toxfree

Tox Free Solutions Limited

Interim Report | For the half-year ended 31 December 2014

CONTENT DETAILS	PAGE

Results Commentary | 31 December 2014

KEY HIGHLIGHTS

Tox Free Solutions Limited (Toxfree) is pleased to present the results commentary for the half-year ended 31 December 2014.

Financial

- Revenue from Services up 14% on 2H FY14 and 10% up on 1H FY14 to $207.3m.
- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)* up 17% on 2H FY14 and 7% on 1H FY14 to $37.3m.
- Underlying earnings before interest and tax (EBIT)* up 22% on 2H FY14 and 1% on 1H FY14 to $21.7m.
- Underlying profit after tax (NPAT)* up 32% on 2H FY14 and 2% below 1H FY14 to $12.9m.
- Statutory NPAT attributable to Toxfree members up 30% to $12.4m (2H FY14: $9.5m).
- Underlying earnings per share (EPS)* for the period 9.73 cents up 32% (2H FY14: 7.38 cents).
- Interim dividend of 4 cents (1H FY 14: 3 cents) per fully paid ordinary share fully franked.
- Net debt to equity at 42% (FY14: 34%).
- Gross cash inflows generated from operations of $23.5m were 64% (2H FY14: 82%) of Statutory EBITDA.

Operations

- EBIT margin improvement in Industrial Services and Waste Services.
- Industrial Services to the Civil Infrastructure Sector are gaining momentum.
- Industrial Services in the Surat Basin and Gladstone in Queensland continued to perform strongly.
- Waste and Industrial Services in Western Australia to the oil and gas, mining and commercial sector performed well.
- Growth in Commercial and Industrial Waste volumes in Queensland resulted in improved performance.
- Successful transition to new Chevron Australia waste contract occurred on 1 October 2014.
- Waste volumes from Barrow Island remain stable with increased workforce from MV Silja Europa accommodating an additional 1200 employees.
- Retained Apache waste contract for a further two year term.
- Major contracts and operations linked to the resource sector (Rio Tinto and FMG) continued to perform well with increased production of iron ore increasing our scope of work.
- Awarded three year contract with NSW Department of Environment and Conservation for the management of household hazardous waste from all mobile and fixed facilities in New South Wales.
- Over 60% of group revenue is secured by long-term contracts.

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

Sustainability and Our People

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

- Lost Time Injury Rate for the period was zero, with the Total Recordable Injury Frequency Rate (TRIFR) static and All Injury Frequency Rate reduction of 5%
- Our safety lead indicators continue to strengthen as we build our safety culture and risk management controls.
- The triple accreditation program for quality, safety and environment continues to progress with all existing parts of the business accredited. Recent acquisitions are expected to join the certification program this calendar year, continuing our commitment to ensuring high standards of governance and control.
- Toxfree supports gender equity – during the year we increased the number of female employees from 15.7% to 20% of our total workforce.
- Toxfree have an endorsed Indigenous Reconciliation Action Plan and within the period we increased the number of Indigenous Australian employees by 100% from 24 to 48 employees, bringing our number of indigenous employees to 4.5% of our total workforce.
- Winner in the prestigious Innovation category of "The Australian Business Awards 2014".

1H FY 15 OVERVIEW

The Company is very pleased with the first half performance of financial year 2015.

Revenue from Services was $207.3m, an increase of 14% on 2H FY14 and 10% on 1H FY14. Underlying earnings (EBITDA) was $37.3m* an increase of 17% on the 2H FY14 and 7% on 1H14, before depreciation and amortisation expense of $15.6m. Underlying EBIT of $21.7m* was an increase of 22% on 2H FY14 and consistent with 1H FY14.

The Group underlying net profit after tax was $12.9m* an increase of 32% on 2H FY14 and consistent with 1H FY14. Statutory net profit after tax was $12.3m an increase of 29% on 2H FY14 and consistent with 1H FY14.

The Board is also pleased to announce the payment of an interim dividend of 4 cents (1H FY14: 3 cents) per ordinary share, which will be fully franked based on tax paid of 30%. The 4 cent per share dividend represents a 41% (1H FY14: 30%) return of underlying net profit after tax*. The dividend record date is 12 March 2015 and the payment date is expected to be 26 March 2015.

Each of our service lines performed well in a challenging environment where there is limited growth in the majority of industry sectors within the Australian economy.

Waste services achieved sound growth with good performance from our east coast operations, the Pilbara region and ongoing waste volumes from the Gorgon LNG project.

Industrial Services was much improved compared to the second half of FY14 through momentum in the Civil Infrastructure sector on the east coast and our diversification of services into a greater portion of industrial customers.

Technical and Environmental Services (TE&S) continued to perform well. In the two previous periods, TE&S completed a number of one off projects relating to offshore oil and gas development activities that were not repeated in this half. Although revenue and earnings were less than the previous period the result contained a similar level of waste managed from ongoing production sources.

The business has been implementing a number of key initiatives focussed on improving our productivity and bottom line performance.

The upgrade to a new Enterprise Resource Planning (ERP) system is progressing well with Technical and Environmental Services, Corporate and Industrial Services upgraded to the new system. By the end of the financial year the project will be complete. The new ERP will streamline administration and improve our business intelligence and risk management.

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

During the half there was significant effort in reducing cost in our business. 40 employees were made redundant across the group which resulted in redundancy costs of $492,000 being expensed within the half-year result. Further initiatives to reduce overtime, travel and waste disposal costs have also resulted in further savings to the Group.

Trade Receivables increased 27% and associated cash receipts from customers were impacted during the period as Waste Services transitioned the Gorgon LNG Waste Contract from Toll Energy to Chevron Australia. This is a timing issue only with cash collections expected to catch up in the second half.

The Group's debtor day's sales outstanding (DSO) excluding work in progress were 68 days (2H FY14: 58 days) at the end of the period, with cash in bank of $16.9m (2H14: $16.1m) and total borrowings of $119.6m (2H FY14: $97.5m). The Balance Sheet is in good order with net assets at $245.7m (2H FY14: $237.0m), net debt of $102.6m (1H14: $84.2M) and net debt to equity of 42% (1H14: 37%). Gross Cash flows from Operations were 64% of statutory EBITDA (2H FY14: 82%).

Net capital investment in the business was $24.2m (1H14: $12.3M) during the period with $6m relating to the new ERP and associated system enhancements. Capital expenditure for the full year is expected to total $40m and capital continues to be invested in those areas of the business that achieve the Company's return criteria.

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

Summary of Results

Group Results

Group Results	1H FY15 $'000	% Change 1H FY15 / 2H FY14	2H FY14 $'000	% Change 1H FY 15 / 1H FY14	1H FY14 $'000
Revenue - Services	207,287	14%	181,980	10%	188,017
EBITDA *	37,345	17%	31,840	7%	34,799
Depreciation	(14,430)	13%	(12,745)	20%	(12,001)
Amortisation	(1,219)	(4)%	(1,276)	(14)%	(1,420)
EBIT *	21,696	22%	17,819	1%	21,378
Finance expenses	(3,265)	1%	(3,237)	(1)%	(3,268)
Profit before tax *	18,431	26%	14,582	2%	18,110
Income tax expense *	(5,520)	16%	(4,765)	12%	(4,945)
Underlying Profit after tax *	12,911	32%	9,817	(2)%	13,165
Statutory Profit after tax	12,305	29%	9,542	1%	12,182
Profit attributable to Toxfree Owners	12,406	30%	9,542	2%	12,182
Non-controlling interest in profit	(101)	100%	-	100%	-
Earnings per share (cents) *	9.73	32%	7.38	(2)%	9.92
Dividend per share (cents)	4	33%	3	33%	3
Weighted average number of shares	133,752	0.5%	133,064	0.7%	132,764

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

HY1 FY 15:
Acquisition costs including advisor, legal and rebranding = $0.866m (Corporate).
These adjustments resulted in an increase in underlying NPAT after tax of $0.606m (before tax $0.866m).

HY2 FY 14:
Acquisition costs including advisor, legal and rebranding = $0.392m (Corporate).
These adjustments resulted in an increase in underlying NPAT after tax of $0.275m (before tax $0.392m).

HY1 FY 14:
Acquisition costs including advisor, legal and rebranding = $0.428m (Corporate $0.334m).
Net loss on scrapping of plant and equipment (incinerator) = $0.976m (Technical and Environmental Services).
These adjustments resulted in an increase in underlying NPAT after tax of $0.983m (before tax $1.404m).

REVIEW OF OPERATIONS

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

- Technical and Environmental Services
- Industrial Services
- Waste Services

Technical and Environmental Services (TES)

TES*	1H FY15 $'000	2H FY14 $'000	1H FY14 $'000	% Change 1H FY15 / 2H FY14	% Change 1H FY 15 / 1H FY14
Revenue	28,186	32,968	30,795	(14.5)%	(8.4)%
EBITDA	10,152	11,920	10,522	(14.8)%	(3.5)%
EBITDA margins (%)	36.0%	36.2%	34.2%	(20)bps	180bps
Amortisation	162	283	283	(42.7)%	(42.7)%
Depreciation	2,330	2,044	2,018	13.9%	15.5%
EBIT	7,660	9,593	8,221	(20.0)%	(6.8)%
EBIT Margins (%)	27.2%	29.1%	26.7%	(190)bps	50bps

The Company is pleased with the continued performance of the Technical and Environmental Services during the period. Revenue and resulting EBITDA was less than the last period due to a reduction in waste volumes from project driven work associated with upstream development and exploration drilling.

The volumes of waste collected from ongoing producing facilities were in line with previous periods. Volumes of household hazardous wastes continued to increase. Our Victorian and New South Wales facilities improved their operating performance. We were also successful in winning a new three year contract with NSW Department of Environment and Conservation for the management of household hazardous waste from all mobile and fixed facilities in New South Wales.

The volumes of persistent organic compounds and ozone depleting gases, treated through the Company's Plascon technology, increased during the period which resulted in improved performance at our Narangba facility.

In January 2015, we also expanded our services in Central Australia through the acquisition of GBR Enviroservices Pty Ltd (GBR) based in Adelaide.

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

GBR provide waste and industrial cleaning services primarily focussed on regional and remote resource operations throughout the Central Region of Australia including areas around Alice Springs and the Cooper Basin. GBR operates from Wingfield in South Australia and has a number of established relationships with major resource customers. Their services align well with Toxfree's strategy to provide Total Waste Management Services to our clients in regional areas.

Our 'Centres of Excellence' program continues with new technologies being introduced to our sites. Our objective is to provide our clients with the most sustainable and lowest cost solutions for their wastes using best available technologies.

The new Waste to Energy facility in the Pilbara is continuing to work through the approval process. We have obtained our land use amendment and selected the technology. We have now commenced the detailed front end engineering design stage. We remain excited about the prospects of the new Waste to Energy facility which will result in improved production rates and better environmental outcomes.

Industrial Services (IS)

IS*	1H FY15 $'000	2H FY14 $'000	1H FY14 $'000	% Change 1H FY15 / 2H FY14	% Change 1H FY 15 / 1H FY14
Revenue	51,770	48,543	49,288	6.6%	5.0%
EBITDA	9,087	8,576	9,873	6.0%	(8.0)%
EBITDA margins (%)	17.6%	17.7%	20.0%	(10)bps	(240)bps
Amortisation	103	150	285	(31.3)%	(63.8)%
Depreciation	4,038	4,271	3,947	(5.5)%	23.1%
EBIT	4,946	4,155	5,641	19.0%	(12.3)%
EBIT Margins (%)	9.6%	8.6%	11.4%	100bps	(180)bps

Industrial services improved their operating performance across Australia. Revenue was $51.8m up 6.6% (2H FY14: $48.5m).and EBITDA* was $9.1m an increase of 5.6% from 2H FY14. EBITDA* margins were consistent across the period with lower depreciation charges improving EBIT* margins by 100 bps through a reduction in capital expenditure.

For the first time in a number of years we saw considerable improvement in industrial services provided to the Civil Infrastructure sector. Of particular note was our growing scope of services with Telstra for the NBN project that is being rolled out throughout Australia.

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

Industrial Services in Central Queensland, Gladstone, Roma, and Toowoomba continued to perform well through services provided to the Coal Seam Gas drilling programme and LNG construction projects in Gladstone. We continue to have a positive outlook on the Surat basin and Gladstone regions with drilling activity expected to continue as the upstream gas reserves are developed. We have implemented a number of waste treatment technologies that have resulted in better efficiencies and costs savings for our clients.

We were also pleased to see further diversification of our East Coast Industrial Services into heavy industrial customers, particularly in Victoria. While the Australian manufacturing sector is under pressure, there is still a large market and we have been successful in gaining further market share.

Our industrial services to offshore oil and gas customers continues to gain momentum. During the period we provided offshore services to a number of operating production facilities in the Browse Basin, North West Shelf, Carnarvon Basin, Joint Petroleum Development Area and Darwin.

There are a number of new contract opportunities within the LNG, Iron Ore and Coal sector and our focus is to continue to develop our industrial services through continued organic growth.

Waste Services (WS)

WS*	1H FY15 $'000	2H FY14 $'000	1H FY14 $'000	% Change 1H FY15 / 2H FY14	% Change 1H FY 15 / 1H FY14
Revenue	127,331	100,469	107,934	26.7%	18.0%
EBITDA	32,545	25,108	27,872	29.6%	16.8%
EBITDA margins (%)	25.6%	25.0%	25.8%	60bps	(20)bps
Amortisation	954	843	852	13.2%	11.9%
Depreciation	7,550	5,894	5,460	28.1%	38.3%
EBIT	24,041	18,371	21,560	30.9%	11.5%
EBIT Margins (%)	18.9%	18.3%	20.0%	60bps	(110)bps

The Waste Services division grew significantly during the period with revenue increasing by 26.7% on 2H FY14 and 17.9% on 1H FY14 to $127.3m and EBITDA* increasing by 29.6% on 2H FY14 and 16.8% on 1H FY14 to $32.5m. EBIT* margins improved by 60 bps on the previous half.

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

East Coast Waste Services performed well. Wanless has been rebranded to Toxfree and operational integration complete. Our investment in new fleet has resulted in lower R&M costs, improved services to our clients and safer working conditions for our employees. We have grown our volumes of commercial waste in Brisbane and the Gold Coast and developed a number of cross-selling opportunities with our other service lines. Reductions in fuel costs will also help our performance in coming months.

Our Pilbara and Darwin operations performed well with services provided to Iron Ore operations and our Karratha based clients performing solidly. The Kimberley region has performed below our expectations primarily due to a decline in the tourism market and a lack of momentum in services to the offshore Browse Basin.

On 1 October 2014, Toxfree transitioned our waste services contract from Toll Energy directly under a long-term contract with Chevron for all waste produced from Chevron's operations within Australia. The five year contract (with additional five year option) with Chevron Australia includes all waste produced from Chevron's Gorgon project as well as Wheatstone

During the period the workforce on Barrow Island increased as the MV Silja Europa accommodation vessel was brought into service. Over the next six to twelve months waste volumes are expected to remain stable on Barrow Island through an increased workforce and the commissioning of the LNG gas plant. This will result in additional hazardous wastes for treatment and in time an opportunity for industrial services.

In August 2014, Toxfree expanded our business with Pilbara Logistics Pty Ltd (PLWA). PLWA is an indigenous waste management company with operations in Newman and Port Hedland within the Pilbara region of Western Australia. PLWA is currently Toxfree's partner in PT Environmental Services which has been servicing the Fortescue Metals Group (FMG) Total Waste Management Contract for the last four years. Services to FMG have continued to perform well and we have over 30% indigenous employment within this contract.

As part of the expansion, Toxfree and PLWA have consolidated all of the Port Hedland operations to create a much larger business. This will result in a number of cost synergies including a reduction in overheads and operating facilities. As part of the contractual arrangement, Toxfree owns the majority of the enlarged business' assets and charges rent for their use.

Unallocated Corporate Expenses | *Overview*

Corporate*	1H FY15 $'000	2H FY14 $'000	1H FY14 $'000	% Change 1H FY15 / 2H FY14	% Change 1H FY 15 / 1H FY14
Unallocated EBITDA	(14,439)	(13,764)	(13,468)	4.9%	7.2%
EBITDA to Revenue (%)	7.0%	7.6%	7.2%	(60)bps	(20)bps
Depreciation	512	536	576	(4.5)%	(11.1)%
Unallocated EBIT	(14,951)	(14,300)	(14,044)	4.6%	6.5%
EBIT to Revenue (%)	7.2%	7.9%	7.5%	(70)bps	(30)bps

Unallocated Corporate Expenses increased by 4.6% on 2H FY14 and by 6.5% on 1H FY14to $14.9m*.

Overall unallocated corporate expenses of $14.9m* were 7.2% of Revenue from Services down from 7.9% on 2H FY14 and 7.5% on 1H FY 14.

Unallocated Corporate includes the IT, Finance, Human Resources, OHSEQ and Risk teams.
The successful staged implementation of the ERP system involved capitalising direct costs associated with the development of the system. However not all associated costs are eligible for capitalisation and these were expensed which contributed to the increase in corporate costs in the period

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

CASH FLOW AND BALANCE SHEET

Group Cash Flow

Group Cash Flow	HY ended 31 Dec 2014 $'000	HY ended 31 Dec 2013 $'000	% change
Gross operating cash flow	23,485	34,703	(32)%
Net interest paid	(2,291)	(3,067)	(25)%
Income taxes paid	(3,383)	(6,666)	(49)%
Net operating cash inflows	17,811	24,970	(29)%
Payments for acquisition of businesses – net of cash acquired	(5,169)	(911)	467%
Net purchases of property, plant and equipment	(24,244)	(11,402)	113%
Net investing cash outflows	(29,413)	(12,313)	139%
Net proceeds from borrowings/(repayment of borrowings)	19,424	(10,780)	280%
Payments for shares acquired by Employee Share Trust	(775)	-	100%
Dividends paid	(4,013)	(6,626)	(40)%
Dividends paid to non-controlling interests in subsidiaries	(2,240)	-	100%
Proceeds from the issue of share capital	-	24	(100)%
Net financing cash inflows / (outflows)	12,396	(17,382)	171%
Net increase / (decrease) in cash	794	(4,725)	117%
Cash at the beginning of the half year	16,168	22,736	(29)%
Cash at the end of the half year	16,962	18,011	(6)%

Group Balance Sheet

Group Balance Sheet	31 Dec 2014 $'000	30 June 2014 $'000	% change
Cash	16,962	16,168	5%
Trade and other receivables	103,812	81,633	27%
Inventories	172	296	(42)%
Tax assets	8,612	8,167	5%
Property, plant and equipment	151,944	134,858	13%
Intangibles	150,899	149,572	1%
Total assets	432,401	390,694	11%
Trade and other payables	43,827	38,076	15%
Loans and borrowings	119,555	97,463	23%
Employee benefits	8,829	7,430	19%
Tax liabilities	5,280	2,674	98%
Provisions	7,269	6,971	4%
Derivative Financial Instruments	1,984	1,098	81%
Total liabilities	186,744	153,712	21%
Total equity	245,657	236,982	4%
Gross debt to equity	49%	41%	
Net debt to equity	42%	34%	

STRATEGY AND OUTLOOK

Waste management is an essential service, all industry sectors and people produce waste. The total waste market in Australia is large (estimated at $13Bn* per annum) and increasing at an average rate of 5%* pa. Toxfree's target market in Australia is estimated at $4Bn per annum.

Our vision is to be the leading provider of safe, reliable and sustainable waste management and industrial services in our chosen markets.

At Toxfree we are continuing to demonstrate that we can add value and continuously improve our customers' waste management requirements, in terms of better efficiencies and better waste management practices. It's through this strategy that we believe we will continue to grow our business over the long-term.

Trading conditions remain challenging and although the first half of financial year 2015 has started well, we expect conditions will remain this way in the short-term. There are also a number of seasonal factors which have historically impacted second half performance.

Industrial services momentum in the civil infrastructure sector has been pleasing and with the higher level of recurring revenue we expect similar trading in the second half. It is anticipated that TE&S trading conditions will be in line with the first half and our key cost saving initiatives will continue to be a focus.

Commercial waste volumes within East Coast Waste Services should remain stable; however, the wet season has potential to impact earnings. The volumes of waste produced from the Gorgon project are anticipated to continue at current levels in the short term. The commissioning of the Waste Transfer Station in the coming months will enable Toxfree to more efficiently consolidate and transport waste back to the mainland for treatment and recycling. This will reduce the number of container movements and the amount of doubling handling at our mainland treatment facilities providing cost savings for our client.

We remain focussed on organic growth opportunities through award of total waste management and industrial service contracts to blue chip clients throughout Australia. At the half year end we have approximately $100M of contracts tendered pending award.

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 commitment.

STEVE GOSTLOW
Managing Director

*(*Source: IBIS World Waste Industry Reports 2013 and Toxfree estimates)*

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTING PERIOD:	HALF YEAR ENDED 31 DECEMBER 2014
PREVIOUS CORRESPONDING REPORTING PERIOD:	HALF YEAR ENDED 31 DECEMBER 2013

		%		$'000
Revenue from ordinary activities	Up	10	to	207,287
Profit from ordinary activities after tax attributable to members	Up	2	to	12,406
Net profit for the period attributable to members	Up	2	to	12,406
Total comprehensive income for the period attributable to members	Down	4	to	11,786

Dividends
The 2014 Gross Final Dividend Payment of $4,012,571 was paid on 1 October 2014.

On 23 February 2015, the directors proposed the payment of a 2015 interim dividend of 4 cents per fully paid ordinary share, fully franked based on tax paid of 30%. The interim dividend is to be paid on 26 March 2015.

	31 December 2014 cents	31 December 2013 cents
Net tangible assets per security	70.85	59.90
Basic Earnings per share	9.28	9.18
Diluted earnings per share	9.26	9.09

Entities over which control has been gained or lost during the period
Pilbara Logistics Pty Ltd: 1 August 2014; control gained.
PTES Environmental Services Pty Ltd: 1 August 2014; control gained.

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

Your directors present their report on the consolidated entity consisting of Tox Free Solutions Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2014.

DIRECTORS

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

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

REVIEW OF OPERATIONS

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

ROUNDING OF AMOUNTS

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

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

ROBERT McKINNON
Chairman

Perth
23 February 2015

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

As lead auditor for the review of Tox Free Solutions Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 23 February 2015

	Note	Half year 31 Dec 2014 $'000	31 Dec 2013 $'000
Revenue from continuing operations			
Services		207,287	188,017
Other revenue		376	440
Total Revenue		207,663	188,457
Other income	3	81	190
Expenses	4		
Waste disposal, consumables and other non-employee benefit related direct costs		(63,919)	(55,807)
Outsourcing costs		(17,312)	(18,622)
Employee benefits expense		(71,503)	(64,229)
Administrative expenses		(11,050)	(10,128)
Depreciation and amortisation		(15,649)	(13,421)
Finance costs		(3,265)	(3,268)
Occupancy costs		(6,102)	(4,572)
Acquisition and rebranding costs		(866)	(428)
Net loss on scrapping of plant and equipment		-	(976)
Other expenses		(513)	(490)
Profit before income tax		17,565	16,706
Income tax expense		(5,260)	(4,524)
Profit after income tax for the half-year		12,305	12,182
Profit for the half-year is attributable to:			
Owners of Tox Free Solutions Limited		12,406	12,182
Non-controlling interests		(101)	-
		12,305	12,182
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		9.28	9.18
Diluted earnings per share		9.26	9.09

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

	Note	Half year 31 Dec 2014 $'000	Half year 31 Dec 2013 $'000
Profit for the half-year period		12,305	12,182
Other comprehensive income (expense)			
Items that may be reclassified to profit and loss			
Changes in the fair value of cash flow hedges		(886)	105
Income tax relating to these items		266	(31)
Other comprehensive income (expense) for the half-year, net of tax		(620)	74
Total comprehensive income for the half-year		11,685	12,256
Total comprehensive income for the half-year is attributable to:			
Owners of Tox Free Solutions Limited		11,786	12,256
Non-controlling interests		(101)	-
		11,685	12,256

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

	Notes	31 Dec 2014 $'000	30 Jun 2014 $'000
Current assets			
Cash and cash equivalents		16,962	16,168
Trade and other receivables		103,812	81,633
Inventories		172	296
Total current assets		120,946	98,097
Non-current assets			
Property, plant and equipment		151,944	134,858
Deferred tax assets		8,612	8,167
Intangible assets	11	150,899	149,572
Total non-current assets		311,455	292,597
Total assets		432,401	390,694
Current liabilities			
Trade and other payables		43,827	38,076
Borrowings	12	11,820	9,868
Derivative financial instruments		28	60
Current tax liabilities		710	273
Employee benefits		8,829	7,430
Provisions		7,269	6,971
Total current liabilities		72,483	62,678
Non-current liabilities			
Borrowings	12	107,735	87,595
Derivative financial instruments		1,956	1,038
Deferred tax liabilities		4,570	2,401
Total non-current liabilities		114,261	91,034
Total liabilities		186,744	153,712
Net assets		245,657	236,982
Equity			
Contributed equity	6	170,110	170,885
Reserves		4,334	6,376
Retained profits		68,478	59,721
Capital and reserves attributable to owners		242,922	236,982
Non-controlling interests	7	2,735	-
Total equity		245,657	236,982

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Consolidated	Notes	Ordinary Shares $'000	Cash Flow Hedging Reserve $'000	Share-based Payment Reserve $'000	Equity Reserve $'000	Retained Earnings $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 July 2013		167,686	(573)	6,772	-	48,779	222,664	-	222,664
Profit for the half year		-	-	-	-	12,182	12,182	-	12,182
Other comprehensive income (expense)		-	74	-	-	-	74	-	74
Comprehensive income for the half year		-	74	-	-	12,182	12,256	-	12,256
Transactions with owners:									
Employee share options	6	1,948	-	-	-	-	1,948	-	1,948
Share-based payments		-	-	425	-	-	425	-	425
Dividends paid	5	-	-	-	-	(6,626)	(6,626)	-	(6,626)
		1,948	-	425	-	(6,626)	(4,253)	-	(4,253)
Balance at 31 December 2013		169,634	(499)	7,197	-	54,335	230,667	-	230,667
Balance at 1 July 2014		170,885	(769)	7,145	-	59,721	236,982	-	236,982
Profit for the half year		-	-	-	-	12,406	12,406	(101)	12,305
Other comprehensive income (expense)		-	(620)	-	-	-	(620)	-	(620)
Comprehensive income for the half year		-	(620)	-	-	12,406	11,786	(101)	11,685
Transactions with owners:									
Acquisition of subsidiaries	7	-	-	-	-	-	-	3,622	3,622
Transactions with non-controlling interests	7				(1,454)		(1,454)	1,454	-
Share-based payments - current period expense		-	-	396	-	-	396	-	396
Share-based payments - vested and reclassified		-	-	(364)	-	364	-	-	-
Settlement of vested executive rights	6	(775)	-	-	-	-	(775)	-	(775)
Dividends paid	5&7	-	-	-	-	(4,013)	(4,013)	(2,240)	(6,253)
		(775)	-	32	(1,454)	(3,649)	(5,846)	2,836	(3,010)
Balance at 31 December 2014		170,110	(1,389)	7,177	(1,454)	68,478	242,922	2,735	245,657

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

	Notes	Half year 31 Dec 2014 $'000	31 Dec 2013 $'000
Cash flows from operating activities			
Receipts from customers		206,873	218,968
Payments to suppliers and employees		(183,388)	(184,265)
Cash generated from operations		23,485	34,703
Interest received		84	201
Interest paid		(2,375)	(3,268)
Income taxes paid		(3,383)	(6,666)
Net cash inflow from operating activities		17,811	24,970
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	7	(5,169)	(911)
Proceeds from the sale of property, plant and equipment		571	427
Purchase of property, plant and equipment		(24,815)	(11,829)
Repayment of loans by related parties		116	-
Net cash (outflow) from investing activities		(29,297)	(12,313)
Cash flows from financing activities			
Net proceeds from the issue of shares		-	24
Payments for shares acquired by the Employee Share Trust		(775)	-
Proceeds from borrowings		35,200	17,861
Repayment of borrowings		(15,892)	(28,641)
Dividends paid to company's shareholders	5	(4,013)	(6,626)
Dividends paid to non-controlling interest in subsidiaries	7	(2,240)	-
Net cash inflow/ (outflow) from financing activities		12,280	(17,382)
Net increase / (decrease) in cash and cash equivalents		794	(4,725)
Cash and cash equivalents at the beginning of the half-year		16,168	22,736
Cash and cash equivalents at the end of the half-year		16,962	18,011

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

1 | BASIS OF PREPARATION OF HALF YEAR REPORT

Statement of Compliance

This general purpose financial report for the interim half-year reporting period ended 31 December 2014 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 34.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the 30 June 2014 annual financial report and any public announcements made by Tox Free Solutions Limited (Toxfree) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2014 that have been applied by Toxfree. The 30 June 2014 annual report disclosed that Toxfree anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2014.

Significant accounting judgements and estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014. New significant judgements and estimates applied in the preparation of this financial report are:

Critical judgement: Revenue recognition

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

Critical judgement: Control of Pilbara Logistics Pty Ltd (PL)

The Directors have concluded that the Group gained control of PL because Toxfree is entitled to 60% share of the returns (greater exposure to variable returns); and Toxfree controls the majority of the operating assets of PL (economic dependency) which indicates Toxfree has more than a passive interest and has the ability to affect returns.

2 | SEGMENT INFORMATION

The Group has three reportable segments: Technical and Environmental Services (TES), Industrial Services (IS) and Waste Services (WS). These services are currently provided only in Australia. The Managing Director assesses the performance of the operating segments based on a measure of EBITDA. This measure excludes the effects of equity settled share-based payment transactions. Interest income and expenditure are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

	TES	IS	WS	Total
Half year 31 December 2014	$'000	$'000	$'000	$'000
Total segment revenue	45,259	56,316	135,589	237,164
Inter segment revenue	(17,074)	(4,546)	(8,257)	(29,877)
Revenue from external customers	28,185	51,770	127,332	207,287
EBITDA	10,152	9,087	32,545	51,784
EBIT	7,660	4,946	24,041	36,647
Half year 31 December 2013				
Total segment revenue	50,627	56,613	100,451	207,691
Inter segment revenue	(19,832)	(7,325)	7,483	(19,674)
Revenue from external customers	30,795	49,288	107,934	188,017
EBITDA	9,518	9,839	27,840	47,197
EBIT	7,217	5,607	21,528	34,352
Total segment assets				
31 December 2014	97,055	65,290	232,522	394,867
30 June 2014	90,721	69,043	198,475	358,239
Total segment liabilities				
31 December 2014	20,494	6,931	23,671	51,096
30 June 2014	13,171	9,937	18,490	41,598

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

	Half-year	
	31 Dec 2014 $'000	31 Dec 2013 $'000
Segment EBITDA	51,784	47,197
Finance costs	(3,265)	(3,268)
Share-based payment expense	(396)	(425)
Depreciation and amortisation	(15,649)	(13,421)
Employee expenses	(11,123)	(9,446)
Travel and motor vehicle expenses	(985)	(1,055)
IT expenses	(313)	(463)
Other corporate costs	(1,622)	(2,079)
Acquisition and rebranding costs*	(866)	(334)
Profit before income tax from continuing operations	17,565	16,706

* refer to page 7 for additional information.

3 | OTHER INCOME

	Half-year	
	31 Dec 2014 $'000	31 Dec2013 $'000
Sundry and other income	81	190
	81	190

4 | EXPENSES

Profit before income tax includes the following specific expenses:

	Half-year	
	31 Dec 2014 $'000	31 Dec 2013 $'000
Amortisation	1,219	1,420
Bad and doubtful debts	674	513
Depreciation	14,430	12,001
Insurance and workers compensation costs	1,982	2,155
Labour costs	65,305	58,807
Motor vehicle expenses	11,092	11,512
Net loss on disposal of property, plant and equipment	117	65
Net loss on scrapping of plant and equipment	-	976
Rental expenses relating to operating leases	8,628	6,312
Share-based payment expense*	396	425
Superannuation contributions	4,826	4,056
Travel expenses	2,677	2,955
Finance costs include:		
Interest and finance charges paid	2,415	2,227
Establishment and other fees	850	1,041
	3,265	3,268

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

5 | DIVIDENDS

Ordinary shares	Half-year 31 Dec 2014 $'000	31 Dec 2013 $'000
Dividend paid during the half-year	4,013	6,626

Dividends not recognised at the end of the half-year	Half-year 31 Dec2014 $'000	31 Dec 2013 $'000
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 4 cents per fully paid ordinary share (2013: 3 cents), fully franked based on tax paid of 30%. The aggregate amount of the proposed dividend expected to be paid on 26 March 2015 out of retained earnings at 31 December 2014, but not recognised as a liability at the end of the half-year, is	5,350	3,998

6 | CONTRIBUTED EQUITY

	31 Dec 2014 Shares	31 Dec 2013 Shares	31 Dec 2014 $'000	31 Dec 2013 $'000
On issue 1 July	133,752,359	132,529,859	170,885	167,686
Share issues during the half year				
Exercise of share options	-	722,500	-	1,948
Settlement of vested executive rights	-	-	(775)	-
On issue 31 December	133,752,359	133,252,359	170,110	169,634

7 | BUSINESS COMBINATION

Current period

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

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

	$'000
Purchase consideration	
Cash paid for 50% interest in PL and 25% of PTES	5,500
Fair value of Toxfree's initial 50% interest in PTES	911
Total Purchase consideration	6,411

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

	Fair Value $'000
Cash	331
Trade receivables	4,073
Work in progress	4
Deposits	19
Other receivables	138
Plant and equipment	7,389
Deferred tax asset	197
Intangible assets – Customer contracts	668
Trade payables	(736)
Employee Entitlements	(486)
Income tax payable	(746)
Finance leases payable	(2,496)
Other payables	(200)
Net identifiable assets acquired	8,155
Less: Non-controlling interests	(3,622)
	4,533
Add: Goodwill	1,878
	6,411

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

The Group has reported provisional amounts for goodwill, customer contracts and plant and equipment acquired as part of the purchase of PL and PTES as fair value assessments have not been finalised.

(i) Acquisition-related costs

Acquisition-related costs for the acquisition of PL of $0.184m are included in acquisition costs in the Consolidated Income Statement.

(ii) Revenue and profit contribution

The Pilbara Logistics Group contributed combined revenues of $13.798m and net profit before tax of $0.777m to the Toxfree Group for the period 1 August 2014 (acquisition date) to 31 December 2014. If the acquisition had occurred earlier on 1 July 2014, combined revenues of $16.990m and net profit before tax of $0.919m would have been contributed for the period 1 July 2014 to 31 December 2014.

(iii) Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in PL, the Group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets.

Transactions with Non-controlling interests (NCI)

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

	$'000
Transactions with NCI:	
NCI arising on business combination	3,622
Acquisition of additional 10% in PL	(425)
Consideration paid to NCI	1,879
Dividends paid to NCI	(2,240)
NCI share of loss	(101)
Non-controlling interests - carrying value 31 December 2014	2,735

Prior period

Details of provisional amounts were disclosed in note 6: Business Combination of the Group's annual financial statements for the year ended 30 June 2014. There have been no adjustments made to any of these provisional amounts in total in the current reporting period.

8 | CONTINGENCIES

Details of Contingencies were disclosed in note 31 of the Group's annual financial statements for the year ended 30 June 2014.

There has been no significant change in the contingent assets or contingent liabilities of the Group since 30 June 2014.

9 | EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 23 February 2015, the Directors of Tox Free Solutions Limited declared an interim dividend in respect of the 2015 financial year. The total amount of the dividend is $5,350,094, which represents a fully franked dividend of 4 cents per ordinary share based on tax paid of 30%.

No other matters or circumstances have arisen since the end of the financial period and the date of this report which significantly affected, or could significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

10 | RELATED PARTY TRANSACTIONS

Rights

On 1 July 2014, 212,874 performance rights and 990,966 share appreciation rights were granted to Key Management Personnel and to Senior Management under the Executive LTI Plan. The rights vest on 30 June 2017. Specific disclosure details of the 1 July 2014 grant are as follows:

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

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

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

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

Key Assumptions made at Grant date are summarised below:

	At Grant Date for new issue
Date of grant	1 July 2014
Share price	$3.36
Effective exercise price (SAR's only)	$3.44
Risk free rate	2.61%
Volatility factor	25%
Dividend yield	1.75%

The share-based payment expense to 31 December 2014 was $396,000 (2013: $425,000).

11| INTANGIBLES

	31 Dec 2014 $'000	30 Jun 2014 $'000
At 1 July		
Cost	157,401	156,628
Accumulated impairment	(7,829)	(5,133)
Net book amount	149,572	151,495
Half-year ended 31 December		
Opening net book amount	149,572	151,495
Customer contracts acquired (refer to note 7)	668	-
Goodwill acquired during acquisition of businesses (refer to note 7)	1,878	773
Amortisation	(1,219)	(2,696)
Closing net book amount	150,899	149,572
At 31 December		
Cost	159,947	157,401
Accumulated amortisation	(9,048)	(7,829)
Net book amount	150,899	149,572

12 | LOANS AND BORROWINGS

As at 31 December 2014, the contractual maturities of the Group's financial liabilities were as follows:

Contractual maturities of financial liabilities At 31 December 2014	Within 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Contractual cash flows $'000	Carrying amount liabilities $'000
Non-derivatives					
Trade payables and other payables	43,827	-	-	43,827	43,827
Borrowings (excluding prepayments)	11,053	41,665	67,863	120,581	105,612
Finance lease liabilities	5,160	10,534	-	15,694	14,016
Total non-derivatives	60,040	52,199	67,863	180,102	163,455
Derivatives					
Net settled – interest rate swaps	28	1,956	-	1,984	1,984

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

13 | FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

The following table presents the Group's applicable financial assets and financial liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis:

At 31 December 2014	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
Liabilities				
Derivatives used for hedging	-	1,984	-	1,984
Total liabilities				1,984

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

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

Fair values of other instruments
The Group also has a number of financial instruments which are not measured at fair value in the consolidated statement of financial position. These had the following values at 31 December 2014:

	Carrying amount $'000	Fair value $'000
Non-current liabilities		
Non-current borrowings comprise:		
Cash advance facilities	98,062	95,803
Lease liabilities	9,673	9,084
Total non-current borrowings	107,735	104,887

The carrying amounts of trade receivables and trade 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.

The directors of the company declare that:

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

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

   (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.

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

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

Robert McKinnon
Chairman

Perth
23 February 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tox Free Solutions Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tox Free Solutions Limited, which comprises the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tox Free Solutions Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 23 February 2015