284,723**	207,963
Other revenue	7	**727**	1,057
Total Revenue		**285,450**	209,020
Other income	8	**1,867**	654
Expenses	9		
Waste disposal, consumables and other non-labour related direct costs		**(105,439)**	(68,182)
Employee benefits expense		**(97,272)**	(76,945)
Administrative expenses		**(14,731)**	(11,904)
Amortisation of intangibles		**(1,797)**	(987)
Depreciation of property, plant and equipment		**(20,465)**	(15,121)
Impairment loss – intangible assets		**(2,131)**	–
Impairment loss – plant and equipment		**(445)**	–
Insurance costs		**(4,155)**	(1,967)
Finance costs		**(5,454)**	(4,171)
Occupancy costs		**(5,973)**	(4,327)
Acquisition costs		**(7,646)**	(1,483)
Other expenses		**(750)**	(1,358)
Profit before income tax		**21,059**	23,229
Income tax expense	10	**(7,455)**	(7,503)
Profit for the year		**13,604**	15,726
Other comprehensive income (expense)			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	23	**(818)**	–
Income tax relating to these items	10	**245**	–
Other comprehensive income (expense) for the year, net of tax		**(573)**	–
Total comprehensive income for the year		**13,031**	15,726
Profit is attributable to: Owners of Tox Free Solutions Limited		**13,604**	15,726
Total comprehensive income for the year is attributable to: Owners of Tox Free Solutions Limited		**13,031**	15,726
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	Cents
Basic earnings per share (cents)	34	**11.54**	14.90
Diluted earnings per share (cents)	34	**11.35**	14.38

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the Year Ended 30 June 2013

	Note	2013 000's $	2012 000's $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	**22,736**	18,924
Trade and other receivables	12	**85,468**	54,996
Prepaid tax	13	**1,248**	–
Inventories	14	**204**	314
TOTAL CURRENT ASSETS		**109,656**	74,234
NON-CURRENT ASSETS			
Property, plant and equipment	15	**129,904**	96,673
Deferred tax assets	13	**10,166**	8,076
Intangible assets	16	**151,495**	93,826
TOTAL NON-CURRENT ASSETS		**291,565**	198,575
TOTAL ASSETS		**401,221**	272,809
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**43,854**	28,714
Borrowings	18	**11,975**	8,569
Current tax liabilities	13	**–**	4,904
Employee benefits	19	**6,833**	3,648
Provisions	20	**9,820**	5,221
TOTAL CURRENT LIABILITIES		**72,482**	51,056
NON-CURRENT LIABILITIES			
Borrowings	18	**101,194**	58,036
Derivative financial instruments	21	**818**	–
Deferred tax liabilities	13	**4,054**	2,543
Employee benefits	19	**9**	510
TOTAL NON-CURRENT LIABILITIES		**106,075**	61,089
TOTAL LIABILITIES		**178,557**	112,145
NET ASSETS		**222,664**	160,664
EQUITY			
Contributed equity	22	**167,686**	114,856
Reserves	23	**6,199**	6,020
Retained earnings	23	**48,779**	39,788
TOTAL EQUITY		**222,664**	160,664

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2013

	Note	2013 000's $	2012 000's $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of goods and services tax)		**293,112**	218,933
Payments to suppliers and employees (inclusive of goods and services tax)		**(245,242)**	(180,402)
Interest received		**356**	654
Interest paid		**(5,242)**	(4,171)
Income taxes paid		**(13,045)**	(6,010)
Net cash inflow from operating activities	25	**29,939**	29,004
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of property, plant and equipment		**1,662**	5,470
Purchase of property, plant and equipment		**(26,416)**	(27,152)
Payments for the acquisition of businesses	6	**(94,988)**	(73,053)
Net cash (outflow) from investing activities		**(119,742)**	(94,735)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issue of shares		**51,499**	36,405
Proceeds from borrowings		**80,173**	54,145
Repayment of borrowings		**(33,444)**	(17,513)
Dividends paid to company's shareholders		**(4,613)**	(2,895)
Net cash inflow from financing activities		**93,615**	70,142
Net increase in cash and cash equivalents		**3,812**	4,411
Cash and cash equivalents at beginning of year		**18,924**	14,513
Cash and cash equivalents at end of financial year	11	**22,736**	18,924
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 2013

2013	Note	Ordinary Shares 000's $	Share-based Payment Reserve 000's $	Cash Flow Hedging Reserve 000's $	Retained Earnings 000's $	Total 000's $
Balance at 1 July 2012		**114,856**	**6,020**	**–**	**39,788**	**160,664**
Profit for the year		–	–	–	13,604	13,604
Other comprehensive income (expense)	23	–	–	(573)	–	(573)
Total comprehensive income for the year		–	–	(573)	13,604	13,031
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs and tax		52,830	–	–	–	52,830
Share-based payment – net movements	23	–	752	–	–	752
Dividends paid or provided for	24	–	–	–	(4,613)	(4,613)
		52,830	752	–	(4,613)	48,969
Balance at 30 June 2013		**167,686**	**6,772**	**(573)**	**48,779**	**222,664**

2012	Note	Ordinary Shares 000's $	Share-based Payment Reserve 000's $	Retained Earnings 000's $	Total 000's $
Balance at 1 July 2011		**70,087**	**5,195**	**26,957**	**102,239**
Profit for the year		–	–	15,726	15,726
Other comprehensive income (expense)		–	–	–	–
Total comprehensive income for the year		–	–	15,726	15,726
Transactions with owners in their capacity as owners					
Contribution of equity, net of transaction costs and tax		44,769	–	–	44,769
Share-based payment – net movements	23	–	825	–	825
Dividends paid or provided for	24	–	–	(2,895)	(2,895)
		44,769	825	(2,895)	42,699
Balance at 30 June 2012		**114,856**	**6,020**	**39,788**	**160,664**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

Contents of the notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

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 13 August 2013.

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 28.

1. Summary of Significant Accounting Policies

(a) Basis of preparation

(i) Reporting basis and conventions

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

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

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

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

(ii) Rounding of amounts

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

(b) Comparative figures

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

(c) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Tox Free Solutions Limited at the end of the reporting period. A controlled entity is any entity over which Tox Free Solutions Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 30 to the financial statements.

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

Business combinations

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

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

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

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

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

Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the consolidated statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs when incurred in relation to the business combination are expensed to the consolidated statement of profit or loss and other comprehensive income.

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

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

(d) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. 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 Cash Flow Statement.

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

(ii) Share capital

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

(iii) Impairment of financial assets

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

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

Impairment losses are recognised through an allowance account for loans and receivables in the consolidated statement of profit or loss and other comprehensive income.

(e) Property, plant and equipment

(i) General information

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

(ii) Property

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

(iii) Plant and equipment

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

(iv) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

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

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

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

(v) Subsequent costs

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

(vi) Depreciation – gains and losses on disposal

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

(f) Intangibles

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. When the excess is negative (negative goodwill), it is recognised immediately in profit and loss. Goodwill is not amortised. Instead, Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold.

Goodwill is allocated to one of seven cash generating units for the purpose of impairment testing. Each of those cash generating units is represented in the Group's operating segments. Refer to note 16(a) 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 national government bonds with terms to maturity that match the expected timing of cash flows.

(ii) Defined contribution schemes

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

(iii) Termination benefits

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

(iv) Short-term benefits

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

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

(v) Other long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. This discount rate is the yield at the reporting date on AA credit terms or Government Bonds that have maturity dates approximating the terms of the Group's obligation. The calculation is performed using the projected unit credit method. These obligations are included in provisions in the Statement of Financial Position.

(vi) Share-based payment transactions

The Group provides benefits to senior management personnel with a combination of Options, Performance Rights and Appreciation Rights in exchange for them rendering their services. Details of the Long-Term Incentive are disclosed in the Remuneration Report; refer to pages 19 to 34.

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

For Share Appreciation Rights, the cost is measured by reference to the fair value of the instruments at the date of the grant using an externally prepared Monte Carlo simulation model and brought to account via a liability. At each reporting date, the share-based payment expense and associated liability are adjusted using an updated externally prepared Monte Carlo simulation which takes in to account updated market conditions.

(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 (previously Hazardous Waste Services)

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

(ii) Interest revenue

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

(iii) Revenue – net of tax

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

(k) Income tax

(i) Current income tax expense

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

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

(ii) Accounting for deferred tax

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

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

(iii) Deferred tax calculation

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

(iv) Benefit brought to account

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

(v) Tax consolidation

Tox Free Solutions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The head entity, Tox Free Solutions Limited, and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Tox Free Solutions Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax credits assumed from controlled entities in the tax consolidated Group.

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

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. The Group was GST Consolidated from 1 April 2013.

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

(m) Earnings per share

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

(n) Trade and other payables

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

(o) Borrowing costs

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

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

(p) Cash and cash equivalents

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

(q) Provisions

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

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

(r) Derivatives and hedging activities

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

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

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

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

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

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

(iii) Net investment hedges

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

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

(iv) Derivatives that do not qualify for hedge accounting

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

(s) New and amended standards adopted by the Group

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective from 1 July 2012, now require the Statement of Profit or Loss and Other Comprehensive Income to show the items of comprehensive income grouped into those that are not permitted to be classified to profit and loss in a future period and those that may have to be reclassified if certain conditions are met.

(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 2013 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.

Reference	Title	Standard application date	Group application date	Key Requirements	Impact
AASB 9	Financial Instruments	1 January 2015	1 July 2015	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced and superseded by AASB 2010-7 and 2010-10.	There will be no material impact on the Group on the adoption of this standard. The Group has not yet decided when to adopt AASB 9.
AASB 1053	Application of Tiers of Australian Accounting Standards	1 July 2013	1 July 2013	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1 and 2012-7.	There will be no material impact on the Group on the adoption of this standard. The Group will adopt AASB 1053 from the standard application date 1 July 2013.
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	1 July 2013	In July 2011, the AASB issued an amending standard which removes all of the individual key management personnel disclosure requirements from AASB 124. However, the amendments will not become operative until 1 July 2013 and cannot be adopted early. This is meant to give the Government sufficient time to review the remuneration report requirements in the Corporations Act and revise them as necessary. Ultimately, the disclosure requirements should all be covered in the Corporations Act and the Associated Regulations. This should remove the current duplication of some of the requirements and their disclosure in two different places, being the directors' report and the notes to the financial statements.	The Group will adopt AASB 2011-4 from 1 July 2013. The individual key management personnel disclosure requirements of AASB 124 will be removed from the notes to the financial statements. It will be disclosed in the Remuneration Report only.
AASB 10	Consolidated Financial Statements	1 January 2013	1 July 2013	AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the Standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. Consequential amendments were also made to other standards via AASB 2011-7.	There will be no material impact on the Group on the adoption of this standard on 1 July 2013.
AASB 11	Joint Arrangements	1 January 2013	1 July 2013	AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The Group will apply the equity method when accounting for significant investments in joint ventures. AASB 11 will not have any significant impact on the amounts and notes recognised in its financial statements. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	There will be no impact on the Group on the adoption of this standard on 1 July 2013.

(t) New accounting standards for application in future periods

Reference	Title	Standard application date	Group application date	Key Requirements	Impact
AASB 12	Disclosure of Interests in Other Entities	1 January 2013	1 July 2013	AASB 12 sets out the required disclosures for entities reporting under the two new Standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this Standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.	There will be no material impact on amounts recognised in the Group financial statements on adoption of this Standard. However, application may impact the type of information disclosed in relation to investments.
AASB 13	Fair Value Measurement	1 January 2013	1 July 2013	AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Consequential amendments were also made to other Standards via AASB 2011-8.	There will be no material impact on any of the amounts recognised in the Group financial statements on the adoption of this Standard. However, application of the Standard will impact the type of information disclosed in the notes to the financial statements.
AASB 119	Employee benefits	1 January 2013	1 July 2013	The main change introduced by this Standard is to revise the accounting for defined benefit plans. The revised Standard also changed the definition of short-term employee benefits. The distinction between short-term and other long-term benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other Standards via AASB 2011-10.	The Group does not have a defined benefit plan so the defined benefit accounting changes will have no impact on the Group. There will be no material impact on any of the amounts recognised in the Group financial statements relating to the change to the definition of short-term benefits.
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013	1 July 2013	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures will require disclosure of information that will enable users of an entity's financial statements to evaluate the effect, or potential effect, of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	The adoption of this Standard will have no material impact on the Group's disclosures.
AASB 2012-3	AASB 2012-3 Offsetting Financial Assets and Financial Liabilities	1 January 2014	1 July 2014	The amendments do not change the current offsetting rules in AASB 132, but they clarify that the right of set-off must be available today (i.e. not contingent on a future event) and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy.	The adoption of this Standard will have no impact on the disclosures or on any of the amounts recognised in the Group financial statements.
AASB 2012-5	AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	1 January 2013	1 July 2013	The annual improvements project makes minor but necessary annual amendments to Australian Accounting Standards. Amendments made in the 2009-2011 Cycle are: AASB 1 – clarifies that an entity may apply AASB 1 more than once under certain circumstances and that an entity can choose to adopt AASB 123 Borrowing Costs either from its date of transition or from an earlier date. AASB 101 – clarifies the disclosure requirements for comparative information when an entity provides a third balance either because it has applied an accounting policy retrospectively, restated items retrospectively or reclassified items in its financial statements or does so voluntarily. AASB 116 – clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. AASB 132 – clarifies the treatment of income tax relating to distributions and transaction costs. AASB 134 – clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.	The minor amendments made will have no material impact on the disclosures or on any of the amounts recognised in the Group financial statements.

(t) New accounting standards for application in future periods

Reference	Title	Standard application date	Group application date	Key Requirements	Impact
AASB 2012-9	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	1 January 2013	1 July 2013	In December 2012, the AASB decided to withdraw Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia. The Board felt that the guidance was no longer considered necessary given the issue is not unique to Australia. Further, the withdrawal was in line with its policy on only issuing a domestic interpretation of an IFRS in rare and exceptional circumstances. At the same time, the AASB issued an Agenda Decision which notes that substantive enactment of a tax Bill would not occur until any significant uncertainty about the outcome of a tax Bill has been removed. In Australia, the Board noted that it would be rare that this would be the case before a non-linked tax Bill has passed through both Houses of Parliament.	The adoption of this standard will have no impact on the disclosures or on any of the amounts recognised in the Group financial statements.

(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 29 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.

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

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term (note 29). 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) 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 27 – Share-based Payment
- Note 29 – Commitments
- Note 32 – Contingencies

3. Functional and Presentation Currency and Rounding

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

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

4. Financial Risk Management

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

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

The Group holds the following financial instruments by category:

	Note	2013 000's $	2012 000's $
Financial Assets			
Cash and cash equivalents	11	**22,736**	18,924
Trade and other receivables¥	12	**83,408**	52,731
Total financial assets		**106,144**	71,655
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	17	**43,854**	28,714
Borrowings¥	18	**113,401**	66,605
Derivatives used for hedging			
Derivative financial instruments	21	**818**	–
Total financial liabilities		**158,073**	95,319

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

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

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

Mitigation strategies for specific risks faced are described below:

(a) Credit risk

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

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

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

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

Exposure to credit risk

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

	Consolidated	
Current	2013 000's $	2012 000's $
Trade and other receivables¥	**83,408**	52,731
Cash and cash equivalents¥	**22,736**	18,924
	106,144	71,655

¥ Excludes prepayments

The Group's maximum exposure to credit risk for trade receivables at the reporting date was all attributable to Australian customers. No collateral risk is held as security for this credit risk.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

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

(b) Liquidity risk

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

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

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

The banking funds available to the Group are disclosed in note 18 and the contractual commitments of the Group are disclosed in note 29.

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

At 30 June 2012	Within 1 year 000's $	Between 1 and 5 years 000's $	Over 5 years 000's $	Total contractual cash flows 000's $	Carrying amount 000's $
Non-derivatives					
Trade and other payables	28,714	–	–	28,714	28,714
Borrowings	4,685	17,693	32,250	54,628	48,611
Finance lease liabilities	6,912	13,524	1,872	22,308	17,994
Total contractual outflows	40,311	31,217	34,122	105,650	95,319

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 2013, approximately 58% (2012: 100%) of the Group secured bank loan debt is hedged at a fixed rate.

Bank loans of the Group currently bear an average variable interest rate of 3.54 % (2012: 3.6%) 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% (2012 – 100%) of the variable loan principal outstanding. The fixed interest rates range between 2.96% and 3.97% (2012: 4.37% and 5.57%) and the variable rates between 2.85% and 2.87% (2012: 3.56% and 3.64%).

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 2013	Weighted average interest rate %	Balance 000's $
Bank Loans – cash advance facilities	**3.54**	**97,250**
Finance lease liabilities¥	**7.20**	**–**
Interest rate swaps	**3.61**	**(56,250)**
Net exposure to cash flow interest rate risk		**41,000**

¥ Finance lease liabilities are disclosed as $nil as they are financed at fixed interest rates.

No comparative has been presented in the above table, because at 30 June 2012 the fair value of the interest rate swap derivative was not material and was not recognised in the financial statements.

Sensitivity analysis

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

At 30 June 2013, 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 $293,000 (2012: $144,000) higher / lower mainly as a result of higher / lower interest costs from variable rate debt.

The sensitivity analysis has been performed on the same basis as in 2012.

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:

	2013		2012	
Consolidated	Carrying Amount 000's $	Fair Value 000's $	Carrying Amount 000's $	Fair Value 000's $
Trade and other receivables¥	**83,408**	**83,408**	52,731	52,731
Cash and cash equivalents	**22,736**	**22,736**	18,924	18,924
Secured bank loans¥ †	**(97,250)**	**(98,218)**	(48,611)	(48,611)
Finance lease liabilities€	**(16,151)**	**(16,871)**	(17,994)	(17,994)
Trade and other payables	**(43,854)**	**(43,854)**	(28,714)	(28,714)
	(51,111)	**(52,799)**	(23,664)	(23,664)

¥ Excludes prepayments

† The fair value of borrowings are based on cash flows discounted using a borrowing rate of 3.57%

€ The fair value of finance lease liabilities are based on cash flows discounted using a borrowing rate of 5.57%

(ii) Price risk

The Group is not exposed to equity securities or commodity price risk at 30 June 2013 (30 June 2012: Nil).

(d) Fair value measurements

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

AASB 7 Financial Instruments: *Disclosures* 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 2013:

	Level 1 000's $	Level 2 000's $	Level 3 000's $	Level 4 000's $
Liabilities				
Derivatives used for hedging	**–**	**818**	–	**818**
Total liabilities				**818**

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

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

5. Segment Information

Identification of reportable segments

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

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

Reportable segments disclosed are based on the aggregation of seven cash generating units, refer to note 16(a). 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 (previously Hazardous Waste Services)

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

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

Types of services by reportable segment

(i) Waste services

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

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

(ii) Industrial services

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

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

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

(iii) Technical and Environmental services

Toxfree has a national network of liquid and hazardous waste management facilities throughout Australia. Services are provided from our Kwinana, Henderson, Karratha, Port Hedland, Kalgoorlie, Sydney, Brisbane and Melbourne facilities. Toxfree uses a number of technologies to manage this waste stream including, thermal desorption, incineration, plasma arc, base catalytic dechlorination, stabilisation and fixation, physiochemical treatment and re-use 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	
	2013 000's $	2012 000's $	2013 000's $	2012 000's $	2013 000's $	2012 000's $	2013 000's $	2012 000's $
(c) Segment performance								
Revenue								
From external customers	**147,055**	102,309	**84,625**	73,585	**82,208**	53,988	**313,888**	229,882
Inter-segment revenue	**–**	(8,258)	**(7,731)**	(2,773)	**(21,434)**	(10,888)	**(29,165)**	(21,919)
Total segment revenue	**147,055**	94,051	**76,894**	70,812	**60,774**	43,100	**284,723**	207,963
Depreciation and amortisation	**8,856**	6,255	**6,927**	5,685	**5,445**	3,540	**21,228**	15,480
Impairments (note 9)	**–**	–	**–**	–	**2,576**	–	**2,576**	–
Segment EBIT	**32,366**	21,994	**9,200**	9,986	**12,891**	12,951	**54,457**	44,931
(d) Segment assets								
Segment assets	**203,098**	89,415	**65,051**	51,570	**89,960**	90,627	**358,109**	231,612
Capital Expenditure	**7,799**	11,200	**11,316**	8,256	**6,518**	1,654	**25,633**	21,110
(e) Segment liabilities								
Segment liabilities	**(21,196)**	(13,352)	**(9,766)**	(12,708)	**(17,236)**	(8,981)	**(48,198)**	(35,041)

(f) Reconciliations

ReconcÕiatŠn of segment EBIT to operating profit before income tax

	2013 000's $	2012 000's $
Segment EBIT	**54,457**	44,931
Share-based payments	**(721)**	(876)
Finance costs	**(5,454)**	(4,171)
Employee expenses	**(12,565)**	(10,312)
Business combination costs	**(7,646)**	(1,483)
Insurance	**(999)**	262
Information technology expenses	**(1,067)**	(550)
Motor vehicle expenses	**(640)**	(144)
Other corporate costs	**(5,866)**	(4,883)
Other income	**1,560**	455
Total net profit before tax	**21,059**	23,229

ReconcÕiatŠn of segment assets to total assets per the Consolidated Statement of Financial PositŠn

	2013 000's $	2012 000's $
Segment operating assets	**358,109**	231,612
Cash and cash equivalents	**22,736**	18,924
Other receivables	**2,695**	3,289
Inventories	**204**	314
Prepayments	**2,060**	2,265
Prepaid tax	**1,248**	–
Deferred tax assets	**10,166**	8,077
Property, plant and equipment	**4,003**	8,328
Total assets per the Consolidated Statement of Financial Position	**401,221**	272,809

Reconciliation of segment liabilities to total liabilities per the Consolidated Statement of Financial Position

	2013 000's $	2012 000's $
Segment liabilities	**48,198**	35,041
Other payables	**6,294**	8,461
Loans and borrowings	**113,169**	57,039
Employee benefits	**6,842**	4,157
Current tax payable	**–**	4,904
Deferred tax liability	**4,054**	2,543
Total liabilities per the Consolidated Statement of Financial Position	**178,557**	112,145

6. Business Combination

(a) Acquisition of the business assets of Absolute Liquid Waste Services

On 10 December 2012, Toxfree announced it had successfully completed the acquisition of the business assets of Absolute Liquid Waste Services (Absolute) based in Toowoomba, Queensland. The acquisition of the business assets of Absolute provides Toxfree with a new geographic presence to complement the existing services in Roma, and it also provides access to Absolute's blue chip client base throughout the Coal Seam Gas (CSG) sector in the Surat Basin, Queensland. It will also assist Toxfree in realising its strategy to provide total waste management and industrial services for the oil and gas and mining sector throughout Australia.

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

	000's $
Purchase consideration:	
– Cash paid	**4,915**
– Liabilities taken over	**(23)**
Total purchase consideration	**4,892**

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

	Fair Value 000's $
Plant and equipment	**2,453**
Intangible assets – Customer Contracts	**472**
Employee entitlements	**(31)**
Provision for income tax	**10**
Net identifiable assets acquired	**2,904**
Add: Intangible asset – Goodwill	**1,988**
	4,892

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

(i) Acquisition-related costs

Acquisition-related costs for the acquisition of Absolute business assets of $0.3M are included in the profit or loss.

(ii) Revenue and profit contribution

The acquired businesses assets contributed revenues of $3M and net profit of $0.065M to the Group from the date of acquisition to 30 June 2013. Had the results been consolidated from 1 July 2012, revenue contributed would have been $5.6M and net profit contributed would have been $0.08M for the year ended 30 June 2013.

(b) Acquisition of business assets of Racelog

On 1 February 2013, Toxfree acquired all of the business assets of Racelog Pty Ltd (Racelog) by way of Sale Deed. The business assets included plant and equipment, goodwill, permit approvals and registration necessary for the business, and all intellectual property. Racelog is a local solid waste service provider in Roma in central Queensland. It services the local commercial sector, the Coal Seam Gas sector, drilling companies and the local market.

The purchase price for the business assets of Racelog was $3.25 million.

The determined fair value of the assets and liabilities at the date of acquisition are as follows:

	000's $
Purchase consideration:	
– Cash paid	3,248
Total purchase consideration	**3,248**

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

	Fair Value 000's $
Plant and equipment	1,600
Consideration	1,600
Add: Intangible asset – Goodwill	1,648
	3,248

(i) Acquisition-related costs

Acquisition-related costs for the acquisition of the Racelog business assets of $0.07M are included in the profit or loss.

(ii) Revenue and profit contribution

The acquired businesses assets contributed revenues of $0.75M and net profit of $0.16M to the Group from the date of acquisition to 30 June 2013. Had the results been consolidated from 1 July 2012, revenue contributed would have been $1.8M and net profit contributed would have been $0.27M for the year ended 30 June 2013.

(c) Acquisition of business assets of Wanless

Tox Free Solutions Limited announced a significant expansion on the 17 May 2013 with the completion of the acquisition of the assets and business of Wanless Enviro Services Pty Ltd, Smart Skip Pty Ltd and Jones Enviro Services Pty Ltd, and certain assets of Wanless Enviro Asset Management Pty Ltd (collectively called Wanless). The assets included plant and equipment, goodwill, permit approvals and registration necessary for the business, and all intellectual property.

By acquiring Wanless, the Tox Free Group is expanding into the East Coast waste market, and positions Toxfree with a platform entry into the Queensland commercial and industrial market, with potential for future growth.

The purchase price for the business assets of Wanless was $84.82 million.

The determined fair values of the assets and liabilities as at the date of acquisition are as follows:

	000's $
Purchase consideration:	
– Cash	84,820
Total purchase consideration	**84,820**

	Fair Value 000's $
Trade debtors	7,819
Prepayments and deposits	306
Plant and equipment	25,340
Other assets	43
Deferred tax asset	390
Intangible assets – Customer Contracts	5,600
Trade and other payables	(5,267)
Employee entitlements	(1,300)
Net identifiable assets	32,931
Add: Intangible asset – Goodwill	51,889
Total purchase price	**84,820**

The Group has reported provisional amounts for Goodwill, Intangibles: Customer Contracts and Plant and Equipment acquired as part of the acquisition of the business assets of Wanless.

(i) Acquisition-related costs

Acquisition-related costs for the acquisition of the Wanless business assets of $7.047M are included in the profit or loss.

(ii) Revenue and profit contribution

The acquired businesses assets contributed revenues of $11.377M and net profit of $0.906M to the Group from the date of acquisition to 30 June 2013. Had the results been consolidated from 1 July 2012, revenue contributed would have been $66.9M and net profit contributed would have been $5.4M for the year ended 30 June 2013.

(d) Reduction in contingent consideration – MMS Enterprises (Qld) Pty Ltd

Toxfree reported in FY2012 the acquisition of 100% interest in MMS Enterprises (Qld) Pty Ltd (MMS). The acquisition price of MMS in December 2011 included a contingency consideration that was based on the estimated subsequent 12 months of trading. The objective of the contingent consideration was to incentivise the vendors to improve the operational performance of the business over that period. Included in the acquisition accounting, a forward estimate for the contingent consideration payable to the vendors of MMS was made of approximately $3.27M. This was based on an approximate 4 times Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) multiple. Actual trading and capital invested resulted in a reduction to the contingent consideration and therefore an add back in the FY2013 Consolidated Statement of Profit or Loss and Other Comprehensive Income of $1.27M.

7. Revenue

	Note	2013 000's $	2012 000's $
Revenue from continuing operations:			
Sales revenue			
Provision of services		**284,723**	207,963
		284,723	207,963
Other Revenue:			
Interest received		**382**	654
Rental income		**345**	403
		727	1,057

8. Other Income

	Note	2013 000's $	2012 000's $
Other income includes the following items:			
Reduction to contingent consideration	6(d)	**1,267**	–
Other		**600**	654
		1,867	654

9. Expenses

Profit before income tax includes the following specific expenses:

	2013 000's $	2012 000's $
Interest and finance charges paid/payable for financial liabilities	**3,770**	3,106
Establishment and other fees	**1,684**	1,065
Total finance costs	**5,454**	4,171
Amortisation	**1,797**	987
Bad and doubtful debts	**516**	147
Depreciation	**20,465**	15,121
Impairment loss on intangible assets†	**2,131**	–
Impairment loss on plant and equipment†	**445**	–
Insurance	**4,155**	1,967
Labour costs	**91,448**	72,441
Motor vehicle expenses	**16,192**	13,870
Net loss on disposal of property, plant and equipment	**6**	482
Rental expenses relating to operating leases	**8,623**	7,027
Share-based payment expense€	**723**	875
Superannuation contributions	**5,824**	4,504
Travel expenses	**5,686**	3,752

† The lack of waste volumes in the galvanising industry, which is the raw material for the production of Sodic Soil Amendment Agent (SSAA), along with a number of other factors forced the Company to cease production of SSAA and therefore the Company decided to write off the remaining carrying value of the patents used to manufacture SSAA and related equipment.

€ 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:

	2013 000's $	2012 000's $
Current tax expense		
Current tax	**7,862**	9,381
Deferred tax	**502**	(1,804)
Adjustment to current tax expense	**–**	100
Under/(over) provision in prior years	**(909)**	(174)
	7,455	7,503
Deferred income tax expense / (revenue) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**(1,008)**	(2,202)
(Decrease)/increase in deferred tax liabilities	**1,510**	398
	502	(1,804)

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

	2013 000's $	2012 000's $
Profit from continuing operations before income tax expense	**21,059**	23,229
Tax at the Australian tax rate of 30% (2012: 30%)		
Consolidated Group	**6,318**	6,969
	6,318	6,969
Add: Tax effect of:		
Entertainment	**68**	42
Share-based payments	**216**	128
Other	**1,105**	(16)
Previously unrecognised deferred tax asset	**171**	667
	7,878	7,790
Less: Tax effect of:		
Adjustment for current tax of prior period	**909**	174
Previously unrecognised timing differences now recouped to (decrease)/increase current tax expense	**(486)**	113
Income tax expense	**7,455**	7,503
The applicable weighted average effective tax rates are as follows:	**35%**	32%

(c) Amounts recognised directly in equity

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

	Note	2013 000's $	2012 000's $
Net deferred tax – debited (credited) to equity	22	**436**	364

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

	Note	2013 000's $	2012 000's $
Cash flow hedges	23	**(245)**	–

11. Cash and Cash Equivalents

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

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

Current assets	2013 000's $	2012 000's $
Cash at Bank and in hand	22,736	18,924
Balance as per Consolidated Statement of Cash Flows	22,736	18,924

(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	2013 000's $	2012 000's $
Trade receivables		**77,816**	49,442
Provision for impairment of receivables	(a)	**(565)**	(93)
		77,251	49,349
Other receivables		**5,260**	3,382
Loans to KMP¥		**897**	–
Prepayments		**2,060**	2,265
		85,468	54,996

¥ Further information relating to loans to key management personnel (KMP) is set out in note 31.

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:

	2013 000's $	2012 000's $
Balance at beginning of the year	**(93)**	(372)
Provision for impairment	**(516)**	–
Unused amount reversed	**–**	279
Receivables written off during the year as uncollectible	**44**	–
Balance at end of the year	**(565)**	(93)

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

(b) Credit risk – Trade and Other Receivables

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

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

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

	Net of impairment 000's $	Past due and impaired 000's $	< 30 000's $	31-60 000's $	61-90 000's $	> 90 000's $
2013						
Trade and term receivables	**77,816**	**(565)**	**43,372**	**18,927**	**10,409**	**5,108**
Loans to KMP	**897**	**–**	**897**	**–**	**–**	**–**
Other receivables	**2,060**	**–**	**2,060**	**–**	**–**	**–**
Total	**80,773**	**(565)**	**46,329**	**18,927**	**10,409**	**5,108**
2012						
Trade and term receivables	49,442	(93)	25,214	17,785	3,791	2,652
Other receivables	3,382	–	3,382	–	–	–
Total	52,824	(93)	28,596	17,785	3,791	2,652

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 Prepaid Tax / Tax Liability

	2013 000's $	2012 000's $
Current Prepaid Tax / Tax Liability	**1,248**	(4,904)

(b) Recognised deferred tax assets

	Note	2013 000's $	2012 000's $
Deferred tax assets	13(d)	**10,166**	8,076
Deferred tax assets to be recovered within 12 months		6,780	6,586
Deferred tax assets after 12 months		3,386	1,490

(c) Recognised deferred tax liabilities

	Note	2013 000's $	2012 000's $
Deferred tax liabilities	13(d)	**4,054**	2,543
Deferred tax liabilities to be recovered within 12 months		**314**	3
Deferred tax liabilities after 12 months		**3,740**	**2,540**

(d) Deferred Tax Assets and Liabilities – consolidated

	Note	Opening Balance 000's $	Charged to Income 000's $	Business Acquisitions 000's $	Other Comprehensive Income 000's $	Charged directly to Equity 000's $	Closing Balance 000's $
Deferred tax assets							
Property, plant and equipment							
– Timing differences		**706**	**986**	**–**	**–**	**–**	**1,692**
Provisions – employee benefits		**2,274**	**(345)**	**401**	**–**	**–**	**2,330**
Transaction costs on equity issue		**420**	**(214)**	**–**	**–**	**436**	**642**
Borrowing costs		**56**	**141**	**–**	**–**	**–**	**197**
Cash Flow Hedging Reserve		**–**	**–**	**–**	**245**	**–**	**245**
Other		**4,620**	**440**	**–**	**–**	**–**	**5,060**
Balance at 30 June 2013	**13b**	**8,076**	**1,008**	**401**	**245**	**436**	**10,166**
Property, plant and equipment							
– Timing differences		319	387	–	–	–	706
Provisions – employee benefits		1,342	932	–	–	–	2,274
Transaction costs on equity issue		206	(5)	–	–	219	420
Borrowing costs		2	54	–	–	–	56
Other		1,128	3,492	–	–	–	4,620
Balance at 30 June 2012		2,997	4,860	–	–	219	8,076
Deferred tax liability							
Property, plant and equipment		**2,532**	**1,208**	**–**	**–**	**–**	**3,740**
Other – recognised on acquisition		**11**	**303**	**–**	**–**	**–**	**314**
Balance at 30 June 2013	**13c**	**2,543**	**1,511**	**–**	**–**	**–**	**4,054**
Property, plant and equipment		2,172	360	–	–	–	2,532
Other – recognised on acquisition		–	11	–	–	–	11
Balance 30 June 2012		2,172	371	–	–	–	2,543

14. Inventories

Current assets	2013 000's $	2012 000's $
At cost: Raw materials and consumables	**204**	314

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

15. Property, Plant and Equipment

Non-current assets	2013 000's $	2012 000's $
Plant and equipment		
At cost	**186,347**	145,268
Accumulated depreciation	**(76,174)**	(61,298)
Total plant and equipment	**110,173**	83,970
Land, buildings and leasehold improvements		
At cost	**23,875**	14,800
Accumulated depreciation	**(4,144)**	(2,097)
Total land, buildings and leasehold improvements	**19,731**	12,703
Total Property, Plant and Equipment	**129,904**	96,673

(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's $	Land, Buildings and Leasehold improvements 000's $	Total 000's $
Balance at 30 June 2013			
Balance – beginning of the year	**83,970**	**12,703**	**96,673**
Additions	**22,211**	**4,205**	**26,416**
Additions – Business combinations	**29,393**	**–**	**29,393**
Disposals – written down value†	**(2,113)**	**–**	**(2,113)**
Transfers and reclassifications	**(3,676)**	**3,676**	**–**
Depreciation expense	**(19,612)**	**(853)**	**(20,465)**
	110,173	**19,731**	**129,904**
Balance at 30 June 2012			
Balance – beginning of the year	56,512	8,654	65,166
Additions	26,025	1,127	27,152
Additions – Business combinations	22,268	3,654	25,922
Disposals – written down value	(6,361)	(85)	(6,446)
Depreciation expense	(14,474)	(647)	(15,121)
	83,970	12,703	96,673

† Includes impairment of plant and equipment of $0.445M relating to SSAA impairments. Refer to note 16 for additional details.

(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 2013 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 $1,845k (2012: $4,011k) in relation to property, plant and equipment which is in the course of construction.

16. Intangible Assets

Non-current assets	2013 000's $	2012 000's $
Goodwill		
Cost	**138,659**	82,916
Net carrying value	**138,659**	82,916
Intellectual Property		
Cost	**3,325**	3,325
Accumulated amortisation and impairments	**(2,464)**	(146)
Net carrying value	**861**	3,179
Business Licenses		
Cost	**3,876**	3,876
Net carrying value	**3,876**	3,876
Customer Contracts		
Cost	**10,768**	4,696
Accumulated amortisation	**(2,669)**	(841)
Net carrying value	**8,099**	3,855
Total Intangibles	**151,495**	93,826

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

	Intellectual Property 000's $	Customer Contracts 000's $	Business Licenses 000's $	Goodwill 000's $	Total 000's $
Year ended 30 June 2012					
Balance – beginning of the year	2,325	–	2,579	25,001	29,905
Additions through business combinations	1,000	4,696	1,300	57,912	64,908
Reclassification	–	–	(3)	3	–
Amortisation	(146)	(841)	–	–	(987)
Closing value at 30 June 2012	3,179	3,855	3,876	82,916	93,826

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

An impairment loss of $2.131M was recognised against intangibles during the financial year (2012: $nil).

The lack of waste volumes in the galvanising industry, which is the raw material for the production of Sodic Soil Amendment Agent (SSAA), along with a number of other factors forced the Company to cease production of SSAA and therefore the Company decided to impair the remaining carrying value of the patents used to manufacture SSAA and related equipment (note 15).

Note continues on page 65

Note continued from page 64

(a) Impairment disclosures

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

	2013 000's $	2012 000's $
Technical and Environmental Services	**49,474**	52,243
Industrial Services	**13,852**	12,188
Waste Services	**88,169**	29,395
Total	**151,495**	93,826

For the purpose of impairment testing for intangibles with indefinite useful lives, Goodwill and Business Licenses are allocated to seven cash generating units (CGU). The seven CGUs are:

1. Waste Services – Far North West
2. Waste Services – East
3. Waste Services – South East
4. Waste Services – Pilbara
5. Industrial Services – West Coast
6. Industrial Services – East Coast
7. Technical and Environmental Services (Previously Hazardous Waste Services)

The recoverable amount of each CGU is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period with the period extending beyond three years cash flow forecast extrapolated using an estimated growth rate which does not exceed the long-term growth rate for the industry. The cash flows are discounted using a discount rate of 12% (2012: 14%).

(b) Value-in-use assumptions

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

Sensitivity to change of assumptions

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

With regard to the assessment, management recognises that the actual time value of money may vary from the estimated and the discount rate used. Management note the discount rate would have to increase by at least 3% to 15% for any of the recoverable amount to fall below their carrying amount.

17. Trade and Other Payables

Current liabilities	2013 000's $	2012 000's $
Trade payables	**22,786**	9,280
Other payables and accrued expenses	**21,068**	19,434
	43,854	28,714

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

18. Borrowings

Secured liabilities	Note	2013 000's $	2012 000's $
Current liabilities			
Bank cash advance facilities†		**6,932**	–
Bank bills of exchange		**–**	3,000
Lease liabilities	29	**5,043**	5,569
Current borrowings		**11,975**	8,569
Non-current liabilities			
Bank cash advance facilities†		**90,086**	–
Bank bills of exchange		**–**	45,611
Lease liabilities	29	**11,108**	12,425
Non-current borrowings		**101,194**	58,036
Total borrowings		**113,169**	66,605

† After offsetting $232,333 (2012: NIL) prepaid establishment fees against the banking cash advance facilities (2012: previously called commercial bills of exchange).

(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 (2012: Commercial Bills of Exchange Payable) 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 between 3.53% to 3.58% payable in arrears (2012: 3.56% to 3.64% payable in advance when the bill is drawn) and in addition, the capital portion of the facilities are currently repayable in quarterly instalments of $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% 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.

At 30 June 2012 the fair value of the interest rate swap derivative was not material and was not recognised in the 2012 financial statements. 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 2013 financial year was approximately 7.2%. Monthly repayments including finance charges are approximately $495,000.

(d) Defaults and breaches

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

(e) Fair value

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

(f) Bank loan facilities utilised / available

	2013 000's $	2012 000's $
Total loan facilities	**143,000**	66,250
Loan facilities – utilised	**(113,401)**	(48,611)
Loan facilities – available	**29,599**	17,639

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

	2013 000's $	2012 000's $
Current liabilities		
Annual and long service leave	**6,833**	3,648
Total current employee benefits	**6,833**	3,648
Non-current liabilities		
Long service leave	**9**	510
Total non-current employee benefits	**9**	510
Total employee benefits	**6,842**	4,158

20. Provisions

Current liabilities	2013 000's $	2012 000's $
Site testing and remediation	**500**	625
Waste destruction	**9,320**	4,596
	9,820	5,221

Movements during the financial year are set out below:

	Site Remediation 000's $	Waste Destruction 000's $	Total 000's $
Carrying amount 1 July 2012	625	4,596	5,221
Additional provisions recognised	–	13,968	13,968
Provisions used in the year	(125)	(9,244)	(9,369)
Carrying amount 30 June 2013	500	9,320	9,820

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. Detailed testing had not been possible during the pre-acquisition process and by 30 June 2012 no specific contamination had been identified.

During the last year some additional work has been carried out but it is not yet possible to determine whether any confirmed contamination exists.

Tox Free has estimated that approximately $500,000 (2012: $650,000) of costs would be required to:

- Conduct comprehensive soil, water and emissions testing at the sites; and
- Remediate the sites assuming some base levels of contamination normally associated with sites of this nature and in this business.

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

Non-current liabilities	2013 000's $	2012 000's $
Interest rate swap contracts – cash flow hedges	**818**	–

Instruments used by the Group

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

Interest rate swap contracts – cash flow hedges

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

Details of interest rate swaps as at 30 June 2013 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.

2. $20,000,000 hedging instrument

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

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

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

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

There was no hedge ineffectiveness in the current year.

For accounting policy refer to note 1 (r).

Risk exposures and fair value measurements

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

22. Contributed Equity

Share Capital	2013 000's $	2012 000's $
132,529,859 (2012: 115,321,608) ordinary shares	**167,686**	114,856

(a) Ordinary shares

Share Capital		2013 Number	2012 Number	2013 000's $	2012 000's $
	On issue at 1 July	**115,321,608**	**92,680,478**	**114,856**	**70,087**
	Share issues:				
08/11/12	8,250 cashless share options exercised at $2.93	8,250	–	25	–
08/11/12	680,000 share options exercised at $2,38	680,000	–	1,618	–
07/05/13	13,607,595 shares issued to institutional investors at $3.16	13,607,595	–	43,000	–
14/06/13	2,912,406 shares issued – share purchase plan at $3.16	2,912,406	–	9,203	–
30/06/13	Capital raising costs during the year	–	–	(1,452)	–
30/06/13	Deferred tax asset on transaction costs	–	–	436	–
04/07/11	3,832,904 shares issued – WSNT acquisition at $2.09	–	3,832,904	–	8,000
01/11/11	240,000 share options exercised at $2.07	–	240,000	–	497
01/11/11	40,000 share options exercised at $1.80	–	40,000	–	72
01/11/11	831,000 share options exercised at $2.07	–	831,000	–	1,720
02/11/11	12,500 share options exercised at $2.07	–	12,500	–	26
21/12/11	13,503,726 shares issued – institutional investors at $2.00	–	13,503,726	–	27,007
20/02/12	5,000 share options exercised at $1.40	–	5,000	–	7
20/02/12	15,000 share options exercised at $1.80	–	15,000	–	27
20/02/12	25,000 share options exercised at $2.20	–	25,000	–	55
22/02/12	20,000 share options exercised at $1.80	–	20,000	–	36
27/02/12	3,257,500 shares issued – capital raising at $2.00	–	3,257,500	–	6,515
29/02/12	20,000 share options exercised at $2.20	–	20,000	–	44

Share Capital		2013 Number	2012 Number	2013 000's $	2012 000's $
06/03/12	40,000 share options exercised at $2.20	–	40,000	–	88
06/03/12	20,000 share options exercised at $1.40	–	20,000	–	28
06/03/12	30,000 share options exercised at $1.80	–	30,000	–	54
21/03/12	5,000 share options exercised at $1.40	–	5,000	–	7
21/03/12	25,000 share options exercised at $2.07	–	25,000	–	55
22/03/12	10,000 share options exercised at $1.40	–	10,000	–	14
22/03/12	20,000 share options exercised at $1.80	–	20,000	–	36
22/03/12	30,000 share options exercised at $2.20	–	30,000	–	66
27/03/12	15,000 share options exercised at $1.80	–	15,000	–	27
17/04/12	30,000 share options exercised at $1.40	–	30,000	–	42
17/04/12	40,000 share options exercised at $1.80	–	40,000	–	72
17/04/12	50,000 share options exercised at $2.20	–	50,000	–	110
17/04/12	50,000 share options exercised at $2.20	–	50,000	–	110
25/05/12	10,000 share options exercised at $1.40	–	10,000	–	14
25/05/12	20,000 share options exercised at $1.80	–	20,000	–	36
25/05/12	30,000 share options exercised at $2.20	–	30,000	–	66
30/05/12	50,000 share options exercised at $2.20	–	50,000	–	110
18/06/12	5,000 share options exercised at $1.40	–	5,000	–	7
18/06/12	15,000 share options exercised at $1.80	–	15,000	–	27
18/06/12	25,000 share options exercised at $2.20	–	25,000	–	55
20/06/12	3,500 share options exercised at $1.40	–	3,500	–	5
20/06/12	15,000 share options exercised at $1.80	–	15,000	–	27
20/06/12	25,000 share options exercised at $2.20	–	25,000	–	55
26/06/12	95,000 share options exercised at $1.80	–	95,000	–	171
26/06/12	55,000 share options exercised at $1.40	–	55,000	–	77
26/06/12	30,000 share options exercised at $2.20	–	30,000	–	66
27/06/12	30,000 share options exercised at $2.20	–	30,000	–	66
28/06/12	5,000 share options exercised at $1.40	–	5,000	–	7
28/06/12	15,000 share options exercised at $1.80	–	15,000	–	27
28/06/12	5,000 share options exercised @ $1.40	–	5,000	–	7
28/06/12	15,000 share options exercised at $1.80	–	15,000	–	27
28/06/12	25,000 share options exercised at $2.20	–	25,000	–	55
30/06/12	Capital raising costs during the year	–	–	–	(1,215)
30/06/12	Deferred tax asset on transaction costs	–	–	–	364
	On issue at 30 June	**132,529,859**	**115,321,608**	**167,686**	**114,856**

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Group does not have authorised capital or par value in respect of its shares.

(b) Options and Rights

(i) For information relating to Options and Rights granted, exercised and lapsed during the financial year and the Options and Rights outstanding at the end of the financial year please refer to Note 27 Share-based payment.

(ii) For information relating to Options and Rights granted to Key Management Personnel during the financial year, please refer to Note 26.

(c) Capital Management

Management controls the capital of the Group in order to ensure the entity continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital through the gearing ratio. This ratio is calculated as finance debt divided by EBITDA for the previous 12 months. During 2013, the Group's strategy was to maintain a gearing ratio of no greater than 2.5 times (2012: 2.5 times) EBITDA.

		Consolidated	
	Note	2013 000's $	2012 000's $
Finance debt	18	**113,401†**	66,605
EBITDA		**48,775**	43,508
Gearing ratio		**2.32 times**	1.53 times

† Excludes prepayments

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

23. Other Reserves and Retained Earnings

(a) Other Reserves

	2013 000's $	2012 000's $
Cash Flow Hedging Reserve	**(573)**	–
Share-based Payment Reserve	**6,772**	6,020
	6,199	6,020

Cash Flow Hedging Reserve	2013 000's $	2012 000's $
Movements		
Opening balance	**–**	–
Revaluation – gross	**(818)**	–
Deferred tax	**245**	–
Closing balance	**(573)**	–

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

Share-Based Payment Reserve	2013 000's $	2012 000's $
Movements		
Opening balance	**6,020**	5,195
Share-based Payment expense – current year	**721**	825
Transfers to contributed equity	**(24)**	–
Reclassification of Share Appreciation Rights from payables	**55**	–
Closing balance	**6,772**	6,020

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

(b) Retained Earnings

	2013 000's $	2012 000's $
Movements in retained earnings were as follows:		
Opening balance	**39,788**	26,957
Net profit for the period	**13,604**	15,726
Dividends	**(4,613)**	(2,895)
Closing balance	**48,779**	39,788

24. Dividends

	2013 000's $	2012 000's $
The following dividends were declared and paid:		
Final franked ordinary dividend of 4 cents (2012: 3 cents) per share	**4,613**	2,895

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

Proposed dividends

	2013 000's $	2012 000's $
Proposed final 2013 fully franked ordinary dividend of 5 cents (2012: 4 cents) per share to be paid on 30 August 2013	**6,626**	4,613

The proposed final dividend for 2013 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 2013.

Franking account

	2013 000's $	2012 000's $
The franking credits available for subsequent financial years at a tax rate of 30%	**24,550**	18,095

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 $2,840 (2012: $1,977).

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

25. Cash Flow Information

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

	2013 000's $	2012 000's $
Profit for the year	**13,604**	15,726
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit:		
– amortisation	**1,797**	987
– bad and doubtful debts	**516**	–
– depreciation	**20,465**	15,121
– net loss/(gain) on disposal of property, plant and equipment	**6**	(483)
– impairment loss – intangibles and plant and equipment	**2,576**	–
– share-based payment transactions	**721**	825
– royalty write back	**(545)**	–
– reduction in contingent consideration	**(1,267)**	–
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and other receivables	**(22,434)**	(9,997)
– (increase)/decrease in prepayments	**346**	(1,533)
– (increase)/decrease in inventories	**110**	18
– increase/(decrease) in trade and other payables	**13,742**	1,319
– increase/(decrease) in net tax liabilities	**(5,650)**	520
– increase/(decrease) in provisions	**5,952**	6,501
Net cash inflow (outflow) from operating activities	**29,939**	29,004

(b) Non-cash Financing and Investing Activities

	2013 000's $	2012 000's $
Acquisition of property, plant and equipment by means of finance lease	**4,087**	11,470
Share capital issued as part consideration in acquisition of WSNT Pty Ltd	**–**	8,000
	4,087	19,470

26. Key Management Personnel Disclosures

(a) Totals of remuneration paid

The totals of remuneration paid to Key Management Personnel (KMP) of the Group during the year are as follows:

	2013 000's $	2012 000's $
Short-term employee benefits	**3,853**	2,766
Post-employment benefits	**333**	236
Share-based payments	**637**	797
	4,823	3,799

The Remuneration Report (refer to pages 19 to 34) contained in the Directors' Report discloses details of the remuneration paid or payable to each member of the Group's KMP for the year ended 30 June 2013 and 30 June 2012.

(b) Key Management Personnel Option and Right Holdings

Details of Options and Rights granted as remuneration and shares issued on the exercise of such Options and Rights together with terms and conditions of the Options and Rights can be found in the Remuneration Report (pages 19 to 34) contained within the Director's Report.

KMP – Option Holdings

30 June 2013	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	734	–	(366)	–	368	368	368
Other KMP							
Peter Goodwin	1,500	–	–	–	1,500	500	1,000
Michael Constable	267	–	(133)	–	134	134	134
Jason Dixon	334	–	(166)	–	168	168	168
	2,835	**–**	**(665)**	**–**	**2,170**	**1,170**	**1,670**

30 June 2012	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	1,100	–	(366)	–	734	366	366
Other KMP							
Peter Goodwin	1,500	–	–	–	1,500	500	500
Michael Constable	450	–	(183)	–	267	133	133
Neil Armstrong*	590	–	(256)	(334)	–	166	–
Jason Dixon	700	–	(366)	–	334	166	166
	4,340	–	(1,171)	(334)	2,835	1,331	1,165

* Neil Armstrong ceased to be part of KMP from 1 February 2012. The option holdings for KMP who ceased to be employed or regarded as a key management person during the year have been removed in the "other changes" column at the date they ceased to be an employee or KMP.

No options were granted to KMP as remuneration during the reporting period (2012: Nil).

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

KMP – Share Performance Right (SPR) Holdings

30 June 2013	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	58	56	–	–	114	–	–
Other KMP							
Michael Constable	19	18	–	–	37	–	–
Sarah Bagshawe	–	11	–	–	11	–	–
Jason Dixon	19	17	–	–	36	–	–
	96	**102**	**–**	**–**	**198**	**–**	**–**

30 June 2012	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	–	58	–	–	58	–	–
Other KMP							
Michael Constable	–	19	–	–	19	–	–
Neil Armstrong*	–	14	–	(14)	–	–	–
Jason Dixon	–	19	–	–	19	–	–
	–	110	–	(14)	96	–	–

* Neil Armstrong ceased to be part of KMP from 1 February 2012. The SPR holdings for KMP who ceased to be employed or regarded as a KMP during the year have been removed in the "other changes" column at the date they ceased to be an employee or KMP.

KMP - Share Appreciation Right (SAR) Holdings

30 June 2013	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	200	220	–	–	420	–	–
Other KMP							
Michael Constable	65	72	–	–	137	–	–
Sarah Bagshawe	–	42	–	–	42	–	–
Jason Dixon	65	67	–	–	132	–	–
	330	**401**	**–**	**–**	**731**	**–**	**–**

30 June 2012	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	–	200	–	–	200	–	–
Other KMP							
Michael Constable	–	65	–	–	65	–	–
Neil Armstrong*	–	49	–	(49)	–	–	–
Jason Dixon	–	65	–	–	65	–	–
	–	379	–	(49)	330	–	–

* Neil Armstrong ceased to be part of KMP from 1 February 2012. The SAR holdings for KMP who ceased to be employed or regarded as a KMP during the year have been removed in the "other changes" column at the date they ceased to be an employee or KMP.

(c) Key Management Personnel Shareholdings

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

30 June 2013	Balance at beginning of year 000's	On exercise of options 000's	Other changes 000's	Balance at end of year 000's
Directors				
Robert McKinnon	50	–	–	50
Douglas Wood€	236	–	(236)	–
Michael Humphris	1,000	–	(250)	750
Richard AllenΔ	163	–	2	165
Stephen GostlowΔ	1,123	366	2	1,491
Other KMP				
Peter GoodwinΔ	24	–	(14)	10
Michael Constable	49	133	(180)	2
Jason Dixon	150	166	(270)	46
	2,795	**665**	**(946)**	**2,514**

30 June 2012	Balance at beginning of year 000's	On exercise of options 000's	Other changes 000's	Balance at end of year 000's
Directors				
Robert McKinnon	–	–	50	50
Douglas Wood	231	–	5	236
Michael Humphris	2,050	–	(1,050)	1,000
Richard Allen	160	–	3	163
Stephen Gostlow	1,120	366	(363)	1,123
Other KMP				
Peter GoodwinΔ	21	–	3	24
Michael Constable	59	183	(193)	49
Neil Armstrong*	98	166	(264)	–
Jason Dixon	–	366	(216)	150
	3,739	1,081	(2,025)	2,795

Δ Shareholding Includes related party holdings

* Neil Armstrong ceased to be part of KMP from 1 February 2012

€ Douglas Wood resigned as a Director on 28 August 2012

The shareholdings for Directors and other KMP who ceased to be employed or regarded as a Director or other KMP during the year have been removed in the "other changes" column at the date they ceased to be a Director or other KMP.

Other KMP transactions

For details of other transactions with KMP, please refer to note 31 Related Party Transactions.

27. Share-based Payment

At 30 June 2013, the Group has the following share-based payment schemes:

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

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

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

The LTIP 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 LTIP 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.

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

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

Additional information can be found in the Remuneration Report (set out on pages 19 to 34) contained within the Director's Report.

(a) Options

At 30 June 2013, a summary of the Group Options issued and not exercised are as follows. Options are settled by the physical delivery of shares:

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

During the year ended 30 June 2013, 455,500 (2012: Nil) options were forfeited and 712,750 (2012: 25,000) options expired.
At the exercise date, the weighted average share price of options exercised during the year was $2.38 (2012: $2.00).
The weighted average remaining contractual life of options outstanding at year end was 1.67 years (2012: 1.82 years).
The weighted average exercise price of outstanding shares at the end of the reporting period was $2.73 (2012: $2.60).

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 (2012: Nil).

2012 Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
21 January 2009	1 July 2012	$1.40	163,500	–	(153,500)	–	10,000	10,000
21 January 2009	1 July 2012	$1.80	375,000	–	(355,000)	–	20,000	20,000
21 January 2009	1 July 2012	$2.20	670,000	–	(455,000)	–	215,000	215,000
28 October 2009	1 November 2011	$2.07	566,000	–	(566,000)	–	–	–
28 October 2009	1 November 2012	$2.38	566,000	–	–	–	566,000	566,000
28 October 2009	1 November 2013	$2.74	568,000	–	–	–	568,000	378,667
23 September 2009	1 November 2011	$2.07	542,500	–	(517,500)	(25,000)	–	–
23 September 2009	1 November 2012	$2.38	590,000	–	–	–	590,000	590,000
23 September 2009	1 November 2013	$2.74	635,000	–	–	–	635,000	423,334
26 February 2010	15 January 2014	$1.20	20,000	–	–	–	20,000	20,000
26 February 2010	15 January 2015	$2.64	20,000	–	–	–	20,000	20,000
26 February 2010	15 January 2016	$2.39	20,000	–	–	–	20,000	20,000
23 November 2010	1 November 2014	$2.50	500,000	–	–	–	500,000	–
23 November 2010	1 November 2015	$2.75	500,000	–	–	–	500,000	–
23 November 2010	1 November 2016	$3.00	500,000	–	–	–	500,000	–
Total			**6,236,000**	–	**(2,047,000)**	**(25,000)**	**4,164,000**	**2,263,001**
Weighted Average Exercise Price			$2.40		$2.00	$2.07	$2.60	

(b) Share Performance Rights (SPR) and Share Appreciation Rights (SAR)

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

Grant Date	End of performance period	Tranche	Start of year	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year
24 November 2011	30 June 2014	1	71,266	–	–	(16,234)	55,032	–
24 November 2011	30 June 2014	2	52,764	–	–	(12,020)	40,744	–
3 October 2012	30 June 2015	1	–	64,848	–	(15,152)	49,696	–
3 October 2012	30 June 2015	2	–	46,121	–	(10,776)	35,345	–
14 November 2012	30 June 2015	1	–	32,613	–	–	32,613	–
14 November 2012	30 June 2015	2	–	23,195	–	–	23,195	–
Total			**124,030**	**166,777**	**–**	**(54,182)**	**236,625**	**–**

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

During the year ended 30 June 2013, 166,777 (2012: 124,030) SPR were granted, no SPR vested or expired (2012: nil) and 54,182 (2012: nil) SPR were forfeited. The weighted average remaining contractual life of SPR outstanding at year end was 1.6 years (2012: 2 years).

At 30 June 2012, a summary of the Group's SPR issued and not exercised are as follows:

Grant Date	End of performance period	Tranche	Start of year	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year
24 November 2011	30 June 2014	1	–	71,266	–	–	71,266	–
24 November 2011	30 June 2014	2	–	52,764	–	–	52,764	–
Totals				**124,030**	**–**	**–**	**124,030**	**–**

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

Grant Date	End of performance period	Tranche	Start of year	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year
24 November 2011	30 June 2014	1	238,587	–	–	(54,348)	184,239	–
24 November 2011	30 June 2014	2	189,224	–	–	(43,104)	146,120	–
3 October 2012	30 June 2015	1	–	222,917	–	(52,084)	170,833	–
3 October 2012	30 June 2015	2	–	214,000	–	(50,000)	164,000	–
14 November 2012	30 June 2015	1	–	112,109	–	–	112,109	–
14 November 2012	30 June 2015	2	–	107,625	–	–	107,625	–
Total			**427,811**	**656,651**	**–**	**(199,536)**	**884,926**	**–**

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 2013, 656,651 (2012: 427,811) SAR were granted, no SAR vested or expired (2012: nil) and 199,536 (2012: nil) SAR were forfeited. The weighted average remaining contractual life of SPR outstanding at year end was 1.6 years (2012: 2 years).

The fair market value of each SAR is as follows:

Grant Date	30 June 2013 Tranche 1 (EPS)	30 June 2013 Tranche 2 (TSR)	30 June 2012 Tranche 1 (EPS)	30 June 2012 Tranche 2 (TSR)
24 November 2011	$1.41	$1.33	$0.62	$0.61
3 October 2012	$1.00	$0.94	–	–
14 November 2012	$0.88	$0.83	–	–

At 30 June 2012, a summary of the Group's SAR issued and not exercised are as follows:

Grant Date	End of performance period	Tranche	Start of year	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year
24 November 2011	30 June 2014	1	–	238,587	–	–	238,587	–
24 November 2011	30 June 2014	2	–	189,224	–	–	189,224	–
Totals			**–**	**427,811**	**–**	**–**	**427,811**	**–**

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

On 3 October 2012, 110,969 SPR (tranche 1 = 64,848 and tranche 2 = 46,121) and 436,917 SAR (tranche 1 = 222,917 and tranche 2 = 214,000) were granted to Senior Executives and other employees under the LTIP. The rights vest on 30 June 2015.

On 14 November 2012, 55,808 SPR (tranche 1 = 32,613 and tranche 2 = 23,195) and 219,734 SAR (tranche 1 = 112,109 and tranche 2 = 107,625) were granted to the Managing Director Mr S Gostlow under the LTIP. The rights vest on 30 June 2015. The grant to Mr S Gostlow was approved by the Shareholders at the Annual General Meeting which was held on 14 November 2012.

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

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

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

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

Key valuation assumptions made at grant date are summarised below:

Key value assumptions	3 October 2012	14 November 2012
Share price	$2.69	$2.96
Effective exercise price (SAR only)	$2.66	$2.84
Annualised volatility (midpoint)	27.50%	27.50%
Annual dividend yield	1.50%	1.50%
Risk free rate	2.34%	2.56%

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

On 24 November 2011, 124,030 SPR (tranche 1 = 71,266 and tranche 2 = 52,764) and 427,811 SAR (tranche 1 = 238,587 and tranche 2 = 189,224) were granted to Senior Executives and other employees under the LTIP. The rights vest on 30 June 2014.

Included in the above issue were 57,918 SPR (tranche 1 = 33,279 and tranche 2 = 24,639) and 199,775 SAR (tranche 1 = 111,413 and tranche 2 = 88,362) granted to the Managing Director Mr S Gostlow under the LTIP. The grant to Mr S Gostlow was approved by the Shareholders at the Annual General Meeting which was held on 24 November 2011.

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

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

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

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

Key valuation assumptions made at grant date are summarised below:

Key value assumptions	24 November 2011
Share price	$2.10
Effective exercise price (SAR only)	$2.10
Annualised volatility (midpoint)	35.00%
Annual dividend yield	1.50%
Risk free rate	3.05%

(c) Expenses arising from Share-based payment transactions

	2013 000's $	2012 000's $
Options	**224**	771
Share Performance Rights	**140**	50
Share Appreciation Rights	**357**	54
	721	875

28. 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 $4.119M (2012: $7.309M). Please refer to note 32 for additional information.

Tox Free Solutions Limited is a party to a deed of cross-guarantee. Please refer to note 35 for additional information.

Contingent liabilities of the parent entity

Tox Free Solutions Limited did not have any contingent liabilities as at 30 June 2013 or 30 June 2012. Please refer to note 32 for details of Group contingencies.

Capital expenditure commitments of the parent entity

	2013 000's $	2012 000's $
Capital expenditure commitments contracted for:		
Capital	**1,755**	7,588
Total Capital contracted for	**1,755**	7,588
Payable:		
– no later than 1 year	**1,355**	7,588
– between 1 year and 5 years	**400**	–
Total Capital Contracted for	**1,755**	7,588

Please refer to Note 29 for additional information on Group Commitments.

Balance Sheet	2013 000's $	2012 000's $
Current assets	**52,150**	29,297
Non current assets	**196,646**	129,537
Total assets	**248,796**	158,834
Current liabilities	**26,362**	21,725
Non-current liabilities	**103,363**	56,253
Total liabilities	**129,725**	77,978
Net assets	**119,071**	80,856
Contributed equity	**167,250**	114,492
Accumulated losses	**(54,378)**	(39,929)
Cash Flow Hedging Reserves	**(573)**	–
Share-based payment Reserve	**6,772**	6,293
Total Shareholders' Equity	**119,071**	80,856
Loss for the year	**(9,743)**	(4,565)
Total comprehensive expense for the year	**(10,315)**	(4,565)

29. Commitments

(a) Finance lease commitments

	2013 000's $	2012 000's $
Payable minimum lease payments:		
– no later than 1 year	**5,979**	6,216
– between 1 year and 5 years	**12,203**	12,734
– greater than 5 years	**314**	1,872
Minimum lease payments	**18,496**	20,822
Less: finance changes	**(2,345)**	(2,828)
Present value of minimum lease payments	**16,151**	17,994

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.

	2013 000's $	2012 000's $
Payable minimum lease payments:		
– no later than 1 year	**10,248**	10,384
– between 1 year and 5 years	**27,237**	31,998
– greater than 5 years	**12,646**	8,483
	50,131	50,865

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 2013, $8,623K (2012: $7,027K) was recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(c) Capital expenditure commitments

	2013 000's $	2012 000's $
Capital expenditure commitments contracted for:		
Capital	**1,755**	7,588
Total Capital contracted for	**1,755**	7,588
Payable:		
– no later than 1 year	**1,355**	7,588
– between 1 year and 5 years	**400**	–
Total Capital Contracted for	**1,755**	7,588

30. 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

	Country of Incorporation	Percentage Owned (%) 2013	Percentage Owned (%) 2012
Subsidiaries:			
Aframe Investments Pty Ltd	Australia	**100**	100
BCD Technologies Pty Ltd	Australia	**100**	100
Barry Bros. Specialised Services Pty Ltd	Australia	**100**	100
Dolocorp Pty Ltd†	Australia	**100**	100
Dolocrete WA Pty Ltd†	Australia	**100**	100
DoloMatrix Australia Pty Ltd	Australia	**100**	100
DoloMatrix Environmental Solutions Pty Ltd	Australia	**100**	100
Entech Industries Pty Ltd†	Australia	**100**	100
Grimefighters Fluidclean Pty Ltd	Australia	**100**	100
Hazwaste Pty Ltd†	Australia	**100**	100
MD Environmental Solutions Pty Ltd†	Australia	**100**	100
MMS Enterprises (QLD) Pty Ltd	Australia	**100**	100
Oil Energy Corporation Pty Ltd	Australia	**100**	100
Pilbara Waste Pty Ltd	Australia	**100**	100
Specialized Investments Pty Ltd*	Australia	**100**	100
SRL Plasma Pty Ltd†	Australia	**100**	100
Thermal Treatment Solutions Pty Ltd†	Australia	**100**	100
Tox Free (Australia) Pty Ltd#	Australia	**100**	100
Tox Free (Henderson) Pty Ltd	Australia	**100**	100
Tox Free Industrial Solutions Pty Ltd*	Australia	**100**	100
Tox Free (Kwinana) Pty Ltd	Australia	**100**	100
Tox Free (New South Wales) Pty Ltd	Australia	**100**	100
Tox Free (Queensland) Pty Ltd	Australia	**100**	100
Tox Free (Victoria) Pty Ltd	Australia	**100**	100
Waste Audit Consultancy Services (Aust) Pty Ltd	Australia	**100**	100
Waste Services Australia Pty Ltd	Australia	**100**	100
Waste Solutions (NT) Pty Ltd	Australia	**100**	100

* Dormant

† Dormant and currently in the process of being liquidated

\# Formerly Tox Free (Karratha) Pty Ltd

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

31. Related Party Transactions

Related parties

(a) The Group's main related parties are as follows

(i) Key Management Personnel (KMP)

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.

For details of remuneration disclosures relating to KMP, please refer to Note 26: Key Management Personnel Disclosures and the Remuneration Report (pages 19 to 34) contained within the Directors' Report.

Other transactions with KMP and their related entities are shown below.

(ii) Subsidiaries

The consolidated financial statements include the financial statements of Tox Free Solutions Limited and the controlled entities listed under 'Controlled entities' in the above note 30.

(b) Balances from related parties

	2013 000's $	2012 000's $
NON-CURRENT		
Amounts receivable from:		
– wholly-owned controlled entities	**136,004**	69,237

(c) Balances to related parties

	2013 000's $	2012 000's $
NON-CURRENT		
Amount payable to:		
– wholly-owned controlled entities	**47,609**	36,920

Intragroup transactions have been eliminated and are not disclosed as related party transactions in the consolidated financial statements, as are all loan balances. Sales made between subsidiaries during the year amounted to approximately $23.264M (2012: $11.678M) and have been eliminated on consolidation.

(d) Loans to Key Management Personnel

During the year, the company advanced monies to the following KMP:

- Mr Stephen Gostlow $871,080
- Mr Michael Constable $316,540
- Mr Jason Dixon $395,080

The purpose of the loans was to enable these KMP to exercise previously awarded Options. Interest of 6.12% per annum was charged on the loan balances during the eligible period.

At the end of the financial year Mr Stephen Gostlow's loan balance was $897,370. The other loan balances were repaid before the end of the financial year.

32. Contingencies

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

Contingent Instruments

Bank Guarantees to the value of $4.959M (2012:$7.309M), 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 2013, Tox Free has continued to assess the Group's potentially contaminated sites. Assessments have been completed for Oil Energy Corporation, Tox Free Kwinana, Tox Free Henderson, Grimefighters Fluidclean, Waste Solutions NT, Henderson North and Tox Free Victoria.

In April 2001, the Group acquired Eli Eco Logic Australia Pty Ltd, now known as Tox Free (Kwinana) Pty Ltd. 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 Tox Free (Kwinana) Pty Ltd vacates the site. Assessment work carried out has resulted in Tox Free (Kwinana) Pty Ltd being reassessed by the Department of Environment and Conservation as "Contaminated – Restricted Use." This does not affect the current use of the site as the soil is capped enabling ongoing monitoring to monitor risk. Remediation of the site must be completed prior to vacating the site. There is currently no set timeframe for the remediation of the soil. It is expected that this will be determined on completion of the actions within the Facility Specific Plan.

A detailed site assessment and health and environment risk assessment was completed at the Oil Energy Corporation facility and has been submitted to the Department of Environment and Conservation. Toxfree is waiting on final classification of the site from the regulator. Additional studies are required for further assessment to determine the appropriate remediation and contingent liability.

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.

In prior years BCD Technologies Pty Ltd, a DMX company acquired by the Group in 2012, had been given notice by the EPA to test, rectify and remediate aspects of its Narangba premises which showed up low levels of environmental contamination. The remediation and rectification work has been completed. Whilst the site remains on the Queensland Department of Environmental Register (EMR), it is not listed on the Contaminated Land Register (CLR). The Directors do not believe that there are any additional liabilities, contingent or otherwise, in relation to this matter.

Apart from those contingencies detailed above, there are no further contingent assets and/or liabilities at the reporting date.

33. Remuneration of Auditor

	2013 000's $	2012 000's $
Remuneration of the auditor of the parent entity, BDO Audit (WA) Pty Ltd, for:		
Auditing and reviewing the financial statements	**234**	141
Tax advice and compliance services (BDO Corporate Tax (WA) Pty Ltd)	**202**	122
Other services		
Accounting advice and review of information	**17**	19
Business combinations and acquisitions	**25**	45
Group restructure	**3**	27
Total other services	**45**	91
Total remuneration of Auditor	**481**	354

34. Earnings per Share

(a) Earnings used to calculate overall earnings per share

	2013 000's $	2012 000's $
Profit from continuing operations attributable to ordinary equity holders of the Company	**13,604**	15,726
Add: Potential interest earned on proceeds from conversion of share options	**102**	125
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**13,706**	15,851

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2013 No.	2012 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**117,916,887**	105,561,974
Weighted average number of dilutive options and rights outstanding	**2,824,442**	4,695,841
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**120,741,329**	110,257,815

35. Deed of Cross-Guarantee

Tox Free Solutions Ltd and each of the subsidiaries listed in note 30 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.

36. Events after the end of the Reporting Period

On 29 July 2013, the Directors of Tox Free Solutions Limited declared a final dividend on ordinary shares in respect of the 2013 financial year. The total amount of the dividend is $6,626,493 which represents a fully franked dividend of 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.

37. Company Details

The registered office of the Group is:
Tox Free Solutions Limited
Level 2, 55 Carrington Street
NEDLANDS WA 6009

The principal place of business is:
24 Sangiorgio Court
Osborne Park WA 6017

DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements and notes, as set out on pages 41 to 79, are in accordance with the *Corporations Act 2001* and:

a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and the Corporations Regulations 2001; and

b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Group;

2. the Managing Director and Chief Finance 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: 13 August 2013

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TOX FREE SOLUTIONS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Tox Free Solutions Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

BDO

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

Independence

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

Opinion

In our opinion:

(a) the financial report of Tox Free Solutions Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Tox Free Solutions Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien
Director
Perth, Western Australia

Dated this 13th day of August 2013

SHAREHOLDER INFORMATION

For the Year Ended 30 June 2013

The shareholder information set out below was applicable as at 31 July 2013:

1. Distribution of Equity Securities

Range	Total Holders	Ordinary Shares	% of Issued Capital
1 – 1,000	793	361,887	0.27
1,001 – 5,000	1,443	3,964,482	2.99
5,001 – 10,000	689	5,087,709	3.84
10,001 – 100,000	700	15,549,046	11.73
100,000 and over	59	107,566,735	81.17
Total	**3,684**	**132,529,859**	**100.00**

There were 212 holders of less than a marketable parcel of ordinary shares.

2. Twenty Largest Shareholders

	Ordinary shares	
	Number held	% of issued shares
JP Morgan Nominees Australia Limited	19,185,569	14.48
National Nominees Limited	17,537,860	13.23
HSBC Custody Nominees (Australia) Limited	13,998,002	10.56
Australian Foundation Investment Company Limited	10,661,200	8.04
Australian Executor Trustees SA Ltd > TEA Custodians Limited	7,583,370	5.72
Citicorp Nominees Pty Ltd	5,897,183	4.45
Mirrabooka Investments Limited	3,967,673	2.99
RBC Investor Services Australia Nominees Pty Ltd > BKCust A/c	3,248,578	2.45
BNP Paribas Nominees Pty Ltd > ACF Pengana DRP A/c	3,191,298	2.41
J P Morgan Nominees Australia Limited > Cash Income A/c	2,804,555	2.12
Amcil Limited	2,392,674	1.81
BNP Paribas Nominees Pty Ltd > DRP	1,672,201	1.26
UBS Nominees Pty Ltd	1,193,449	0.90
Mr S J Gostlow	1,148,637	0.87
Citicorp Nominees Pty Ltd > Colonial First State Inv A/c	853,096	0.64
The Australian National University	783,553	0.59
Australian Executor Trustees Limited > Charitable Foundation	761,770	0.57
Horizon Equity Consulting Pty Ltd	750,000	0.57
UBS Wealth Management Australia Nominees Pty Ltd	703,873	0.53
HSBC Custody Nominees (Australia) Limited > NT Comnwlth Super Corp A/c	596,786	0.45

3. Substantial Shareholders

The substantial Shareholders are set out below:

Shareholders	% Holding
JP Morgan Nominees Australia Limited	14.48%
National Nominees Limited	13.23%
HSBC Custody Nominees (Australia) Limited	10.56%
Australian Foundation Investment Company Limited	8.04%
Australian Executor Trustees SA Ltd >TEA Custodians Limited	5.72%

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
28/10/09	368,000	1	01/11/13	$2.74
23/09/09	379,500	7	01/11/13	$2.74
26/02/10	20,000	1	15/01/14	$1.20
26/02/10	20,000	1	15/01/15	$2.64
26/02/10	20,000	1	15/01/16	$2.39
24/09/10	500,000	1	01/11/14	$2.50
24/09/10	500,000	1	01/11/15	$2.75
24/09/10	500,000	1	01/11/16	$3.00

There are 2,307,500 Options issued to 10 executives under the Tox Free Solutions Long-Term Option Plan to take up ordinary shares.

6. Rights

There are 236,625 Share Performance Rights issued to 7 executives under the Tox Free Solutions Limited Long-Term Incentive Plan to take up ordinary shares.

There are 884,926 Share Appreciation Rights issued to 7 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 are quoted on the Australian Securities Exchange.

8. Shareholder Inquiries

Shareholders can obtain information about their shares or dividend payments by contacting the Company's share registry:

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

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

9. Publications

The annual report is the main source of information for shareholders.

10. Tox Free Solutions Limited Website

Tox Free Solutions Limited has an internet address at **www.toxfree.com.au**

This contains the Company's latest annual report and media statements released through the Australian Securities Exchange.


free


toxfree

toxfree

safe.reliable.sustainable