Appendix 4D

Results for announcement to the market for the half-year ended 31 December 2018.

ASX Listing Rule 4.2A.3.

Reporting period

Reporting period: 31 December 2018

Previous corresponding period: 31 December 2017

The Half-Year Consolidated Financial Report should be read in conjunction with the 2018 Annual Report.

Results for announcement to the market

	31 DEC 2018 $'M	31 DEC 2017 $'M	UP/DOWN	MOVEMENT
Revenue from ordinary activities	**1,149.7**	785.5	Up	46.4%
Profit after income tax	**60.8**	45.0	Up	35.1%
Attributable to:				
Ordinary equity holders of the parent	**60.7**	45.0	Up	34.9%
Non-controlling interest	**0.1**	–	Up	n/a
Profit after income tax	**60.8**	45.0	Up	35.1%

Dividends

DIVIDEND INFORMATION	AMOUNT PER SHARE (CENTS)	TAX RATE FOR FRANKING CREDIT
Final 2018 fully franked dividend (paid 4 October 2018)	**1.40**	30%
Interim 2019 fully franked dividend (to be paid 4 April 2019)	**1.65**	30%
Interim dividend dates:		
Record date		5 March 2019
Payment date		4 April 2019

An interim dividend of 1.65 cents per share has been declared. The Dividend Reinvestment Plan (DRP), will be in operation for the interim dividend. The DRP election date is 6 March 2019. Under the DRP, Cleanaway shares will be issued at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on the ASX over the period from 7 March 2019 to 13 March 2019. No discount will be applied to shares issued under the DRP.

Net Tangible Assets (NTA) per security

	31 DEC 2018 CENTS	30 JUNE 2018 CENTS
NTA per security	**10.1**	10.3

Commentary on the results for the period

Refer to the 31 December 2018 Half-Year Consolidated Financial Report, the Media Release and Investor Presentation.

Status of audit

The Consolidated Financial Report for the half-year ended 31 December 2018, which contains the independent auditor's report, is attached.

D J F Last
Company Secretary

13 February 2019

Cleanaway Waste Management Limited

ABN 74 101 155 220

Consolidated Financial Report

For the half-year ended 31 December 2018

Contents of Financial Statements

This interim Consolidated Financial Report does not include all notes of the type normally included in an Annual Financial Report. Accordingly, this Report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Cleanaway Waste Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The Directors present their Report together with the Consolidated Financial Statements of the Group, consisting of Cleanaway Waste Management Limited (the Company) and its controlled entities (Cleanaway or the Group), for the half-year ended 31 December 2018.

Directors

The names of Directors of the Company at any time during or since the end of the financial period are set out below. Directors were in office for this entire period unless otherwise stated.

M P Chellew	Chairman and Non-Executive Director
V Bansal	Chief Executive Officer and Managing Director
R M Smith	Non-Executive Director
E R Stein	Non-Executive Director
T A Sinclair	Non-Executive Director
R M Harding	Non-Executive Director
P G Etienne	Non-Executive Director

The office of Company Secretary is held by D J F Last, LLB (Hons), B.Com, FGIA, GAICD.

Review of results

The Group's statutory profit after income tax for the half-year ended 31 December 2018 was $60.8 million (2017: $45.0 million).

The Group's underlying profit after income tax (attributable to ordinary equity holders) for the half-year ended 31 December 2018 of $66.9 million has increased by 52.4% on the prior period (2017: $43.9 million).

Operating cash flows increased 55.7% to $175.6 million (2017: $112.8 million). The Group's net assets increased from $2,488.1 million at 30 June 2018 to $2,526.2 million at 31 December 2018.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Legislative Instrument to the nearest hundred thousand dollars or, in certain cases, to the nearest dollar.

Operating review

The Group comprises three operating segments being Solid Waste Services, Industrial & Waste Services and Liquid Waste & Health Services. Unallocated balances include the Group's share of profits from equity accounted investments and corporate balances. A description of the operating segments and a summary of the associated segment results are set out below:

Solid Waste Services

Core business	The Solid Waste Services segment comprises the collection, recovery and disposal of solid waste, including putrescible waste, inert waste, household waste and recovered waste. Waste streams are generally processed through our resource recovery and recycling facilities, transfer stations and landfills.
Financial metrics	Total revenue for the Solid Waste Services segment increased by 30.6% to $767.5 million. Underlying EBITDA [1] increased by 26.2% to $175.7 million. Underlying EBIT [2] increased by 27.3% to $102.1 million.
Performance	Both revenue and earnings increased with the addition of the Toxfree Solids businesses located in North West WA and Qld. Growth was further enhanced by the full ramp up of major contract wins such as the NSW Central Coast municipal contract, Coles, the NSW Container Deposit Scheme, and commencement of the Brisbane City Council resource recovery contract on 1 July 2018. Landfill volumes were stronger on the East Coast. Commodity pricing has stabilised compared to FY18. Some of the commodity price fluctuations have been mitigated by improved contract terms with customers.

1 EBITDA represents earnings before interest, income tax, and depreciation, amortisation and impairments.

2 EBIT represents earnings before interest and income tax.

Directors' Report (continued)

Industrial & Waste Services

Core business	The Industrial & Waste Services segment provides a wide variety of services to the Infrastructure, Industrial and Resources markets. Services include drain cleaning, non-destructive digging, vacuum loading, high pressure cleaning, pipeline maintenance and CCTV.
Financial metrics	Total revenue increased by 129.0% to \$177.0 million and underlying EBITDA increased by 193.7% from \$7.9 million to \$23.2 million. Underlying EBIT increased by 425% from \$2.0 million to \$10.5 million.
Performance	The segment achieved modest organic growth during the half-year after taking into account the completion of the Toxfree Wheatstone project in the prior corresponding period. The acquisition of Toxfree has increased scale in this segment which allows segmentation and management across two dedicated strategic business units: Resources and Infrastructure with specialisation of technical ability, assets and improved customer focus. The pipeline of work across both infrastructure and resources has increased, although at this stage it is too early to be confident on the timing of project commencements.

Liquid Waste & Health Services

Core business	The Liquid Waste & Health Services segment comprises: • Liquid Waste – the collection, treatment, processing, refining and recycling and destruction of hazardous and non-hazardous liquids, hydrocarbons and chemical waste, specialised packaged and hazardous waste and e-waste. • Health Services – the provision of services to the health sector for the safe treatment and disposal of health related waste which includes sharps management, medical waste, pharmaceutical waste, healthcare hazardous waste and quarantine waste.
Financial metrics	Total revenue increased by 77.1% to \$251.0 million and underlying EBITDA increased by 93.2% from \$22.1 million to \$42.7 million. Underlying EBIT increased by 81.4% from \$14.5 million to \$26.3 million.
Performance	The Toxfree businesses of Technical & Environment Services and Health Services have both performed well and continue to deliver revenue and earnings growth. Hydrocarbons had a good first half and remains on track for further growth with increased production efficiencies and improved oil price movement. Hazardous and non-hazardous liquids performance was disappointing. We are working to improve its performance and remain confident that this will be achieved. Packaged waste services is growing as new hazardous waste streams are recognised by the market.

Group results for the half-year ended 31 December 2018

	STATUTORY [1] $'M	UNDERLYING ADJUSTMENTS: LOSS ON SALE OF INVESTMENTS [4] $'M	UNDERLYING ADJUSTMENTS: ACQUISITION & INTEGRATION COSTS [5] $'M	UNDERLYING [1] $'M
Solid Waste Services				175.7
Industrial & Waste Services				23.2
Liquid Waste & Health Services				42.7
Equity accounted investments				0.8
Waste management				**242.4**
Corporate				(13.5)
EBITDA [2]	**220.8**	**2.4**	**5.7**	**228.9**
Depreciation and amortisation	(111.7)	–	–	(111.7)
EBIT [3]	**109.1**	**2.4**	**5.7**	**117.2**
Net finance costs	(23.4)	–	–	(23.4)
Profit before income tax	**85.7**	**2.4**	**5.7**	**93.8**
Income tax expense	(24.9)	–	(1.9)	(26.8)
Profit after income tax	**60.8**	**2.4**	**3.8**	**67.0**
Attributable to:				
Ordinary equity holders	**60.7**	**2.4**	**3.8**	**66.9**
Non-controlling interest	**0.1**	–	–	**0.1**

1 The use of the term 'Statutory' refers to IFRS financial information and 'Underlying' refers to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group. The non-IFRS financial information is unaudited.

2 EBITDA represents earnings before interest, income tax, and depreciation, amortisation and impairments.

3 EBIT represents earnings before interest and income tax.

4 Relates to the loss incurred on the sale of equity accounted investments in Total Waste Management Pty Ltd and Western Resource Recovery Pty Ltd, effective 10 December 2018.

5 Acquisition and integration costs include transaction costs and other costs associated with the acquisition of businesses during the period and the ongoing integration costs related to the acquisition of Toxfree which occurred on 11 May 2018.

Group results for the half-year ended 31 December 2017

		UNDERLYING ADJUSTMENTS				
	STATUTORY [1] $'M	REBRANDING COSTS [4] $'M	ACQUISITION COSTS [5] $'M	TAX PROVISIONS [6] $'M	OTHER [7] $'M	UNDERLYING [1] $'M
Solid Waste Services						139.2
Industrial & Waste Services						7.9
Liquid Waste & Health Services						22.1
Equity accounted investments						0.2
Waste management						**169.4**
Corporate						(10.4)
EBITDA [2]	**154.2**	**2.5**	**2.3**	–	–	**159.0**
Depreciation and amortisation	(79.5)	–	–	–	–	(79.5)
EBIT [3]	**74.7**	**2.5**	**2.3**	–	–	**79.5**
Net finance costs	(16.9)	–	–	–	0.1	(16.8)
Profit before income tax	**57.8**	**2.5**	**2.3**	–	**0.1**	**62.7**
Income tax expense	(12.8)	(0.8)	(0.2)	(5.0)	–	(18.8)
Profit after income tax	**45.0**	**1.7**	**2.1**	**(5.0)**	**0.1**	**43.9**
Attributable to:						
Ordinary equity holders	**45.0**	**1.7**	**2.1**	**(5.0)**	**0.1**	**43.9**

1 The use of the term 'Statutory' refers to IFRS financial information and 'Underlying' refers to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – Disclosing non-IFRS information. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group. The non-IFRS financial information is unaudited.

2 EBITDA represents earnings before interest, income tax, and depreciation, amortisation and impairments.

3 EBIT represents earnings before interest and income tax.

4 Relates to costs incurred during the period to rebrand the Group to 'Cleanaway' (effective 1 February 2016) and reflects the final costs to be incurred on this project.

5 Acquisition costs include transaction costs and other costs associated with the acquisition of businesses during the period.

6 During the period the Group received notice from New Zealand Inland Revenue that their review of various matters, which related to the Group's period of ownership of the New Zealand business, was complete and no tax liability would arise in respect of certain matters. Accordingly the Group has released a tax provision of $5.0 million in this regard, reflecting the reduction in any potential tax liability payable to Inland Revenue.

7 Net finance costs relate to the foreign exchange loss on the USPP borrowings of $0.5 million offset by fair value changes on the mark-to-market valuation of derivative financial instruments of $0.4 million.

Significant changes in the state of affairs

Other than matters mentioned in this Report, no other significant changes in the state of affairs of the Group occurred during the half-year under review.

Environmental regulation

The Group's operations are subject to significant environmental regulation and where required by law the Group holds environmental licences for its sites.

The Group is committed to achieving the highest standards of environmental performance. There were no material breaches of environmental statutory requirements and no material prosecutions during the half-year under review.

The Group is registered under the *National Greenhouse and Energy Reporting Act 2007*, under which it is required to report energy consumption, energy production and greenhouse gas emissions for its Australian facilities.

Events subsequent to reporting date

There have been no matters or circumstances that have arisen since the end of the half-year that have affected the Group's operations not otherwise disclosed in this report.

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 8.

This Report is made in accordance with a resolution of the Board.

M P Chellew Chairman and Non-Executive Director	V Bansal Chief Executive Officer and Managing Director

Melbourne, 13 February 2019

Auditor’s Independence Declaration

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Auditor’s Independence Declaration to the Directors of Cleanaway Waste Management Limited

As lead auditor for the audit of Cleanaway Waste Management Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cleanaway Waste Management Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Brett Croft
Partner

13 February 2019

Consolidated Income Statement

For the half-year ended 31 December 2018

	NOTES	31 DEC 2018 $'M	31 DEC 2017 $'M
Revenue	3	1,149.7	785.5
Other income		1.3	1.6
Labour related expenses		(428.0)	(297.9)
Collection, recycling and waste disposal expenses		(309.3)	(207.5)
Fleet operating expenses		(118.6)	(76.8)
Property expenses		(34.8)	(22.5)
Other expenses		(37.9)	(28.4)
Loss on sale of investments		(2.4)	–
Share of profits from equity accounted investments	4	0.8	0.2
Profit from operations before depreciation and amortisation		**220.8**	**154.2**
Depreciation and amortisation expense		(111.7)	(79.5)
Profit from operations		**109.1**	**74.7**
Net finance costs	5	(23.4)	(16.9)
Profit before income tax		**85.7**	**57.8**
Income tax expense		(24.9)	(12.8)
Profit after income tax		**60.8**	**45.0**
Attributable to:			
Ordinary equity holders		60.7	45.0
Non-controlling interest		0.1	–
Profit after income tax		**60.8**	**45.0**

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

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2018

	NOTES	31 DEC 2018 $'M	31 DEC 2017 $'M
Profit after income tax		**60.8**	**45.0**
Other comprehensive income			
Revaluation of land and buildings (net of tax)		–	1.2
Net comprehensive income recognised directly in equity		**–**	**1.2**
Total comprehensive income for the period		**60.8**	**46.2**
Attributable to:			
Ordinary equity holders		60.7	46.2
Non-controlling interest		0.1	–
Total comprehensive income for the period		**60.8**	**46.2**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	7	3.0	2.7
Diluted earnings per share (cents)	7	3.0	2.7

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

Consolidated Balance Sheet

As at 31 December 2018

	NOTES	31 DEC 2018 $'M	30 JUNE 2018 $'M
Assets			
Current assets			
Cash and cash equivalents		44.9	52.0
Trade and other receivables		384.4	369.5
Inventories		25.1	21.0
Income tax receivable		–	7.4
Assets held for sale		8.8	8.8
Other assets		15.6	15.4
Total current assets		**478.8**	**474.1**
Non-current assets			
Property, plant and equipment		1,203.1	1,200.2
Intangible assets		2,320.4	2,279.0
Equity accounted investments	4	2.8	13.8
Net deferred tax assets		55.4	53.6
Other financial assets		3.8	4.2
Other assets		4.1	3.9
Total non-current assets		**3,589.6**	**3,554.7**
Total assets		**4,068.4**	**4,028.8**
Liabilities			
Current liabilities			
Trade and other payables		247.9	235.8
Income tax payable		9.8	–
Interest-bearing liabilities	6	14.9	13.5
Employee entitlements		65.7	75.7
Provisions		88.1	72.0
Other liabilities		31.3	25.0
Total current liabilities		**457.7**	**422.0**
Non-current liabilities			
Interest-bearing liabilities	6	694.4	711.7
Employee entitlements		6.3	4.5
Provisions		252.1	271.3
Other liabilities		131.7	131.2
Total non-current liabilities		**1,084.5**	**1,118.7**
Total liabilities		**1,542.2**	**1,540.7**
Net assets		**2,526.2**	**2,488.1**
Equity			
Issued capital	8	2,673.1	2,671.0
Reserves		55.1	51.9
Retained earnings		(204.3)	(234.8)
Parent entity interest		2,523.9	2,488.1
Non-controlling interest		2.3	–
Total equity		**2,526.2**	**2,488.1**

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 2018

	PARENT ENTITY INTEREST				NON-CONTROLLING INTEREST $'M	TOTAL EQUITY $'M
	ORDINARY SHARES $'M	RESERVES $'M	RETAINED EARNINGS $'M	TOTAL $'M		
At 1 July 2018	**2,671.0**	**51.9**	**(234.8)**	**2,488.1**	–	**2,488.1**
Adjustment on adoption of AASB 9	–	–	(1.7)	**(1.7)**	–	**(1.7)**
Restated balance at 1 July 2018	**2,671.0**	**51.9**	**(236.5)**	**2,486.4**	–	**2,486.4**
Profit for period	–	–	60.7	**60.7**	0.1	**60.8**
Total comprehensive income for the period	–	–	60.7	**60.7**	0.1	**60.8**
Acquisition of non-controlling interest	–	–	–	–	2.2	**2.2**
Share-based payment expense	–	3.2	–	**3.2**	–	**3.2**
Dividends reinvested/(paid)	2.1	–	(28.5)	**(26.4)**	–	**(26.4)**
Balance at 31 December 2018	**2,673.1**	**55.1**	**(204.3)**	**2,523.9**	**2.3**	**2,526.2**
At 1 July 2017	**2,083.0**	**40.4**	**(298.4)**	**1,825.0**	–	**1,825.0**
Profit for period	–	–	45.0	**45.0**	–	**45.0**
Other comprehensive income	–	1.2	–	**1.2**	–	**1.2**
Total comprehensive income for the period	–	1.2	45.0	**46.2**	–	**46.2**
Issue of shares (net of transaction costs)	507.3	–	–	**507.3**	–	**507.3**
Share-based payment expense	–	2.7	–	**2.7**	–	**2.7**
Dividends reinvested/(paid)	2.3	–	(17.5)	**(15.2)**	–	**(15.2)**
Balance at 31 December 2017	**2,592.6**	**44.3**	**(270.9)**	**2,366.0**	–	**2,366.0**

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	31 DEC 2018 $'M	31 DEC 2017 $'M
Cash flows from operating activities		
Profit before income tax	85.7	57.8
Adjustments for:		
Depreciation and amortisation expense	111.7	79.5
Net finance costs	23.4	16.9
Share-based payment expense	2.8	2.2
Share of profits from equity accounted investments	(0.8)	(0.2)
Net gain on disposal of property, plant and equipment	(0.5)	(0.9)
Net loss on disposal of investments	2.4	–
Other non-cash items	(1.8)	2.5
Net cash from operating activities before changes in assets and liabilities	**222.9**	**157.8**
Changes in assets and liabilities:		
Increase in receivables	(14.4)	(13.0)
Decrease in other assets	0.1	1.7
Increase in inventories	(3.7)	(2.0)
Increase in payables	14.5	26.2
Decrease in employee benefits	(8.3)	(3.6)
Increase/(decrease) in other liabilities	0.7	(2.0)
Decrease in provisions	(14.0)	(22.6)
Cash generated from operating activities	**197.8**	**142.5**
Net interest paid	(15.0)	(9.0)
Income taxes paid	(7.2)	(20.7)
Net cash from operating activities	**175.6**	**112.8**
Cash flows from investing activities		
Payments for property, plant and equipment	(84.4)	(86.5)
Payments for intangible assets	(1.3)	(6.5)
Payments for purchase of businesses	(27.5)	(14.6)
Proceeds from disposal of property, plant and equipment	3.5	2.0
Investment in equity accounted investments	–	(4.4)
Proceeds on divestment of equity accounted investments	6.5	–
Dividends received from equity accounted investments	3.5	0.9
Loans to customers repaid	0.4	–
Net cash used in investing activities	**(99.3)**	**(109.1)**
Cash flows from financing activities		
Proceeds from borrowings	90.3	25.0
Repayment of borrowings	(139.0)	(386.9)
Repayment of finance lease liabilities	(7.6)	(0.2)
Net proceeds from settlement of derivatives	–	8.7
Payment of debt and equity raising costs	(1.3)	(10.2)
Proceeds from issue of ordinary shares	–	515.2
Payment of dividends to ordinary equity holders	(26.4)	(15.2)
Net cash (used in)/from financing activities	**(84.0)**	**136.4**
Net (decrease)/increase in cash and cash equivalents	**(7.7)**	**140.1**
Cash and cash equivalents at the beginning of the period	52.0	43.2
Cash acquired	0.6	–
Cash and cash equivalents at 31 December	**44.9**	**183.3**

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

1. *Summary of significant accounting policies*

Statement of compliance

The Half-Year Consolidated Financial Report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report. It is also recommended that the half-year report be considered together with any public announcements made by the Group during the half-year ended 31 December 2018 in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

Basis of preparation

The Half-Year Consolidated Financial Report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets (non-landfill land and buildings). Cost is based on the fair value of the consideration given in exchange for assets.

The Half-Year Consolidated Financial Report is presented in Australian dollars and all values are rounded to the nearest hundred thousand dollars, except when otherwise indicated. This presentation is consistent with the requirements of Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements.

The accounting policies and methods of computation adopted in the preparation of the Half-Year Consolidated Financial Report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the financial year ended 30 June 2018, except for the impact of new and revised standards noted below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and revised standards

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

New and revised Standards, amendments thereof and Interpretations which became effective during the current half-year and relevant to the Group include:

- AASB 15 *Revenue from Contracts with Customers*

  AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers (referred to as 'revenue from customers'). Under AASB 15, revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for the goods or services to a customer.

  The Group adopted AASB 15 using the full retrospective method of adoption. The adoption of AASB 15 has not had a material impact on the Group.

1. Summary of significant accounting policies (continued)

(a) Sale of goods

Sale of commodities produced from recycling waste and processing used mineral oils and the sale of electricity and gas produced from landfills generally includes one performance obligation. Revenue from sales of commodities is recognised at the point in time when the product is transferred to the customer. The adoption of AASB 15 did not have an impact on the timing of revenue recognition.

(b) Rendering of services

Solid Waste Services

Revenue from collection and disposal of waste is recognised when the performance obligation to the customer has been fulfilled, which is generally when the waste has been collected from the customer. Costs to dispose of the waste are generally incurred at, or close to the time of collection. The adoption of AASB 15 did not have a material impact on the timing of revenue recognition.

Variable consideration

Some contracts for the collection of waste or acceptance of waste into the Group's landfills provide the customer with volume rebates. For the majority of contracts, the variability in the contract price is resolved at each reporting date therefore the adoption of AASB 15 does not have an impact on these arrangements. Where the variability is not resolved at a reporting date the variable consideration is estimated and where applicable, revenue will be deferred and reflected in other liabilities.

Non-cash consideration

In some of the Group's contracts, rebates are provided to customers or collection is provided at a reduced rate where waste is collected that has a value as a commodity to the Group. In these circumstances the Group allocates a fair value to the commodity collected, generally equal to the rebate paid and the value of the collection service and recognises this as revenue. The adoption of AASB 15 did not have an impact on the recognition of revenue.

Industrial & Waste Services

Contract revenue is recognised over time and is measured using the input method by reference to labour hours incurred and actual costs incurred, relative to the total expected inputs to the satisfaction of the individual performance obligations. This accounting aligns with the requirements of AASB 15.

Liquid Waste & Health Services

Revenue from collection and treatment of liquid and health waste is recognised when the performance obligation to the customer has been performed, which is generally when the waste has been collected from the customer and Cleanaway takes title to the waste.

The costs of treating and disposing of the waste in accordance with government regulation are provided for if they have not yet been incurred. These liabilities have been presented in current provisions on the balance sheet and total $14.9 million. As at 30 June 2018 $10.4 million was presented in trade payables and accruals. This amount has been reclassified from current trade payables and accruals to current provisions to align the presentation of these liabilities with the current period. The adoption of AASB 15 did not have an impact on the timing of revenue recognition.

In some circumstances the Group will charge the customer on delivery of a waste container. Under these circumstances the Group assigns value to the separate performance obligations, being the provision of a container and the subsequent collection of the full container. Revenue received for the collection of the container where the service has not yet been performed, will be deferred and is reflected in other liabilities on the balance sheet. This accounting aligns with the requirements of AASB 15.

1. Summary of significant accounting policies (continued)

- AASB 9 *Financial Instruments*

  AASB 9 replaces AAS 139 *Financial Instruments: Recognition and Measurement* bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

  The Group has applied AASB 9 retrospectively, effective 1 July 2018 by adjusting opening retained earnings at 1 July 2018.

  Impact on the Consolidated Balance Sheet as at:

	1 JULY 2018 $'M
Increase/(decrease) of previously reported balances	
Trade and other receivables	(2.4)
Net deferred tax assets	0.7
Retained earnings	(1.7)

Adoption of AASB 9 has had no impact on the existing classification and measurement of the Group's financial assets and liabilities. The adoption of AASB 9 has however changed the Group's accounting for impairment losses relating to financial assets by replacing AAS 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For trade receivables the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit losses against the debtors ageing profile. The adoption of the ECL requirements of AASB 9 resulted in increases in doubtful debt provisions related to the Group's trade debtors and an adjustment to retained earnings.

Standards issued not yet effective

New standards are effective for annual periods beginning after 1 July 2019 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- AASB 16 *Leases*, and the relevant amending standards (to be initially applied in the financial year ending 30 June 2020)

  AASB 16 supersedes AASB 117 *Leases*. The key features of AASB 16 from a lessee perspective are as follows:

  - Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
  - A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
  - Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

  Cleanaway has established a project team comprising AASB 16 specialists working together with the group finance team. Work has been segregated into the various areas which are expected to give rise to the impacts from the standard as follows:

  - Property leases
  - Yellow gear and equipment leases
  - Owner driver arrangements

  This standard is expected to have a material impact on the Group. Undiscounted lease commitments related to operating leases totalled $219.5 million as at 30 June 2018. Under AASB 16 to the extent that these leases are longer than 12 months, they will be brought onto the balance sheet as right-of-use assets with the liabilities measured at the net present values of the payment to be made under the contract, adjusted for optional periods to extend and any inflation-linked

1. Summary of significant accounting policies (continued)

payments. The Group is expected to apply the modified retrospective approach in transitioning to the new standard, such that the lease liability will be measured applying discounts rates determined on the date of transition.

- AASB Interpretation 23, *Uncertainty over income tax treatments* (to be initially applied in the financial year ended 30 June 2020)

  The interpretation clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately.
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities.
  - How an entity determines taxable profit/(tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
  - How an entity considers changes in facts and circumstances.

  The likely impact on the Group of adopting the interpretation has not been determined.

- *Conceptual Framework for Financial Reporting* (expected to be initially applied in the financial year ending 30 June 2021)

  The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

  The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The changes to the Conceptual Framework may affect the application of Australian Accounting Standards in situations where no standard applies to a particular transaction or event.

  The likely impact on the Group of adopting the new Conceptual Framework has not been determined.

2. Segment reporting

Following the acquisition of Tox Free Solutions Pty Limited (Toxfree) (formerly Tox Free Solutions Limited) on 11 May 2018 and the continued integration of the Toxfree businesses into the new operating model, the Group has changed its operating segments. The revised operating segments are identified on the basis of how the Chief Operating Decision Maker reviews internal reports about components of the Group in order to assess the performance and allocation of resources to a particular segment. Information reported to the Group's Chief Executive Officer (Chief Operating Decision Maker) for the purpose of performance assessment and resource allocation is specifically focused on the following segments:

- **Solid Waste Services**

  Comprises the collection, recovery and disposal of all types of solid waste, including putrescible waste, inert waste, household waste and recovered waste. Waste streams are generally processed through our resource recovery and recycling facilities, transfer stations and landfills.

- **Industrial & Waste Services**

  Comprises a wide variety of services provided to the Infrastructure, Industrial and Resources markets. Services include drain cleaning, non-destructive digging, vacuum loading, high pressure cleaning, pipeline maintenance and CCTV.

- **Liquid Waste & Health Services**

  Liquid Waste comprises the collection, treatment, processing, refining and recycling and destruction of hazardous and non-hazardous liquids, hydrocarbons and chemical waste, specialised packaged and hazardous waste and e-waste.

  Health Services comprises the provision of services to the health sector for the safe treatment and disposal of health related waste which includes sharps management, medical waste, pharmaceutical waste, healthcare hazardous waste and quarantine waste.

Unallocated balances include the Group's share of profits from equity accounted investments and corporate balances. Corporate balances relate to shared services functions that are not directly attributable to an identifiable segment. These functions include management, finance, legal, information technology, marketing, and human resources that provide support to the other segments identified above.

No operating segments have been aggregated to form the reportable segments.

Comparative information has been restated to reflect the revised operating segments. As Toxfree had not been acquired in the comparative period the restatement has impacted the disclosure by presenting the segment results of the Industrial & Waste Services operating segment separately from the Liquid Waste & Health Services operating segment.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group has the following allocation policies:

- Sales between segments are on normal commercial terms; and
- Corporate charges are allocated where possible based on estimated usage of corporate resources.

Segment assets and liabilities have not been disclosed as these are not provided to the Chief Operating Decision Maker. This information is provided at a Group level only.

Net finance costs are not allocated to individual segments as the underlying instruments are managed on a Group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Inter-segment revenues are eliminated on consolidation.

2. Segment reporting (continued)

31 DECEMBER 2018	OPERATING SEGMENTS					UNALLOCATED		
	SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M	ELIMINATIONS $'M	TOTAL OPERATING SEGMENTS $'M	EQUITY ACCOUNTED INVESTMENTS $'M	CORPORATE $'M	GROUP $'M
Revenue								
Revenue from customers	744.3	169.4	218.3	–	1,132.0	–	–	1,132.0
Other revenue	7.2	0.1	10.2	–	17.5	–	0.2	17.7
Inter-segment sales	16.0	7.5	22.5	(46.0)	–	–	–	–
Total revenue	**767.5**	**177.0**	**251.0**	**(46.0)**	**1,149.5**	–	**0.2**	**1,149.7**
Underlying EBITDA	**175.7**	**23.2**	**42.7**	–	**241.6**	**0.8**	**(13.5)**	**228.9**
Depreciation and amortisation	(73.6)	(12.7)	(16.4)	–	(102.7)	–	(9.0)	(111.7)
Underlying EBIT	**102.1**	**10.5**	**26.3**	–	**138.9**	**0.8**	**(22.5)**	**117.2**
Loss on sale of investments								(2.4)
Acquisition and integration costs								(5.7)
Profit from operations (EBIT)								**109.1**
Net finance costs								(23.4)
Profit before income tax								**85.7**
Income tax expense								(24.9)
Profit after income tax								**60.8**
Capital expenditure:								
Property, plant and equipment	71.3	1.8	9.2	–	82.3	–	2.1	84.4
Intangible assets	1.0	–	–	–	1.0	–	0.3	1.3

31 DECEMBER 2017	OPERATING SEGMENTS					UNALLOCATED		
	SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M	ELIMINATIONS $'M	TOTAL OPERATING SEGMENTS $'M	EQUITY ACCOUNTED INVESTMENTS $'M	CORPORATE $'M	GROUP $'M Restated
Revenue								
Revenue from customers	573.0	72.3	123.0	–	768.3	–	–	768.3
Other revenue	6.9	0.1	10.1	–	17.1	–	0.1	17.2
Inter-segment sales	7.6	4.9	8.6	(21.1)	–	–	–	–
Total revenue	**587.5**	**77.3**	**141.7**	**(21.1)**	**785.4**	–	**0.1**	**785.5**
Underlying EBITDA	**139.2**	**7.9**	**22.1**	–	**169.2**	**0.2**	**(10.4)**	**159.0**
Depreciation and amortisation	(59.0)	(5.9)	(7.6)	–	(72.5)	–	(7.0)	(79.5)
Underlying EBIT	**80.2**	**2.0**	**14.5**	–	**96.7**	**0.2**	**(17.4)**	**79.5**
Rebranding costs								(2.5)
Acquisition costs								(2.3)
Profit from operations (EBIT)								**74.7**
Net finance costs								(16.9)
Profit before income tax								**57.8**
Income tax expense								(12.8)
Profit after income tax								**45.0**
Capital expenditure:								
Property, plant and equipment	84.0	0.1	1.6	–	85.7	–	0.8	86.5
Intangible assets	2.7	–	1.2	–	3.9	–	2.6	6.5

3. Revenue

	31 DEC 2018 $'M	31 DEC 2017 $'M
Revenue from customers [1]	1,132.0	768.3
Other revenue	17.7	17.2
Total Revenue	**1,149.7**	**785.5**

1 Refer to the segment note for disaggregation of revenue.

4. Equity accounted investments

The Group holds a 50% interest in the following equity accounted investments but does not have control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group does not have power over these entities either through management control or voting rights.

			OWNERSHIP INTEREST		CARRYING VALUE OF INVESTMENT	
NAME OF ENTITY	COUNTRY	REPORTING DATE	31 DEC 2018 %	30 JUNE 2018 %	31 DEC 2018 $'M	30 JUNE 2018 $'M
(a) Joint ventures:						
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	0.8	–
Earthpower Technologies Sydney Pty Ltd	Australia	30 June	50	50	–	–
Tomra Cleanaway Pty Ltd	Australia	30 June	50	50	2.0	2.5
(b) Associates:						
Total Waste Management Pty Ltd [1]	Australia	31 Dec	–	50	–	5.5
Western Resource Recovery Pty Ltd [1]	Australia	31 Dec	–	50	–	5.8
					2.8	**13.8**

1 The Group divested its interest in Total Waste Management Pty Ltd and Western Resource Recovery Pty Ltd on 10 December 2018.

(a) Share of profit/(loss) from joint ventures

	31 DEC 2018 $'M	31 DEC 2017 $'M
Revenues	9.9	12.7
Expenses	(8.9)	(13.4)
Profit/(loss) before income tax (100%)	**1.0**	**(0.7)**
Share of profit/(loss) before income tax	0.5	(0.4)
Income tax benefit	0.2	0.1
Share of net profit/(loss) recognised	**0.7**	**(0.3)**

4. Equity accounted interests (continued)

(b) Share of profit from associates

	31 DEC 2018 $'M	31 DEC 2017 $'M
Revenues	5.1	14.2
Expenses	(4.7)	(13.0)
Profit before income tax (100%)	**0.4**	**1.2**
Share of profit before income tax	0.2	0.6
Income tax expense	(0.1)	(0.1)
Share of net profit recognised	**0.1**	**0.5**

(c) Transactions with equity accounted investments

The following table provides the total amount of transactions with equity accounted investments during the half-year ended 31 December 2018.

	SALES TO EQUITY ACCOUNTED INVESTMENTS		PURCHASES FROM EQUITY ACCOUNTED INVESTMENTS		INTEREST REVENUE FROM EQUITY ACCOUNTED INVESTMENTS	
	31 DEC 2018 $'M	31 DEC 2017 $'M	31 DEC 2018 $'M	31 DEC 2017 $'M	31 DEC 2018 $'M	31 DEC 2017 $'M
Joint ventures	7.6	1.0	0.9	0.9	0.1	–
Associates	0.6	1.2	2.0	1.6	–	–
	8.2	**2.2**	**2.9**	**2.5**	**0.1**	–

	TRADE AMOUNTS OWED BY EQUITY ACCOUNTED INVESTMENTS		TRADE AMOUNTS OWED TO EQUITY ACCOUNTED INVESTMENTS		LOANS TO EQUITY ACCOUNTED INVESTMENTS	
	31 DEC 2018 $'M	30 JUNE 2018 $'M	31 DEC 2018 $'M	30 JUNE 2018 $'M	31 DEC 2018 $'M	30 JUNE 2018 $'M
Joint ventures	0.1	0.1	1.1	–	3.9	3.8
Associates	0.2	0.3	0.2	–	–	–
	0.3	**0.4**	**1.3**	–	**3.9**	**3.8**

5. *Net finance costs*

	31 DEC 2018 $'M	31 DEC 2017 $'M
Finance costs		
Interest on borrowings	(12.4)	(9.0)
Interest on finance leases	(2.9)	(0.1)
Amortisation of capitalised transaction costs	(1.4)	(0.3)
Unwind of discount on provisions and other liabilities	(7.1)	(7.6)
Foreign currency exchange loss on USPP borrowings	–	(0.5)
Change in fair value of derivative instruments related to USPP borrowings	–	0.4
	(23.8)	**(17.1)**
Finance income		
Interest income	0.4	0.2
	0.4	**0.2**
Net finance costs	**(23.4)**	**(16.9)**

6. *Interest-bearing liabilities*

	UNSECURED			SECURED	
	BANK LOANS $'M	CLEAN ENERGY FINANCE CORPORATION $'M	OTHER $'M	LEASE LIABILITIES $'M	TOTAL INTEREST-BEARING LIABILITIES $'M
Opening balance at 1 July 2018	534.2	89.3	–	101.7	725.2
Proceeds/(repayment) of borrowings	(49.0)	–	0.3	(7.6)	(56.3)
Borrowing costs paid	(0.8)	–	–	–	(0.8)
Cash flows	(49.8)	–	0.3	(7.6)	(57.1)
Lease drawdowns [1]	–	–	–	27.8	27.8
Non-cash drawdowns	0.8	–	–	–	0.8
Interest-bearing liabilities acquired	–	10.0	0.5	–	10.5
Borrowing costs accrued	0.7	–	–	–	0.7
Amortisation of borrowing costs	1.4	–	–	–	1.4
Closing balance at 31 December 2018	487.3	99.3	0.8	121.9	709.3

1 Finance leases have been utilised to fund the purchase of fleet for new and renewed contracts.

Bank loans and the Clean Energy Finance Corporation (CEFC) loans are net of capitalised borrowing costs of $9.1 million (30 June 2018: $10.4 million).

6. Interest-bearing liabilities (continued)

The headroom available in the Group's facilities at 31 December 2018 is summarised below:

		AVAILABLE $'M	UTILISED $'M	NOT UTILISED $'M
Syndicated Facility Agreement	Facility A [1,2,3]	135.0	(106.1)	28.9
	Facility B [3]	200.0	(200.0)	–
	Facility C [3]	315.0	(40.0)	275.0
	Facility D [3]	250.0	(250.0)	–
Clean Energy Finance Corporation [4]		100.0	(100.0)	–
Bank guarantee facilities [1]		61.4	(55.9)	5.5
		1,061.4	**(752.0)**	**309.4**

1 These facilities include $142.1 million (30 June 2018: $122.8 million) in guarantees and letters of credit which only give rise to a liability where the Group fails to perform its contractual obligations.
2 This facility includes $6.5 million (30 June 2018: $6.5 million) of corporate credit card limit utilisation and $7.7 million (30 June 2018: $8.6 million) of outstanding finance lease commitments.
3 These facilities represent the amount drawn down as 'bank loans' excluding the capitalised transaction costs of $8.4 million (30 June 2018: $9.7 million).
4 The amount utilised excludes capitalised transaction costs of $0.7 million (30 June 2018: $0.7 million).

7. Earnings per share

	31 DEC 2018	31 DEC 2017
Basic earnings per share (cents)	3.0	2.7
Diluted earnings per share (cents)	3.0	2.7

	31 DEC 2018 $'M	31 DEC 2017 $'M
Profit after income tax	60.8	45.0
Profit attributable to non-controlling interests	(0.1)	–
Profit after income tax attributable to ordinary equity holders	**60.7**	**45.0**

Calculation of weighted average number of ordinary shares

The calculation of weighted average number of ordinary shares for the comparative periods have been adjusted to reflect the bonus element in the non-renounceable entitlement offer which occurred during December 2017 and January 2018.

	31 DEC 2018	31 DEC 2017
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	2,039,846,936	1,662,793,936
Effect of potential ordinary shares	12,122,016	13,317,350
Number for diluted earnings per share	**2,051,968,952**	**1,676,111,286**

8. *Issued capital*

	31 DEC 2018		30 JUNE 2018	
	NUMBER OF SHARES	$'M	NUMBER OF SHARES	$'M
Opening balance	2,036,684,232	2,671.0	1,592,889,317	2,083.0
Issue of shares under dividend reinvestment plan	1,147,022	2.1	4,835,298	7.0
Issue of shares under employee incentive plan	4,376,313	–	1,635,712	–
Issue of shares under entitlement offer [1]	–	–	437,323,905	590.4
Costs related to share issue, net of tax [2]	–	–	–	(9.4)
Closing balance	**2,042,207,567**	**2,673.1**	**2,036,684,232**	**2,671.0**

1 Relates to shares issued in December 2017 and January 2018 under the non-renounceable entitlement offer as part of the proposed acquisition of Tox Free Solutions Limited. Under the institutional entitlement offer, one new share was offered at the discounted price of $1.35 per share, for every 3.65 shares held.

2 Costs related to the share issue were $13.3 million (after tax $9.4 million) of which $12.8 million was paid at 30 June 2018 and the remaining $0.5 million has been paid in the half-year ended 31 December 2018 (2017: $9.3 million).

9. *Dividends*

	31 DEC 2018 CENTS PER SHARE	31 DEC 2017 CENTS PER SHARE	31 DEC 2018 $'M	31 DEC 2017 $'M
Dividends paid during the period				
Final dividend relating to prior period	1.40	1.10	28.5	17.5
Dividends determined in respect of the period				
Interim dividend relating to current period	1.65	1.10	33.7	22.4

10. Business combinations

Half-year ended 31 December 2018

Business combinations

During the half-year ended 31 December 2018, the Group acquired a 50% interest in Cleanaway ResourceCo RRF Pty Ltd (formerly ResourceCo RRF Pty Ltd). The Group has control over the relevant activities of the business and accordingly will consolidate its interest in the entity. Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS
ResourceCo RRF Pty Ltd	30 October 2018	Resource Recovery Facility based in Wetherill Park in New South Wales.

The provisional fair values of the identifiable assets and liabilities of the business combination at the date of acquisition were:

	31 DEC 2018 $'M
Assets	
Cash and cash equivalents	0.6
Trade and other receivables	2.5
Inventories	0.5
Property, plant and equipment	14.4
Prepayments	0.5
Intangible assets	2.0
	20.5
Liabilities	
Trade and other payables	3.3
Employee entitlements	0.2
Provisions	0.1
Interest-bearing liabilities	10.5
Deferred tax liabilities	2.0
	16.1
Total identifiable net assets at fair value	**4.4**
Non-controlling interest	(2.2)
Goodwill arising on acquisition	39.0
Purchase consideration	**41.2**

The intangible assets identified as part of the acquisition included customer relationship intangibles. These intangible assets were valued based on the expected cash flows from the customers of the acquired business, applying an expected attrition rate of the customer base. Goodwill acquired comprises the value of expected synergies arising from integration of the acquired businesses and is non-deductible for income tax purposes.

10. Business combinations (continued)

	31 DEC 2018 $'M
Cash paid (included in cash flows from investing activities)	25.0
Contingent consideration	16.2
Total purchase consideration	**41.2**

Contingent consideration will be paid if certain earnings targets are met by a certain date, by the acquired entity. The contingent consideration has been determined based on the expected amount and timing of these targets being met.

	31 DEC 2018 $'M
Net cash acquired	0.6
Cash consideration paid (included in cash flows from investing activities)	(25.0)
Net cash flow on acquisition	**(24.4)**

From the date of acquisition to 31 December 2018, the business contributed $2.9 million of revenue and a $0.3 million loss to profit before tax to the Group. If the business had been acquired at the beginning of the reporting period revenue of $6.4 million and a loss before tax of $1.4 million would have been contributed to the Group. The losses have arisen during the commissioning phase of the newly built facility.

11. Financial assets and liabilities measured at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy on the basis of nature, characteristics and risks and described as follows based on the lower level of input that is significant to the fair value measurement as a whole.

Level 1 – the fair value is calculated using prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels during the half-year.

The carrying value of all financial assets and liabilities other than lease liabilities approximate fair value. The following table provides the fair value measurement hierarchy of the Group's lease liabilities:

31 DECEMBER 2018	LEVEL 1 $'M	LEVEL 2 $'M	LEVEL 3 $'M	TOTAL $'M
Liabilities				
Lease liabilities	–	126.3	–	126.3

30 JUNE 2018				
Liabilities				
Lease liabilities	–	105.6	–	105.6

12. Events occurring after the reporting date

There have been no matters or circumstances that have arisen since the end of the half-year that have significantly affected the Group's operations not otherwise disclosed in this report.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes for the half-year ended 31 December 2018 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;

(b) 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 Directors.

M P Chellew Chairman and Non-Executive Director	V Bansal Chief Executive Officer and Managing Director

Melbourne, 13 February 2019

Independent Auditor's Review Report

to the members of Cleanaway Waste Management Limited

Building a better working world

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Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cleanaway Waste Management Limited (the Company) and its subsidiaries (collectively the Group), which comprises the Consolidated Balance Sheet as at 31 December 2018, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the Annual Financial Report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Brett Croft
Partner
Melbourne, 13 February 2019