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Tox Free Solutions Limited
ABN 27 058 596 124

23 August 2016

ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

APPENDIX 4E, RESULTS COMMENTARY AND ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

Tox Free Solutions Limited (**Toxfree**) is pleased to present the Appendix 4E, results commentary and Annual Report containing details of Toxfree's audited financial results for the year ended 30 June 2016.

Yours faithfully
TOX FREE SOLUTIONS LIMITED

DAVID MCARTHUR
Company Secretary



APPENDIX 4E – FINAL REPORT
Results for announcement to the market (1)
For the year ended 30 June 2016
Previous corresponding period: year ended 30 June 2015

				\$'000
Total Revenue from ordinary activities	down	3%	to	393,725
Profit from ordinary activities after tax for the year	down	41%	to	13,054
Profit for the year attributable to members	down	42%	to	12,608
Total comprehensive income for the year attributable to members	down	40%	to	12,749

Dividends

It is proposed to pay a fully franked final 2016 dividend of 4.5 cents per share on 29 September 2016, with a record date of 7 September 2016.

	30 June 2016 cents	30 June 2015 Cents
Net tangible assets per security	66.84	74.13

	30 June 2015 cents	30 June 2015 Cents
Basic Earnings per share	9.23	16.27
Diluted earnings per share	9.22	16.19

Entities over which control has been gained or lost during the period:

PGM Refiners Pty Ltd: 1 December 2015; control gained.

HKD Process Cleaning Pty Ltd: 14 December 2015, control gained.

Worth Corporation Pty Ltd: 31 March 2016, control gained.

Audit status:

- (1) This report is based on audited accounts.
An explanation of the results is included in the 2016 Annual Report.

Results for Financial Year 2016

- Underlying net profit after tax up 1% to \$23.3M*
- Strong cash conversion – 99% of EBITDA*
- Full year dividend increased by 6% to 9 cents per share

The Directors of Tox Free Solutions Ltd (“Toxfree”, the “Company” or “Group”) (ASX: TOX) are pleased to announce the Company’s financial results and achievements for the year ended 30 June 2016.

The key highlights of the financial year were:

Safety

- Our safety culture and performance continues to improve with significant improvement in all key metrics ^ with a Lost Time Injury Frequency Rate of zero and reduction in Total Recordable Injury Frequency Rate (TRIFR) of 6.7 which was an 18% reduction on last year. There was also reduction in the All Injury Frequency Rate (AIFR) of 43% on FY15 to 25.4.
- Job site safety inspections and hazard reporting, which the Company uses to manage risks and increase safety awareness have increased by 90% demonstrating a strong commitment to working safely and a culture of interdependency.

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

Financial

Group results	FY16 \$'000	FY15 \$'000	% Change
Revenue – Services	393,380	407,278	(3)%
EBITDA *	72,875	71,876	1%
Amortisation	(1,914)	(2,073)	(8)%
Depreciation	(31,594)	(29,655)	7%
EBIT *	39,367	40,148	(2)%
Finance expenses	(6,154)	(6,505)	(5)%
Profit before tax *	33,213	33,643	(1)%
Income tax expense *	(9,957)	(10,673)	(7)%
Underlying Profit after tax *	23,256	22,970	1%
Statutory Profit after tax	13,054	21,994	(41)%
Underlying earnings per share (cents) *ordinary holders	16.7	17.0	(2)%

(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer page 2 for further detail)

- Strong cash flow with full year cash conversion rate of 99% of EBITDA*.
- Margins improvement at an EBITDA and EBIT level through improvement in productivity, significant reduction in overhead and reduction in operating costs.
- Full year dividend of 9 cents per share an increase of 6% on FY15.

- Disciplined capital expenditure, improved debtor collections and strong cash flow resulted in net debt to equity of 37%.
- Significant growth of east coast operations counters the decline in resource sector construction related activities in the Pilbara, Central Queensland and Surat Basin regions.
- Diversification of waste treatment capabilities and market share in NSW with the acquisition and integration of Worth Recycling.
- Significant reshaping of the business occurred during FY16 as Toxfree consolidated and flattened the corporate and operational organisational structure of our three service lines and consolidated operational sites to gain efficiencies and enhance our future competitiveness in the market.

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

Exclusions	FY16 \$'000	FY15 \$'000
Acquisition, integration and rebranding costs	4,728	1,395
Impairment losses – Port Hedland	2,639	-
Asset write-offs – vacated sites	1,019	-
Redundancy and restructuring costs	4,425	-
Site closure costs	1,426	-
Reduction in contingent consideration	(1,067)	-
Income tax expense	(2,968)	(419)
Total costs after tax	10,202	976

For Statutory purposes the above costs are allocated to the following segments; Technical and Environmental \$4,964k; Waste Services \$3,231k; Industrial Services \$132k and Corporate \$4,843 (FY15: \$1,395).

Managing Directors Review

The underlying results for financial year 2016 reflect solid group performance, as the company continues to grow its earnings from east coast operations and services to the major producing assets across Australia. Revenue from construction based activities from the resource sector, primarily in Western Australia and Queensland, have continued to decline over FY16, so it is pleasing to see the Company's strategy of diversification into other market sectors and geographic regions has not only countered this downturn but placed the Company in an excellent position to grow its services into the future.

At the completion of financial year 2017, which will include a full year contribution of Worth and growth in other east coast non resource related markets, revenue from resource related construction activities is forecast to make a minor contribution to the Toxfree Group and the Company will have established a much broader strategic base on which to continue to grow the business

The Company delivered sound financial results to record underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$72.9m* up 1% on FY15, and Net Profit after Tax (NPAT) of \$23.3m*.

Through a disciplined and focused strategy on capital expenditure the company was able to fund a number of growth initiatives that will, over time, prove to be significant strategic investments for shareholders. Debtor days' sales outstanding reduced by 15% during the year and cash conversion was 99% of EBITDA*. At June 30, Toxfree had cash in bank of \$32m and net debt to equity of 37%.

The Company balance sheet is very sound and as a result the Board is pleased to announce a final dividend of 4.5 cents per share which will be fully franked based on tax paid of 30%, bringing the total dividend for the 2016 financial year to 9.0 cents per share fully franked. This is a 6% increase on the previous year's dividend. The 9.0 cent dividend represents a 54% (2015: 50%) return on underlying net profit after tax to ordinary shareholders.

The dividend record date to determine entitlements is 7 September 2016 and the payment date is 29 September 2016. The company dividend reinvestment plan (DRP) is available for all shareholders wishing to participate. Under the DRP, Toxfree shares will be issued or transferred at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on ASX over the period from 1 August 2016 to 7 September 2016. No discount will be applied to shares issued or transferred under the DRP."

Operations

Technical and Environmental Services

Results	FY16 \$'000	FY15 \$'000	% Change
Revenue	67,826	53,367	27%
EBITDA *	21,245	19,883	7%
EBIT *	14,558	14,631	(0.1)%

- Earnings from east coast waste treatment facilities increased by 28% on FY15 offsetting similar reductions in earnings from West Australian facilities.
- Re-development of the Narangba site in Queensland to allow relocation and closure of the Coopers Plains site providing more efficient and diverse range of waste treatment technologies.
- Roll out of Community Recycling Centres contract with NSW EPA continued with 60 sites now in place and a further 40 sites to be rolled out over the next 12 months.
- Award of a contract for remediation services by the WA Department of Premier and Cabinet for the management of properties damaged by fire in Yarloop WA.
- Diversification into the rapidly developing e-waste sector in Victoria and NSW following the acquisition of PGM Refineries utilising the Blue Box e-waste technology.
- Diversification of Toxfree's Total Waste Management service to include the provision of Workshop Waste Management Services.

(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer page 2 for further detail)

Industrial Services

Results	FY16 \$'000	FY15 \$'000	% Change
Revenue	93,482	103,828	(10)%
EBITDA *	16,834	18,096	(7)%
EBIT *	9,016	9,902	(9)%

- Award of BHP Billiton (BHPB) Olympic Dam 5 year Industrial Services and Waste Management Contract – commenced 1 July 2016.
- QAL contract extension for a further 3 years.
- Award of further scope of works for Wheatstone LNG Plant in Onslow for pre-commissioning Industrial Services.
- Improved performance in the Melbourne and Sydney regions from the increase in the civil construction market with Victorian earnings up 11% on FY15.
- Expansion of the Victorian Business into the La Trobe Valley, servicing the power generation companies.
- Expansion of the industrial Services technical capability in the downstream refinery and terminals market and heavy Industrial client base.
- Addition of Chemical Cleaning service capability for the operating plants in the Oil & Gas sector and other industrial markets to complement our existing industrial services.
- An increase in the safety culture with a more than 50% reduction in TRIFR for the year.

Waste Services

Results	FY16 \$'000	FY15 \$'000	% Change
Revenue	232,072	250,083	(7)%
EBITDA *	59,221	62,084	(5)%
EBIT *	41,915	45,045	(7)%

- Queensland commercial and industrial waste EBIT increased by over 40% on FY15.
- 13% organic growth within regional Queensland.
- Safety improvement with a reduction in TRIFR of 47% on FY15.
- Rationalisation and consolidation of activities within our Mackay and Rockhampton, Roma, Chinchilla and Toowoomba businesses to reduce costs and improve efficiencies.
- Retention of Rio Tinto Iron Ore contract.

Corporate

Corporate	30 June 2016 \$'000	30 June 2015 \$'000	% Change
Unallocated EBITDA *	(24,425)	(28,183)	(13)%
EBIT *	(26,122)	(29,426)	(11)%

(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer page 2 for further detail)

- Corporate costs (EBITDA) reduced by 13% or \$3.76 M on FY15.
- Implementation of Optical Scanning, Time in Attendance systems and In-Vehicle Management Systems (IVMS) in FY17 will drive continued cost savings.

Outlook

Financial year 2016 has been a very positive year for Toxfree despite the challenges in the economy. The growth in east coast non-resource related markets such as civil infrastructure, commercial, industrial, utilities and government markets resulted in strong performance from all of our east coast operations. The growth of the east coast has to a large extent offset the decline in revenues from resource related construction projects mainly in Western Australia and Queensland.

Our focus remains firmly on our strategy of continuing to expand our business into new markets, new geographic regions and new technologies. We believe by continuing to focus on our strategy we will ensure Toxfree's continued success over the long term. Through strategic expansion on the East Coast Toxfree has continued to achieve solid financial performance despite a reduction in resource related construction projects across Australia.

Toxfree's growth strategies are being assisted by a number of key drivers including increasing costs of landfill, increasing environmental regulation and community environmental awareness. There are many exciting opportunities across Australia and Toxfree is confident we can continue to gain market share.

The east coast is expected to continue its growth trajectory, however, we expect revenues from resource related construction activities to reach a sustainable base during FY17. While the level of growth in the east and contraction in west is difficult to predict we expect FY17 growth in earnings (EBITDA*) in the range of 5% to 10% over FY16.

Our cash flows and balance sheet are strong and through a combination of further growth of our core business and implementation of a number of strategic initiatives, Toxfree is confident that we will continue to deliver shareholder returns.

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.

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



STEVE GOSTLOW
Managing Director

*(*Non-IFRS Financial Information - Normalised for non-operational adjustments – refer page 2 for further detail)*

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