Annual Report **2017**

A SMARTER WAY
A BETTER WAY
A CLEANER WAY

CLEANAWAY WASTE MANAGEMENT LIMITED ABN: 74 101 155 220

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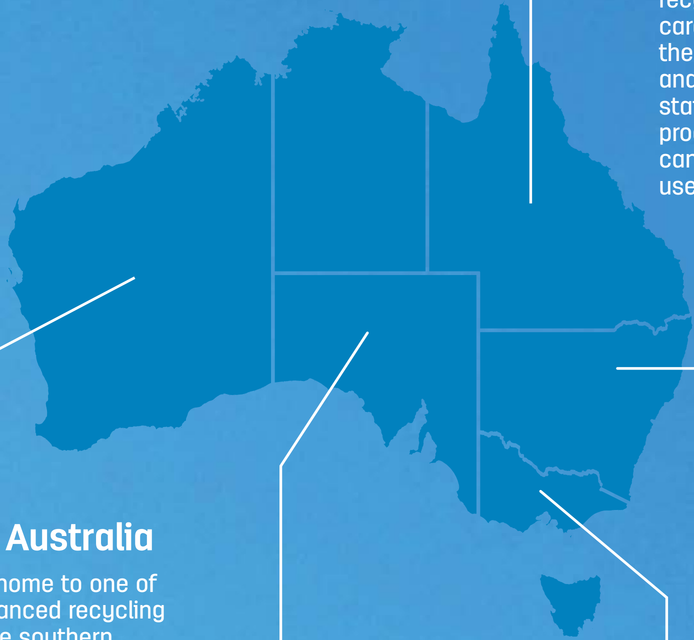
FOOTPRINT 2025

With a focus on resource recovery, we're working hard to make a sustainable future possible.

We're proud of how far we've come over the past year, and we're not done yet.



Queensland

Our Queensland network has grown with a new commercial recycling facility recovering paper, cardboard and plastics, and the addition of a construction and industrial waste transfer station. Upgrades to our waste oil processing facility means that we can now recycle Queenslanders' used oils to a higher standard.

New South Wales

Our project to construct a new transfer station and recycling facility has begun, while upgrades to our Wetherill Park refinery mean we can recycle used motor and engine oils to a higher standard, offsetting Australia's crude oil requirements by up to 900,000 barrels annually.

Western Australia

Perth is now home to one of the most advanced recycling facilities in the southern hemisphere – the Perth Material Recycling Facility (MRF). Able to process up to 250,000 tonnes of recyclable materials annually using state-of-the-art sorting technology, we aim to deliver some of the highest diversion in Australia.

South Australia

We have strengthened our South Australian network with the addition of two transfer stations and a recycling facility.

Victoria

We were granted a planning permit from the Victorian Minister for Planning to extend landfilling operations at the Melbourne Regional Landfill (MRL) up until 2046. We also invested in a major initiative to double the renewable energy generated at the MRL. We are now producing enough electricity to power more than 15,600 homes each year.

In Melbourne's south-eastern growth corridor, we also opened the new South East Melbourne Transfer Station – improving local waste consolidation and reducing truck movements.

Opening the southern hemisphere's most advanced recycling facility

Taking commingled recycling to the next level

In May 2017, the city of Perth became home to one of the most advanced recycling facilities in the southern hemisphere, the Perth Materials Recycling Facility (Perth MRF). Capable of handling the city's entire household recyclable waste, the Perth MRF can process up to 250,000 tonnes annually. It utilises state-of-the-art optical sorting technology, which allows us to handle up to eight different waste streams, including paper and cardboard, glass, aluminium, steel, and plastics.

At the Perth MRF, we are proud to be able to deliver diversion rates of up to 97% – some of the highest in Australia. Recycling more than ever before, it's another way we're making a sustainable future possible.

Working with Chevron Australia to create a truly sustainable future

Going beyond simple waste management

In April 2017, Cleanaway was proud to be awarded the contract for the collection, processing, treatment and disposal of all solid and liquid waste and recyclables across several Chevron-operated sites, including Thevenard Island, Wheatstone LNG Plant, North West WA and Perth supply bases and warehouses, as well as Barrow Island – a Class A nature reserve.

We also established an agreement with Traditional Owners of the lands near Onslow in WA's Pilbara region, the Thalanyji people, to provide business and employment opportunities to the local community – making a sustainable future possible for all Australians.

2017 Snapshot

With a dedicated team, national integrated network and one of the largest fleets on the road, Cleanaway is Australia's leading provider of waste management, industrial and environmental services.

Financial highlights

REVENUE
($ millions)

Continuing Operations

$1,454.4m

EBITDA[1]
($ millions)

Continuing Operations

$301.3m

EPS[1]
(cents)

4.9¢

DIVIDEND
(cents)

2.1¢

Statutory results

$1,454.4 million revenue	–%
$1,350.7 million net revenue [2]	▲2.3%
$314.0 million EBITDA	▲22%
$143.1 million EBIT	▲49%
$72.5 million NPAT [3]	▲62%
2.1 ¢/share dividend	▲24%
4.6 ¢/share eps	▲64%

Underlying results

$1,454.4 million revenue	–%
$1,350.7 million net revenue [2]	▲2.3%
$301.3 million EBITDA	▲7%
$142.9 million EBIT	▲17%
$77.5 million NPAT [3]	▲22%
2.1 ¢/share dividend	▲24%
4.9 ¢/share eps	▲23%

1 Underlying financial results.
2 Net revenue is a non-IFRS measure and excludes landfill levies.
3 Attributable to ordinary equity holders.

Operations at a glance

4,100+ employees Australia wide

3,000+ vehicles nationally

178 sites Australia wide

Australia-wide coverage

IN THE COMMUNITY

65+ community organisations supported

$830,000+ invested in Australian communities

1,550+ education programs held nationally

Waste to resource highlights

Organic liquid waste re-used as nutrient **~77,000t**

Biosolids re-used as nutrient **~46,000t**

Used oil collected for reprocessing **~130ML**

Paper and cardboard recycled **~227,000t**

Plastic packaging recycled **~10,300t**

Steel recycled **~13,300t**

Landfill gas captured **120m+ m^3**

Renewable energy generated **90m+ kWh**

Enough renewable energy generated to power **18,000+** homes

Chairman's Report

It is with great pleasure that I present to you the Cleanaway Waste Management Limited 2017 Annual Report, my first as Chairman of the Company.

The financial performance of Cleanaway showed considerable improvement during FY2017, against a backdrop of relatively muted growth in the overall Australian economy.

Net revenue, which represents gross revenue less landfill levies collected, increased 2.3% to $1.35 billion compared to the corresponding period last year. In turn, this led to an increase in EBITDA of 22.1% to $314.0 million and EBIT up 48.9% to $143.1 million.

These improved EBITDA results were due to improved performances by all of our businesses being Solids Collections, Solids Post Collections and Liquids & Industrial Services.

Included within these results are a number of significant items, which in the Board's view should be excluded to more closely align with the operations of the Company. At an EBITDA level, these adjustments totalled $12.7 million in profits. The underlying adjustments comprised of:

- $22.0 million gain on the sale of two closed landfills in Melbourne.
- $12.8 million in restructuring, rebranding and acquisition costs.
- $3.5 million reduction in the remediation and rectification provision for closed landfill sites.

"The 2017 financial year has seen your Company make encouraging progress on the implementation of a number of strategic initiatives aimed at not only improving the financial performance of the Company but also making Cleanaway the number one choice for total waste management in Australia."

MARK CHELLEW
CHAIRMAN

On an underlying basis, EBITDA increased 7.1% to $301.3 million and EBIT 16.6% to $142.9 million.

I am also pleased to report that on a statutory basis, our net profit after tax increased 61.8% to $72.5 million and earnings per share increased 64.3% to 4.6 cents.

The financial condition of Cleanaway is strong. Our balance sheet is in excellent shape with all our debt ratios well within our banking covenants. Our average debt maturity at 30 June 2017 is 3.4 years and we have $230 million of headroom under our banking facilities.

To further strengthen our financial position, we recently signed a new $90 million Green Term Loan Facility with the Clean Energy Finance Corporation that will support our clean energy and resource recovery investments as part of our Footprint 2025 strategy. This funding is unsecured, has a tenor of eight years and is consistent with the terms of our existing syndicated banking facilities.

Our strong financial and operational performance and confidence in the future growth of the Company has allowed the Board to increase dividends paid to shareholders. The Board have declared a fully franked final dividend of 1.1 cents per share, payable on 5 October 2017. This represents an increase of 22.2% from the 0.9 cent final dividend paid last year.

Combined with the interim dividend of 1.0 cents per share paid earlier in the year, the dividends declared in respect of FY2017 totalled 2.1 cents per share, an increase of 23.5% on the total dividend paid last year.

While the financial performance of the Company is important, a major focus of the Board and Management remains the health and safety of our employees and contractors. Our business, like most industrial, logistics and infrastructure businesses face daily operational and situational hazards. We have a responsibility to ensure all our employees and contractors go home safe. A great deal of effort is expended throughout the Company to make sure this is the case and I am pleased to report that our Total Recordable Injury Frequency Rate (TRIFR) has reduced by 33% to 7.2 compared to the previous year. While this is an improvement, there is further work to do to get to Goal Zero.

Our Sustainability Report is included in this Annual Report which goes to the heart of Cleanaway making a sustainable future possible. It provides information about a range of initiatives and priorities such as diversity and inclusion, safety and environment performance, resource recovery, recycling and utilisation of waste disposal by-products to generate electricity.

I would also like to point out to shareholders that the Company has elected to disclose its Corporate Governance Statement on the Company website http://www.cleanaway.com.au/for-investors/corporate-governance/ and the Corporate Governance Statement has been lodged with the ASX.

In closing, I would like to thank the management team led by Vik Bansal and all our employees for their considerable efforts in "making a sustainable future possible" and also to thank my fellow Board members for all their wise counsel and support this past year.

I look forward to reporting on our progress next year.

Mark Chellew
Chairman

Chief Executive Officer's Report

"We have continued to reset the operational performance of our business. We are making progress across a number of strategic initiatives targeted at growth leading to both the quantum and quality of our earnings and cash flows."

VIK BANSAL
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

You may recall in last year's Annual Report, I detailed the actions and initiatives we had implemented to take Cleanaway on our "good to great" journey. These included:

- Understanding where customer value was created within the Company;
- Implementing our Value Operating Model;
- Re-evaluating and refreshing our strategic plan leading to our Footprint 2025 roadmap;
- Defining our Mission Statement, and how we 'make a sustainable future possible' for all stakeholders;
- Reinforcing the importance of our values, which guide our behaviour every day;
- The development of our five strategic pillars, or as we call them, our Five C's;
- Wrapping all of the above into "Our Cleanaway Way" providing clarity on our "Why", "How" and "What";
- Creating the single brand, Cleanaway, the glue that binds all of this together; and
- The alignment of our people and organisation as a whole onto a common platform.

I am pleased to report that we have made significant progress in all of these areas. We are starting to see benefits reflected both in our financial performance, which continues to improve, as well as in our safety performance and the number of major new contracts won over the past 12 months.

Safety remains our number one priority. We operate in a hazardous industry and we must all work towards ensuring our employees and contractors go home safe each day. Over the past 12 months we saw a 33% decline in our Total Recordable Injury Frequency Rate (TRIFR) to 7.2. This is a positive improvement, but we still have work to do to reach our target of Goal Zero.

While economic activity in Australia was somewhat flat, at an operational level we have seen improved performances across the majority of our business units. Compared to the previous corresponding period:

- Solids Collections reported increases in net revenue, EBITDA and EBIT of 4.0%, 7.4% and 15.3% respectively.
- Solids Post Collections reported increases in net revenue, EBITDA and EBIT of 4.5%, 9.3% and 39.1% respectively. These were particularly strong results when taking into consideration the transition to closure of our Erskine Park landfill in NSW.
- Liquids and Industrial Services reported a decrease in revenue of 2.9%, however EBITDA and EBIT increased by 2.4% and 2.7% respectively.

Additional details on the performances of our operations are covered in subsequent pages of this Annual Report.

The strategies we implemented two years ago remain unchanged. Our Five

C's continue to be our roadmap for sustainable growth.

We now have a full sales structure and leadership team in place with a clear Go to Market strategy. We have seen major contract wins in the Commercial & Industrial (C&I) space, including Chevron and Coles. Major municipal contract wins have included The Hills Shire and Central Coast in NSW, and Noosa Shire in QLD, as well as the Brisbane City Council Post Collections contract and the Container Deposit Scheme in NSW. Over the past 12 months we have seen the largest number of new contracts won, on a revenue basis, for a number of years – which gives us confidence that our growth initiatives are gaining traction.

As part of our "Footprint 2025" I am pleased to report that we have completed or started a number of infrastructure assets including:

- A new recycling facility in Hemmant, QLD;
- The new Material Recycling Facility (MRF) in Perth, WA;
- The new South East Melbourne Transfer Station, VIC;
- Increased investment in electricity generation at the Melbourne Regional Landfill;
- Upgrades to our oil refineries in Sydney and Brisbane; and
- The commencement of construction for a waste transfer station/material recycling facility in Erskine Park, NSW this year.

Further expanding our network of these prized infrastructure assets allows us to be highly competitive when it comes to winning new contracts.

As promised two years ago, we have successfully reduced the permanent cost base of Cleanaway by over $30 million. Our efforts will not stop there. We remain focussed on ensuring we are a "fit for purpose" organisation and remain cost disciplined.

Productivity still needs to improve and our operations teams are working on delivering sustainable improvements. Some of these will be supported by the broader system improvements already underway.

Over the past two years we have stressed the importance of a disciplined approach to cash and capital expenditure. We know that we must continue to increase the free cash flow that we generate. To achieve this we have focussed on keeping our capital expenditure spending below our depreciation and amortisation expense. I am pleased to report that in FY2017 we were able to maintain that discipline – particularly as we completed two major Footprint 2025 investments in the same period, namely the new Material Recycling Facility (MRF) in Perth and a new transfer station in Melbourne.

As we have reported in the past, we still have legacy landfill remediation and rectification spending commitments, and it will remain a major cash outflow for the next three years. We cannot fast track or short circuit this process. However, through the sale of two closed landfills during the past year, we have unlocked value and reduced future spending on remediation and rectification.

With regard to our capital outlays, the Company is now at an interesting point in its history. We now face an equally interesting challenge – how to maintain our growth momentum; build a footprint of infrastructure assets for the future; and spend cash on remediation and rectification over the next few years, while at the same time increasing our free cash flow.

To meet this challenge, we have developed a funding framework that matches our capital outlays and increases our free cash flow. We have effectively developed three prime and diverse sources of funding:

- Our core banking facilities which total $600 million, are unsecured, extendable and provide us with multiple options to fund our base growth and maintenance capital expenditure.
- A Green Term Loan Facility with the Clean Energy Finance Corporation of $90 million that supports our Footprint 2025 clean energy and resource recovery investments. This facility is unsecured, has an eight year tenor with conditions consistent with our existing banking facilities.
- Finance lease facilities which we will utilise for our government related and municipal contracts. This facility provides long tenure, and fixed cost funding where the leasing period matches the tenure of the contracts. This in turn leads to a certainty of margin. Most importantly, finance leasing removes the cash outlays required at the commencement of the contract, thereby increasing free cash flow.

Utilising these funding structures and our strong balance sheet will allow us to fund our growth and at the same time increase the free cash flow generated.

I continue to be encouraged by the participation in our company-wide employee engagement survey, which has increased year-on-year. We remain focussed on listening to and addressing the feedback we receive through these annual surveys, working toward a highly engaged team across the board.

Finally, I would like to thank the Chairman and the Board for their continued support given to me over this past year.

In closing, this has again been a very busy year at Cleanaway and I need to acknowledge the efforts of each one of our 4,100+ employees who make Cleanaway the company that it is. Their belief and commitment to ensuring that we operate to our full potential remains a strong sense of inspiration for me, and for the management team.

We remain focussed on making a sustainable future possible, for all our stakeholders, and continuing our journey from "good to great".

Vik Bansal

Vik Bansal
Chief Executive Officer
and Managing Director

Solids Collections Report

With the largest Solid Waste Collections fleets on the road, we are proud to service more than 90 municipal councils and over 120,000 commercial and industrial customers across all corners of Australia.

Solids Collections net revenue increased 4% in FY2017. A strong second half performance showed a 5.4% uplift in net revenue when compared to the same period in the previous year. We also saw volume growth across all major solid waste collection categories.

Profitability improved over FY2017 with a 7.4% increase in EBITDA to $160.9 million, and a further improvement in EBITDA margin from 19.2% in FY2016 to 19.9%. EBIT margin also improved 120 basis points during the year to 12.2%. These results are a reflection of the continued focus on various growth and cost initiatives implemented through FY2016 and into FY2017.

A full sales structure and leadership team is now in place with a clear Go to Market strategy. Major contract wins in the Commercial & Industrial (C&I) space, including Chevron and Coles, as well as municipal contract wins including The Hills Shire and Central Coast in NSW, Noosa Shire in QLD, and the Container Deposit Scheme in NSW, are clear indicators that growth initiatives are gaining traction.

While pricing has improved in some areas, this will remain an area of focus into FY2018. We have continued to invest in major resource recovery facilities across Australia, with the opening of the Hemmant Recycling facility in QLD and the Perth Materials Recycling Facility. A number of additional facilities are planned for the coming years as part of the Footprint 2025 strategy.

		FY17	FY16	FY17 V FY16
Net external revenue	$ million	810.5	779.0	4.0%
EBITDA	$ million	160.9	149.8	7.4%
EBITDA margin	%	19.9	19.2	
EBIT	$ million	98.8	85.7	15.3%
EBIT margin	%	12.2	11.0	

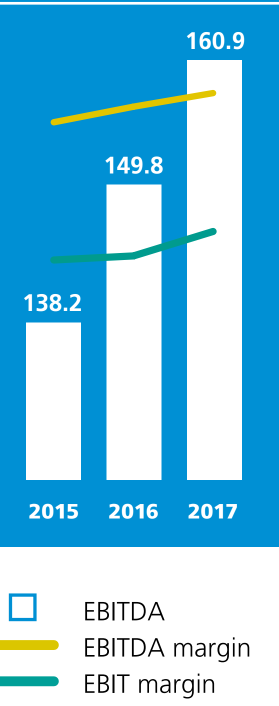
Represents underlying results.

NET EXTERNAL REVENUE
($ millions)

$810.5m

EBITDA
($ millions)

$160.9m



Helping our customers deliver better service

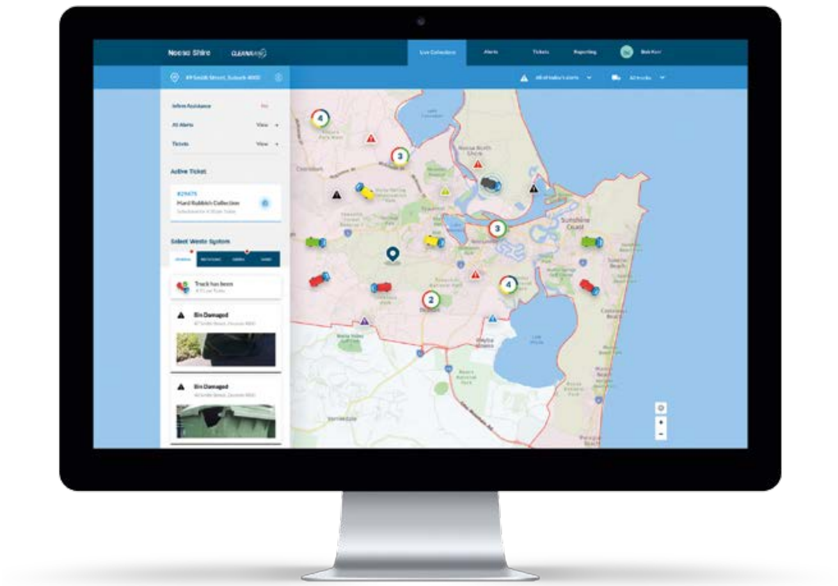
Missed pick-ups, broken bins, contamination – these are just a few of the things we're helping our municipal customers better manage through the introduction of Cleanaview, launching in Noosa Council, QLD on 1 September 2017, followed by The Hills Shire, NSW on 2 October 2017.

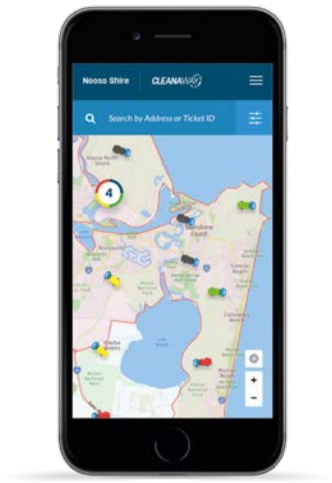
Near real time information and visibility of our truck locations will help local councils answer queries from residents on the status of their bin pick-up, and be informed when a scheduled job has been completed.

Technology on-board Cleanaway vehicles will provide our customers with more meaningful information to help better manage the waste collected in weekly kerbside pick-ups. Beyond helping councils to simply manage contamination, it means we're arming our customers with information to allow them to take proactive steps and educate residents about what can and can't be disposed of through their local collection, and how they can safely dispose of other materials.

Delivering benefits beyond our municipal customers, it will help improve the quality of recyclables delivered to our Material Recycling Facilities and reduce the amount of contaminated materials which end up in landfill. Importantly, it also means that we can ensure prohibited and potentially dangerous materials don't end up in landfill, and can be disposed of safely.

In partnership with our municipal customers, Cleanaview is another way we are making a sustainable future possible.





Solids Post Collections Report

From transfer stations to landfill assets, Cleanaway has one of the strongest post collections asset bases in Australia. We are proud to be a leader in the safe and sustainable management of waste.

In FY2017, Solids Post Collections' net revenue increased 4.5% to $185.0 million. This was encouraging when taking into consideration the impending closure of our Sydney based landfill.

Profitability improved over FY2017 with a 9.3% increase in EBITDA to $96.1 million, and a further improvement in EBITDA margin from 49.7% in FY2016 to 51.9%. EBIT margin also improved 520 basis points during the year to 21.0%.

Overall, we saw landfill volumes up across the country.

Cleanaway's network of highly engineered and regulated landfill assets reaches into every mainland state in Australia. In FY2017 we invested in a major renewable energy initiative at the Melbourne Regional Landfill, effectively doubling the existing power generation capabilities. Ensuring that we extract the maximum value from all waste – including residual waste which goes to landfill, we now generate more than 120 million m3 of landfill gas from across our network, which is converted to 90 million kWh of renewable energy, enough to power more than 18,000 homes annually.

FY2017 saw the opening of the South East Melbourne Transfer Station, which is now fully operational. It also saw Cleanaway awarded the strategic Brisbane City Council Post Collections contract.

Construction will commence on our new Transfer Station in Erskine Park, NSW, which is scheduled for completion in the second half of FY2018.

		FY17	FY16	FY17 V FY16
Gross external revenue	$ million	**288.7**	311.4	(7.3)%
Less landfill levies	$ million	**(103.7)**	(134.4)	22.8%
Net external revenue	$ million	**185.0**	177.0	4.5%
EBITDA	$ million	**96.1**	87.9	9.3%
EBITDA margin	%	**51.9**	49.7	
EBIT	$ million	**38.8**	27.9	39.1%
EBIT margin	%	**21.0**	15.8	

Represents underlying results.

NET EXTERNAL REVENUE
($ millions)

$185.0m

EBITDA
($ millions)

$96.1m

A new era in Melbourne's South East begins

Investing in long-term solutions for continued growth

The state-of-the-art South East Melbourne Transfer Station (SEMTS) was opened in May 2017, marking the commencement of a new era in Melbourne's south-east corridor. Designed with capacity for growth, the SEMTS is poised to handle Melbourne's growing waste management needs.

The site acts as a consolidation point for waste that will be then be transported to the Melbourne Regional Landfill (MRL) in high capacity A-double trailers. This allows us to transport more waste more efficiently, reducing the number of heavy vehicles on the road and easing congestion with fewer cross-city truck movements. Facilities like SEMTS are an integral component of making a sustainable future possible.

Liquids and Industrial Services Report

Cleanaway is Australia's largest hydrocarbons recycling business in Australia and one of Australia's leading Liquids and Industrial Services businesses. Over the last year we collected and processed approximately 130 million litres of mineral oil – offsetting Australia's annual requirements for oil by 900,000 barrels.

In FY2017, although market conditions remain challenging, we saw the revenue decline in Liquids and Industrial Services stabilise, with revenue in the second half of FY2017 showing an increase compared to the same period in FY2016 and the first half of FY2017. This represents the first half on half improvement in the past seven years.

While revenue declined 2.9% compared to FY2016, tight cost control resulted in EBITDA increasing 2.4%.

We saw a stronger performance from Hydrocarbons in the second half of FY2017 as production levels returned to normal following plant upgrades and subsequent shutdowns in the first half of FY2017.

During FY2017 we undertook upgrades to our refineries in Wetherill Park in New South Wales, and Narangba, in Queensland. As a result of the upgrades, our Wetherill Park refinery achieved Category 1 status under Australia's Product Stewardship for Oil (PSO) program.

Category 1 processing, as defined under the PSO, generates the highest quality re-refined oil products, resulting in a non-carcinogenic re-refined base-oil which can be used as engine lubricant, transformer or hydraulic oil. In achieving Category 1 status, the facility must also comply with health, safety and environmental standards consistent with those which apply to facilities processing similar virgin products. This means that we can return higher volumes of high quality re-refined oils to the market, reducing the requirements for virgin oil products, in turn lowering the environmental impact.

Processing volumes of hazardous liquids has shown a slight improvement from FY2016, however pricing remains highly competitive.

Improving the overall performance of this segment remains an area of focus for FY2018.

		FY17	FY16	FY17 V FY16
Net external revenue	$ million	**424.0**	436.6	(2.9)%
EBITDA	$ million	**58.9**	57.5	2.4%
EBITDA margin	%	**13.9**	13.2	
EBIT	$ million	**32.1**	33.0	(2.7)%
EBIT margin	%	**7.6**	7.6	

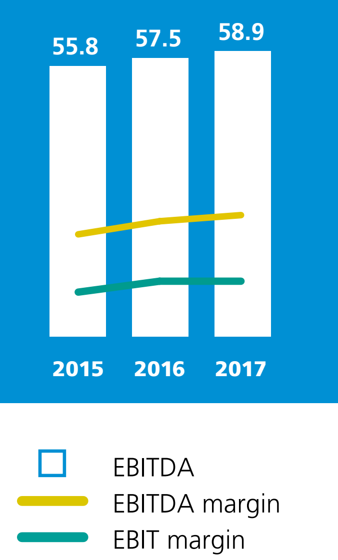
Represents underlying results.

NET EXTERNAL REVENUE
($ millions)

$424.0m

EBITDA
($ millions)

$58.9m



Cleanaview – making our vehicles safer than ever

The safety of our people and of the communities in which we work remains our number one focus, and we're always looking for ways to continually improve.

With the launch of Cleanaview across our Liquids business in late 2017, we'll begin to use on-board technology to deliver further safety improvements, meaning that we'll have safer drivers, driving even safer trucks.

On-board technology will include automatic reminders to prompt drivers to take scheduled breaks, better managing fatigue during shifts.

Automatic alerts will help our drivers stay safer on our roads, and with better visibility, we can continue to improve driver safety each and every day.

Our People

As we embrace diversity, we unlock strength and opportunity

A key focus for our people through FY2017 was embedding a culture which values diversity across all aspects of our business, and embracing the unique perspectives and experiences this brings. This focus will be extended through FY2018 with the introduction of a three-year Diversity and Inclusion Engagement plan, formalising our commitment and detailing a range of initiatives toward creating a more inclusive environment, and promoting opportunities for all employees.

Making a sustainable future possible for our people and for the community

In FY2017, we launched our Reflect Reconciliation Action Plan (RAP) which was endorsed by our Board of Directors, and formally ratified by Reconciliation Australia. Our first RAP is built around the importance of understanding Aboriginal and Torres Strait Islander heritage and culture. Outlining a broad range of initiatives and programs toward closing the gap, it is focussed on a commitment to building cultural understanding between Aboriginal and Torres Strait Islander peoples and non-Aboriginal Australians.

Action through training

As one of the first outputs of our RAP, we have created a National Traineeship Program providing Aboriginal and Torres Strait Islander peoples with an opportunity to attain a trade qualification and 'on the job experience', with a view to permanent employment. We have partnered with a Registered Training Organisation (RTO) with considerable experience in delivering formal training with a flexible learning model while still ensuring compliance with training packages and standards.

Action through partnerships

We support initiatives which build positive relationships with traditional owners and their communities. Cleanaway is proud to partner with the following traditional owner groups who are passionate about the opportunities that investment and economic development hold for the future of their peoples:

- Ngarluma people;
- Buurabalayji Thalanyji Aboriginal Corporation;
- Karlayura Group; and
- The Matera Foundation.

Action through procurement – Supply Nation

We have extended our commitment to diversity and inclusion through our procurement practices, working with Supply Nation, the Australian leader in supplier diversity, to increase our level of procurement from Indigenous businesses across the country.

Action through awareness

We are also developing and implementing a cultural awareness program to be delivered through FY2018, actively working toward increasing the understanding and appreciation of different cultures, including Aboriginal and Torres Strait Islander traditions and cultures.

Building strong partnerships with Traditional Owners

Developing sustainable communities within the Pilbara

At Cleanaway, we endorse the vision of a nation which values Aboriginal and Torres Strait Islander heritage, cultures and peoples, and recognises their unique position as the original custodians of Australia. Our joint venture with Karlayura Group, a civil and mining infrastructure project management company who deliver conveyor maintenance services and supplies both skilled and unskilled local Aboriginal labour, is one step we've taken towards making this a reality.

The Karlayura Cleanaway Joint Venture will focus on providing sustainable employment and business opportunities, while respecting the need to preserve Aboriginal cultural traditions. We are committed to delivering on the following key principles:

- Building strong relationships within local communities;
- Respecting heritage and culture;
- Creating real opportunities via direct and indirect employment;
- Education and training;
- Aboriginal business development; and
- Cultural support and awareness.

The Karlayura Cleanaway Joint Venture is one of the many ways we are dedicated towards making a sustainable future possible for all Australians. We have a strong commitment to collaboratively working with Traditional Owners and have already formed many partnerships with Aboriginal Corporations, with agreements in place to provide employment and business development opportunities, and more significantly, to make available opportunities to engage with local communities.

My Country My Community, Edikan, 2016

Safety

Toward Goal Zero

TOTAL RECORDABLE INJURY FREQUENCY RATE

7.2 TRIFR

▼ **33%** from 2016

The safety of our team and the community in which we operate comes first, last and everything in between.

We remain focussed on our goal of making our workplace injury free as we continue striving toward Goal Zero, realising our core value of Home Safe for all of our people.

We track our progress towards Goal Zero through improvements in our Total Recordable Injury Frequency Rate (TRIFR), which is calculated on the basis of the number of recordable injuries for every million hours worked.

In FY2017, we saw our year-on-year TRIFR improve by 33% from FY2016; which is a significant achievement. This reduction comes on top of a 60% improvement over the five years to 2016, and has been supported by a continued improvement across our suite of leading safety performance indicators.

We are pleased to see a year-on-year improvement in TRIFR, each year since FY2012.

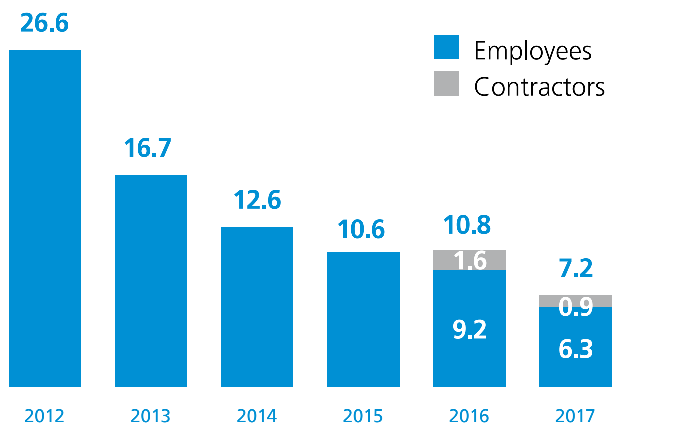
In real terms, our reduction in TRIFR means that there were 37 fewer workers who sustained either a medical treatment or lost time injury, when compared to the same period last year. Whilst this is a significant achievement, we recognise there is more work to be done.

It is no accident that we have seen an improvement in safety performance. At Cleanaway, we genuinely believe that strong and visible safety leadership across

all levels of the organisation is critical if we are to embed safety, both as a key part of everyone's job and as a shared responsibility. Over the past year we have introduced a number of initiatives to enable visible safety leadership and encourage agile learning. This focus on safety leadership across all levels of our company will remain a strong focus across the coming year.

Underpinned by a consistently visible demonstration of our commitment to safety excellence, increasingly standardised ways of working supported by re-certification of our enterprise wide HSE Management system to Australian Standard AS4801, and a capable and engaged workforce, we firmly believe that we can achieve Goal Zero.

Total Recordable Injury Frequency Rate (TRIFR)*



* From FY2012 to FY2015, TRIFR was for employees only. From FY2016 onwards, statistics include both employees and contractors.

Fleet ▸ Safety ▸ First

Safe Truck, Safe Driver, Safe Communities

Cleanaway operates one of the largest heavy vehicle and equipment fleets in Australia. The nature of our business means that we operate these vehicles in close proximity to schools, shops, homes and other road users on a daily basis. This calls for extra vigilance to ensure the safety of the communities in which we operate, as well as that of our employees.

As part of our broader commitment to our Company value of Home Safe, in FY2017 we established and implemented Fleet>Safety>First which covers all of Cleanaway's heavy vehicles and trailers, light vehicles and yellow gear equipment.

Fleet>Safety>First is a management system which underpins a standardised approach to vehicle safety and compliance, incorporating robust processes and supporting tools – to protect our employees, contractors, owner drivers, customers and suppliers, as well as the broader community in which we operate.

Founded on three Absolutes – Driver, Asset and Maintenance – and supported by 15 Standards, Fleet>Safety>First matches safe assets with licenced and competent drivers and operators to help us ensure the ongoing and sustainable safety of the community.

Managing our Environment

At Cleanaway, environmental sustainability is at the heart of everything we do

As Australia's leading waste management, environmental and industrial services company, sustainability means not only managing and reducing our environmental impact but also working with our customers on ways they can reduce theirs.

Waste may seem like an ordinary part of everyday life, but it has extraordinary potential. By extracting maximum value from every tonne or litre of waste we process, we are able to reduce greenhouse gas emissions; conserve precious resources such as water and energy; and ensure that raw materials are not lost, but returned to the value stream to be reused – reducing our reliance on new materials.

Working with our customers, industry and the community, we are investing in knowledge, innovation, and assets to sustainably extract more value from each tonne of waste we process.

Education and innovation to improve resource recovery

Working with our customers and the broader community on improved recycling practices, we are able to both maximise the volume of recycling feedstock in our MRFs, and reduce the volume of contaminants entering the recycling stream. Not only does this increase the value of the clean recyclables that can be sold for reuse, it also minimises the costs of processing and reduces the volume of contaminated materials sent to landfill.

As an active member of the Australian Packaging Covenant, we continue to work with industry and customers on simple and innovative recycling solutions. Our Harvest customers can now recycle bagged plastic film and polystyrene through their bulk bin, front lift and compactor cardboard collections, making recycling more convenient for tens of thousands of businesses each week. Supporting our collection activities, state-of-the-art facilities like our Perth Materials Recovery Facility and the Hemmant Recycling and Resource Recovery Centre provide improved sorting capabilities, allowing us to process these recyclables more efficiently.

Whilst we will continue to work toward improved resource recovery rates, aiming to divert more waste each year from landfill, there remains a level of residual waste which today we are unable to sustainably recycle. These materials are managed through our engineered landfills.

Sustainable landfill management

Our network of engineered landfills are the product of sophisticated design and careful operation to ensure this residual waste has minimal impact on the local environment, neighbours and surrounding communities.

At Cleanaway, the opportunity to sustainably extract value from waste does not stop when waste enters our landfills. All of our landfills are designed to allow for the efficient capture of renewable energy, in the form of landfill gas. Harnessing the naturally produced landfill gas, we were able to generate over 90 million kWh of renewable energy in FY2017, enough to power more than 18,000 homes.

The sustainable management of waste resources provides us with an enormous opportunity to have a positive impact on the environment. However, beyond the sustainable management of waste materials, we know that there are many more ways where we can reduce our environmental impact.

A continued focus on reducing greenhouse gas emissions

With a significant mobile fleet used to collect and transport waste for recycling and disposal, combustion of diesel fuel is one of the largest contributors to our Scope 1 greenhouse gas emissions. Second only to landfill gas combustion, it contributes 19% of our total Scope 1 emissions.

We have implemented a number of initiatives to reduce emissions associated with fuel combustion across our fleet, which are primarily driven by engine technology, vehicle maintenance, route planning and driver behaviour.

Our fleet standards require all new heavy vehicles to comply with Euro 5 emission levels as a minimum. The Euro 5 standards are global standards which have been developed to reduce the emissions of carbon monoxide, hydrocarbons, oxides of nitrogen and particulate matters, which are considered harmful to human health.

In addition to the Euro 5 diesel engine technology, a number of our vehicles also run with an additive (AdBlue), used with the Selective Catalytic Reduction system to reduce emissions of oxides of nitrogen from the exhaust of diesel vehicles.

Our maintenance practices are designed to meet or exceed manufacturer's requirements, which ensures our vehicles run at the correct state of tune, which optimises fuel use.

We are also beginning the progressive rollout of Cleanaview, new technology which will allow our managers, supervisors and drivers to better monitor and manage driving habits which directly impact fuel usage, such as speed, acceleration and harsh braking.

As a result, in FY2017 we have seen an overall reduction in our greenhouse gas emissions to approximately 689,000 tonnes CO2-e, which represents a decrease of 2% from the prior year.

Doubling power generation for Melbourne homes

Through investments in renewable energy

In FY2017, we invested in a major renewable energy initiative at the Melbourne Regional Landfill (MRL), doubling the existing power generation capabilities.

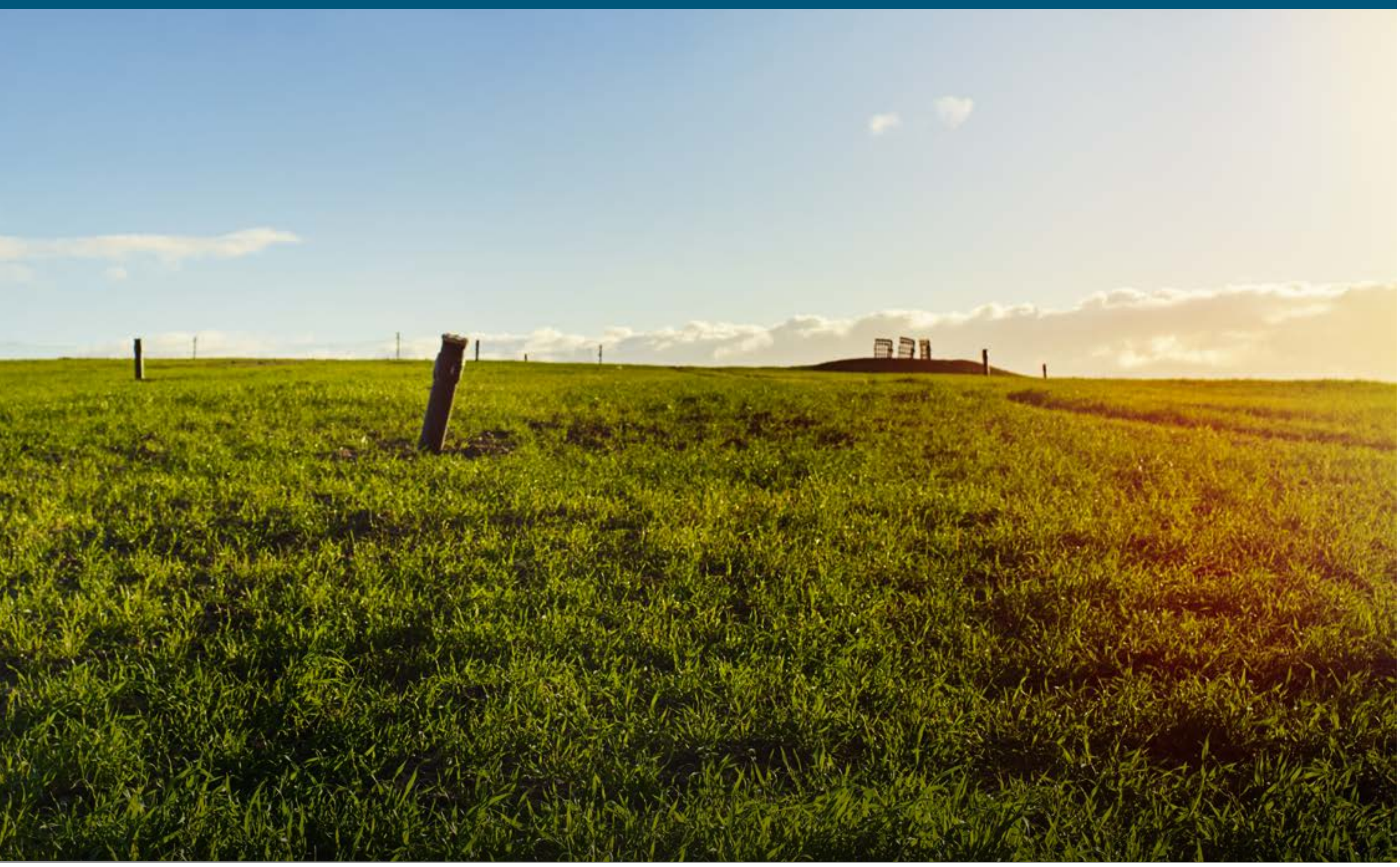
Through the addition of four new modules to our existing gas regeneration infrastructure, we are able to repurpose landfill gas to produce 8.8 megawatts of electricity per hour, and generate enough electricity to power more than 15,600 homes in FY2018 from the MRL alone.

Not only does this create a source of renewable energy, it also contributes to a reduction in greenhouse gases.

The future of the MRL has also been strengthened with both EPA works approval (subject to review applications) and Victorian Government planning permits received. These approvals will extend landfill activities at this important piece of Melbourne's infrastructure for well over 25 years.

A highly engineered facility, with best practice systems and technology we are proud to be able to continue the safe management and disposal of Melbourne's waste at MRL well into the future.

As we continue to invest in and grow our capacity to generate more renewable energy from waste at facilities like the MRL, we continue to live our philosophy of treating waste as a sustainable resource. It's another way we are working to make a sustainable future possible.



Part of the Community

Great neighbours help build great communities. We're dedicated to building strong, trusted relationships with the communities in which we operate.

COMMUNITY INFORMATION SESSIONS

60+

at various locations around the country.

We believe in making a sustainable future possible – and we know that the next generation are the ones who will be leading that charge into the future. We are passionate about working with the next generation to help educate students about better waste management and recycling practices.

SCHOOL EDUCATION SESSIONS

1,550+

engaging more than **41,500 students**.

We have a proud history of supporting Australian communities – from supporting small, regional sporting clubs and festivals, to national community organisations and charities.

COMMUNITY SUPPORT

$830,000+

supporting more than **65** communities across Australia.

Bringing NSW's Container Deposit Scheme to Life

Increasing recycling and decreasing litter means a win for all

In July 2017, the NSW Environment Minister, Gabrielle Upton, announced that Cleanaway, along with our Joint Venture partner TOMRA Systems ASA (TOMRA), was appointed the network operator for the NSW Container Deposit Scheme (CDS). The scheme, to be known as "Return and Earn", will commence in December 2017 and will be part of the largest litter reduction initiative ever launched in NSW, aiming to keep containers and bottles out of the environment and seeing them recycled instead.

The Joint Venture will combine the logistics expertise of Cleanaway with the sorting technologies from TOMRA to deliver the most modern and effective container deposit scheme in Australia. The scheme will include both automated and manual collection points and is designed with a focus on making it convenient for consumers to return their containers wherever they are. In certain locations consumers can return their containers through reverse vending machines and choose either an electronic refund or voucher from the scheme's redemption partners, or if they prefer, donate the refund to charity.

For 40 years, South Australia's container deposit scheme has encouraged the return of bottles and cans for recycling. As a result, South Australia leads the nation and enjoys a return rate for beverage containers of almost 80%.

We're proud to be delivering the CDS in NSW – reducing litter and increasing recycling across the state. An initiative which is consistent with our mission of making a sustainable future possible, this is a win for consumers and the environment.

Board of Directors

Mark **CHELLEW**

CHAIRMAN OF THE BOARD

Independent Non-Executive Director since 1 March 2013 and was appointed Chairman on 30 September 2016. Mark was formerly the Executive Chairman of Manufacturing Australia Limited (retired September 2017) and the Managing Director and Chief Executive Officer of Adelaide Brighton Limited (retired May 2014). Mark has over 30 years of experience in the building materials and related industries, including roles such as Managing Director of Blue Circle Cement in the United Kingdom and senior management positions within the CSR group of companies in Australia and the United Kingdom. He holds a Bachelor of Science (Ceramic Engineering), Masters of Engineering (Mechanical Engineering) and a Graduate Diploma in Management.

Vik **BANSAL**

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Appointed on 3 August 2015 and appointed to the Board on 20 August 2015. Vik has over 20 years experience in a range of executive roles in Australia, Asia and the United States and a proven track record of leading organisations through business growth, transition and improvement. Previously, he was President and Chief Operating Officer for Valmont Industries Inc., a US$3.3 billion NYSE listed global engineering and manufacturing company based out of Omaha, Nebraska USA. Prior to that, he held senior roles with OneSteel Ltd and Eaton Corporation in Australia. He holds a Bachelor of Electrical Engineering with Honours and an MBA. Vik currently volunteers as a Non-Executive Director of Disability Services Australia. Vik has completed the Advanced Management Program from INSEAD and is a Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Engineers Australia.

Ray **SMITH**

CHAIRMAN OF THE AUDIT AND RISK COMMITTEE
MEMBER OF THE REMUNERATION AND NOMINATION COMMITTEE

Independent Non-Executive Director since 1 April 2011. Ray is currently a Non-Executive Director of K&S Corporation Ltd (since February 2008). Formerly, he was Non-Executive Director of Crowe Horwath Australasia Limited (resigned January 2015) and Warrnambool Cheese and Butter Factory Company Holdings Limited (resigned May 2014) and Trustee of the Melbourne and Olympic Parks Trust (retired November 2016). Ray has significant corporate and financial experience in the areas of strategy, acquisitions, treasury and capital raisings, and was Chief Financial Officer of Smorgon Steel Group for 11 years. He holds tertiary qualifications in Commerce. He is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors.

Emma **STEIN**

MEMBER OF THE AUDIT AND RISK COMMITTEE
MEMBER OF THE HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

Independent Non-Executive Director since 1 August 2011. Emma is a Non-Executive Director of Programmed Maintenance Services Ltd (since June 2010) and Alumina Limited (since February 2011). Formerly, a Non-Executive Director of DUET Group (resigned May 2017). Emma has significant corporate experience within industrial markets and was the UK Managing Director for French utility Gaz de France's energy retailing operations. She holds tertiary qualifications in Science and a Masters of Business Administration (MBA). Honorary Fellow of the University of Western Sydney and Fellow of the Australian Institute of Company Directors.

Terry **SINCLAIR**

MEMBER OF THE AUDIT AND RISK COMMITTEE
MEMBER OF THE REMUNERATION AND NOMINATION COMMITTEE

Independent Non-Executive Director since 1 April 2012. Terry is the Chairman of Marrakech Road Pty Limited and Director of NetGet Holdings Limited. Formerly, he was the Managing Director of Service Stream Limited, Chairman of AUX Investments (jointly owned by Qantas and Australia Post), Director of Sai Cheng Logistics (China), Director of Asia Pacific Alliance (HK) and Head of Corporate Development at Australia Post. He also provides M&A advisory services to private equity and is currently an advisor to KPMG in Saudi Arabia and India. Terry has significant experience across Industrial, Resources and Consumer Services sectors including 20 years in senior management roles in BHP (Minerals, Steel and Transport/Logistics). He holds a Masters of Business Administration (MBA), a Graduate Diploma in Management and tertiary qualifications in Mining, including Surveying.

Mike **HARDING**

CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE
MEMBER OF THE HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

Independent Non-Executive Director since 1 March 2013. Mike is the Chairman of Lynas Corporation Ltd (since January 2015) and Downer EDI Limited (since November 2010). Formerly, Chairman of Roc Oil Company Limited (resigned December 2014) and Non-Executive Director of Santos Limited (resigned May 2014). Mike has significant experience within industrial businesses, having previously held management positions around the world with British Petroleum (BP), including President and General Manager of BP Exploration Australia. He holds a Masters in Science, majoring in Mechanical Engineering.

Philippe **ETIENNE**

CHAIRMAN OF THE HEALTH, SAFETY AND ENVIRONMENT COMMITTEE
MEMBER OF THE AUDIT AND RISK COMMITTEE

Independent Non-Executive Director since 29 May 2014. Philippe is a Non-Executive Director of Lynas Corporation Limited (since January 2015). Formerly, the Managing Director and Chief Executive Officer of Innovia Security Pty Ltd (retired September 2014) and Non-Executive Director of Sedgman Limited (February 2015 to November 2015). Philippe has held a range of other senior executive positions with Orica in Australia, the USA and Germany, including strategy and planning and responsibility for synergy delivery of large-scale acquisitions. He holds a Bachelor of Science in Physiology and Pharmacology and a Master of Business Administration (MBA). A Graduate of the Australian Institute of Company Directors and has completed post-graduate qualifications in marketing.

Senior Executive Team

From left to right: Jeff Proctor, Mark Crawford, Johanna Birgersson, Vik Bansal, Dan Last, Brendan Gill, Stephen Freeman.

Vik **BANSAL**

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Appointed on 3 August 2015, and appointed to the Board on 20 August 2015. Vik has over 20 years experience in a range of executive roles in Australia, Asia and the United States and a proven track record of leading organisations through business growth, transition and improvement. Previously, he was President and Chief Operating Officer for Valmont Industries Inc., a US$3.3 billion NYSE listed global engineering and manufacturing company based out of Omaha, Nebraska USA. Prior to that, he held senior roles with OneSteel Ltd and Eaton Corporation in Australia. He holds a Bachelor of Electrical Engineering with Honours and an MBA. Vik currently volunteers as a Non-Executive Director of Disability Services Australia. Vik has completed the Advanced Management Program from INSEAD and is a Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Engineers Australia.

Brendan **GILL**

CHIEF FINANCIAL OFFICER

Brendan joined Cleanaway in September 2014. Brendan has more than 30 years of experience as a finance professional, mainly in the mining, steel and energy sectors. His career included 26 years at BHP Billiton in finance, including as Vice President Finance Carbon Steel, CFO for both the Stainless Steel Materials and Nickel businesses and Global Lead Risk Management & Audit. Since leaving BHP Billiton, Brendan has held CFO roles, most recently as CFO for Inova Resources (previously named Ivanhoe Australia). Brendan has a Bachelor of Business, and is a member of CPA Australia.

Dan **LAST**

GENERAL COUNSEL AND COMPANY SECRETARY

Dan joined Cleanaway as General Counsel and Company Secretary in March 2014. Dan is an experienced General Counsel and Company Secretary with over 15 years experience in law firms and senior in-house legal roles. Prior to joining Cleanaway, Dan was the General Counsel and Company Secretary of Foster's Group Limited. He has also worked in top tier law firms in Australia and overseas. Dan has a Bachelor of Laws (Hons), a Bachelor of Commerce and is a Fellow of the Governance Institute of Australia, and a Graduate of the Australian Institute of Company Directors.

Mark **CRAWFORD**

EXECUTIVE GENERAL MANAGER, OPERATIONS, SOLID WASTE SERVICES

Mark joined Cleanaway as Executive General Manager, Enterprise Services in February 2014 and became Executive General Manager, Operations, Solid Waste Services in August 2017. Mark has more than 10 years operational experience gained in senior and executive roles. He has worked across Australia and Asia Pacific to integrate complex business models and has extensive transformation experience across all business disciplines. Prior to joining Cleanaway, Mark held a number of general management roles at Australia Post, most recently as General Manager for the International business. Mark holds qualifications in Information Technology.

Stephen **FREEMAN**

EXECUTIVE GENERAL MANAGER, OPERATIONS, LIQUID WASTE AND INDUSTRIAL SERVICES

Stephen joined Cleanaway in November 2013 and was appointed Executive General Manager, Enterprise Operations in August 2016 and then Executive General Manager, Operations, Liquid Waste and Industrial Services in August 2017. With more than 20 years experience in senior positions across the waste management, transportation and logistics industries, he has considerable experience in establishing a high-performance team culture, demonstrating a strong commitment to safety with an ongoing focus on sustainable business improvements deliveries. Prior to joining Cleanaway, Stephen held a number of senior leadership roles at Toll Holdings, including as General Manager Australia – Parts Logistics (formerly AutoLogistics), a contract business servicing the automotive and industrial industries. Stephen most recently held the position of General Manager SA/NT with Cleanaway and also interim General Manager for WA from July 2014 until April 2015.

Jeff **PROCTOR**

EXECUTIVE GENERAL MANAGER, COMMERCIAL

Jeff joined Cleanaway in May 2017 as Executive General Manager, Commercial. Jeff has more than 25 years experience as a finance professional working throughout Australia, Europe and Asia. Prior to joining Cleanaway, Jeff held the position of CFO with the Patrick Group of companies, part of the Asciano Group. Along with his previous role as CFO at Chep Asia Pacific, Jeff brings substantial commercial experience from the industrial and logistics sectors. In these roles, Jeff led significant business development and business transformation activities. Jeff also has considerable experience in the media sector where he worked for major listed companies in Europe and Australia. Jeff is a member of the Institute of Chartered Accountants in Australia and New Zealand.

Johanna **BIRGERSSON**

EXECUTIVE GENERAL MANAGER, HUMAN RESOURCES

Johanna joined Cleanaway in May 2014 and was appointed Executive General Manager, Human Resources in December 2015. Johanna has more than 10 years human resources experience gained in senior and executive roles. Prior to joining Cleanaway, Johanna was the Director People & Culture of TSC Group Holdings. She has also worked across a number of industry sectors including fire & electronic security, plumbing & HVAC and hospitality. Johanna has a Bachelor of Arts and holds Post Graduate qualifications in Employee Relations and Human Resources Management from the University of Melbourne.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Contents of Financial Statements

Notes to the Consolidated Financial Statements

Directors' Report

The Directors present their Report (including the Remuneration 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 financial year ended 30 June 2017 and the Independent Auditor's Report thereon.

Directors

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

M P Chellew	Chairman and Non-Executive Director (appointed as Chairman on 30 September 2016)
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
M M Hudson	Non-Executive Director (retired as Chairman on 30 September 2016 and as Non-Executive Director on 26 October 2016)

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

Particulars of Directors' qualifications, experience and special responsibilities can be found on pages 24 to 25.

Principal activities

During the financial year the principal activities of Cleanaway were:

- Commercial and industrial, municipal and residential collection services for all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services;
- Ownership and management of waste transfer stations, resource recovery and recycling facilities, secure product destruction, quarantine treatment operations and landfills;
- Sale of recovered paper, cardboard, metals and plastics to the domestic and international marketplace;
- Collection, treatment, processing and recycling of liquid and hazardous waste, including industrial waste, grease trap waste, oily waters and used mineral and cooking oils in packaged and bulk forms;
- Industrial solutions including industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, CCTV, corrosion protection and emergency response services;
- Refining and recycling of used mineral oils to produce fuel oils and base oils; and
- Generation and sale of electricity produced utilising landfill gas.

There were no significant changes in the nature of the Group's principal activities that occurred during the year.

Dividends and distributions

The Company declared a fully franked dividend on ordinary shares for the financial year ended 30 June 2017 of 2.1 cents per share, being an interim dividend of 1.0 cents per share and final dividend of 1.1 cents per share. The record date of the final dividend is 14 September 2017 with payment to be made 5 October 2017. The financial effect of the final dividend has not been brought to account in the Financial Statements for the year ended 30 June 2017 and will be recognised in a subsequent Financial Report.

Details of distributions in respect of the financial year are as follows:

RECOGNISED (PAID AMOUNTS)	2017 $'M	2016 $'M
Fully paid ordinary shares		
Final dividend for 2016: 0.9 cents per share (2015: 0.8 cents per share)	14.3	12.6
Interim dividend for 2017: 1.0 cents per share (2016: 0.8 cents per share)	15.9	12.7
Total dividends and distribution paid	**30.2**	**25.3**

Review of results

Financial Results

The Group's statutory profit after income tax for the year ended 30 June 2017 was $72.5 million (2016: $43.1 million) and includes a gain on sale of $22.0 million (after tax $13.5 million) on the sale of two closed landfill sites in Brooklyn, Melbourne. The Group substantially completed its restructuring programme during the year ended 30 June 2017 and incurred additional expenses related to this programme of $14.6 million ($10.3 million after tax) compared with $23.2 million ($16.2 million after tax) incurred on restructuring costs in the prior year.

The Group's underlying profit after income tax (attributable to ordinary equity holders) for the year ended 30 June 2017 of $77.5 million was up by 22.4% on the prior year (2016: $63.3 million). During the year the Group has continued to implement a variety of initiatives targeted at improving operating margins and overall profitability.

Operating review

The Group comprises two operating segments being Solids and Liquids & Industrial 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 for the year are set out below:

Solids

Core business	**Collections** Commercial and industrial (C&I), municipal and residential collection services for all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services as well as resource recovery and recycling facilities, commodities trading and secure product destruction and quarantine treatment operations. **Post Collections** Ownership and management of waste transfer stations and landfills, including the generation and sale of electricity produced utilising landfill gas.
Financial metrics	Total revenue for the Solids segment increased by 0.4% to $1,062.5 million. Underlying EBITDA [1] increased by 8.1% to $257.0 million. Underlying EBIT increased by 21.1% to $137.6 million. The Collections business reported both increased revenues and earnings for the period. Revenue increased by 4.0% and underlying EBITDA increased by 7.4% compared to the previous corresponding period. The Post Collections business reported increased earnings for the period, however revenues decreased as a result of the planned closure of the Erskine Park landfill, located in Sydney, during the current period. Revenue decreased 7.3% and underlying EBITDA increased 9.3% compared to the previous corresponding period.
Performance	**Collections** Overall volumes and margins have increased compared to the previous corresponding period. Market-facing growth initiatives continue to be implemented across all major solid waste collection categories and contributed to increased revenues during the year. **Post Collections** The Post Collections business was impacted by the planned closure of the Erskine Park landfill, located in Sydney, NSW during the period. Landfill volumes across most other landfills, were higher than the corresponding period.
Market review and priorities	Market conditions for the Solids operating segment has remained consistent with the prior year. The market conditions for the 2018 financial year are not expected to vary materially from the 2017 financial year. Solids' main priorities in the 2018 financial year will revolve around continued focus on revenue growth through further improvements in customer service, operational improvements and deriving value from increased resource recovery, through the Group's growing network of resource recovery facilities.

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

Operating review (continued)

Liquids and Industrial Services

Core business	Liquids and Industrial Services is a leading operator in the areas of: • Liquids and Hazardous Waste – collection, treatment, processing, refining and recycling of liquid and hazardous waste, including hydrocarbons, for disposal or re-sale. • Industrial Services – services include plant and asset maintenance capabilities, high pressure cleaning, vacuum loading, hydro excavation/non-destructive digging, site remediation, sludge management, concrete remediation, CCTV, corrosion protection and emergency response services.
Financial metrics	Total revenue decreased by 2.9% to $424.0 million, as a result of continued weak market conditions. Underlying EBITDA increased by 2.4% from $57.5 million to $58.9 million.
Performance	Overall market conditions were challenging during the year ended 30 June 2017. Selling prices of both base and fuel oil for the current period were down compared to the previous corresponding period due to the continued volatility in global oil prices. The revenue decline has stabilised with an improvement in revenue in the second half of the reporting period. Results were impacted by bringing forward a number of engineering improvements to the waste oil refineries in New South Wales and Queensland which resulted in these facilities being shut down for a short period during the year ended 30 June 2017. Stronger performance from the Hydrocarbons business has been recorded following these shutdowns. The improvement in underlying earnings and margins is the result of significant restructuring activities and improvements in cost management.
Market review and priorities	Market conditions for Liquids and Industrial Services remained difficult over the 2017 financial year as the demand for services from the manufacturing and industrial sectors remained weak. The market conditions for the 2018 financial year are not expected to vary materially from the 2017 financial year. Liquids and Industrial Services' main priorities in the 2018 financial year will be to maintain tight cost control and key contracts.

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2 BUSINESS REVIEW
3 CORPORATE INFORMATION
4 FINANCIAL REPORT
5 OTHER INFORMATION

Operating review (continued)

Group results for the year ended 30 June 2017

		UNDERLYING ADJUSTMENTS						
	STATUTORY [1] $'M	RE-STRUCTURING COSTS [4] $'M	RE-BRANDING COSTS [5] $'M	ACQUISITION COSTS [6] $'M	REMEDIATION AND RECTIFICATION COSTS [7] $'M	GAIN ON SALE OF PROPERTIES [8] $'M	OTHER [9] $'M	UNDERLYING [1] $'M
Solids								257.0
Liquids and Industrial Services								58.9
Equity accounted investments								1.2
Waste management								317.1
Corporate								(15.8)
EBITDA [2]	**314.0**	**6.6**	**3.8**	**2.4**	**(3.5)**	**(22.0)**	–	**301.3**
Depreciation and amortisation	(165.9)	3.6	–	–	3.9	–	–	(158.4)
Impairment of assets	(4.4)	4.4	–	–	–	–	–	–
Change in fair value of non-landfill land and buildings	(0.6)	–	–	–	–	–	0.6	–
EBIT [3]	**143.1**	**14.6**	**3.8**	**2.4**	**0.4**	**(22.0)**	**0.6**	**142.9**
Net finance costs	(34.1)	–	–	–	–	–	0.3	(33.8)
Profit/(loss) before income tax	**109.0**	**14.6**	**3.8**	**2.4**	**0.4**	**(22.0)**	**0.9**	**109.1**
Income tax (expense)/benefit	(36.5)	(4.3)	(1.2)	2.0	(0.1)	8.5	–	(31.6)
Profit/(loss) after income tax	**72.5**	**10.3**	**2.6**	**4.4**	**0.3**	**(13.5)**	**0.9**	**77.5**
Attributable to:								
Ordinary equity holders	**72.5**	**10.3**	**2.6**	**4.4**	**0.3**	**(13.5)**	**0.9**	**77.5**

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, accelerated depreciation and impairment of assets associated with the organisational restructure activities, ceased projects and site closures.

5 Relates to costs incurred during the period to rebrand the Group to 'Cleanaway' (effective 1 February 2016) and reflects part of the spend to be incurred.

6 Acquisition costs include transaction costs and other costs associated with the acquisition of businesses during the period. Tax expense on acquisition costs relates to the tax consequences of acquiring the 50% non-controlling interest in Cleanaway Refiners of $2.3 million less deductions available on acquisition costs of $0.3 million.

7 Relates to a reduction in the remediation and rectification provision in relation to closed landfill sites and the accelerated depreciation of site infrastructure related to closing landfill sites.

8 On 3 March 2017, the Group sold two closed landfill sites in Brooklyn, Melbourne for proceeds of $0.8 million.

9 Net finance costs relate to the foreign exchange gain on the USPP borrowings of $2.3 million offset by fair value changes on the mark-to-market valuation of derivative financial instruments of $2.6 million.

Operating review (continued)

Group results for the year ended 30 June 2016

		UNDERLYING ADJUSTMENTS			
	STATUTORY [1] $'M	RESTRUCTURING COSTS [4] $'M	REBRANDING COSTS [5] $'M	OTHER $'M	UNDERLYING [1] $'M
Solids					237.7
Liquids and Industrial Services					57.5
Equity accounted investments					1.3
Waste management					**296.5**
Corporate					(15.2)
EBITDA [2]	**257.1**	**21.1**	**3.6**	**(0.5)**	**281.3**
Depreciation and amortisation	(160.8)	2.1	–	–	(158.7)
Change in fair value of non-landfill land and buildings	(0.2)	–	–	0.2	–
EBIT [3]	**96.1**	**23.2**	**3.6**	**(0.3)**	**122.6**
Net finance costs	(34.5)	–	–	–	(34.5)
Profit/(loss) before income tax	**61.6**	**23.2**	**3.6**	**(0.3)**	**88.1**
Income tax (expense)/benefit	(18.5)	(7.0)	(1.1)	0.1	(26.5)
Profit/(loss) after income tax	**43.1**	**16.2**	**2.5**	**(0.2)**	**61.6**
Attributable to:					
Ordinary equity holders	44.8	16.2	2.5	(0.2)	63.3
Non-controlling interest	(1.7)	–	–	–	(1.7)
	43.1	**16.2**	**2.5**	**(0.2)**	**61.6**

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 and accelerated depreciation associated with the organisational restructure activities, ceased projects and site closures.

5 Relates to costs incurred during the period to rebrand the Group to 'Cleanaway' (effective 1 February 2016) and reflects part of the spend to be incurred.

Operating review (continued)

Principal risks

The material business risks that could adversely impact the Group's financial prospects in future periods are economic growth and the regulatory environment.

Economic growth	The state of the economy and the sectors of the economy to which the Group is exposed materially impacts future prospects. Factors which have impacted results in recent periods include increases and decreases in GDP and CPI, increases and decreases in the manufacturing, industrial and construction industries and resource sector activity.
Regulatory environment	The regulatory environment materially impacts future prospects. Regulatory requirements which have impacted historical results include state-based waste levies, carbon tax, environmental regulations and planning regulations. Regulatory requirements, including environmental regulations impacting waste management activities, have increased over time and could potentially increase in the future.

The Group manages these risks in accordance with ASX *Principle 7: Recognise and manage risk* as set out in the Group's Corporate Governance Statement.

Financial position review

Operating cash flows decreased by 0.6% to $189.6 million (2016: increase of 8.2% to $190.7 million) due mainly to tax payments of $8.6 million incurred during the year ended 30 June 2017 compared with receipt of a tax refund of $7.4 million in the prior year.

The Group's net assets have increased from $1,781.5 million to $1,825.0 million. At 30 June 2017 the Group had a net current asset deficiency of $45.6 million (30 June 2016: net current asset surplus of $10.1 million). The net current asset deficiency arises mainly due to the reclassification of the US Private Placement Notes (USPP Notes) as they mature in December 2017. As set out in note 15, the Group has unutilised debt facilities of $230.2 million at 30 June 2017, available to repay the USPP Notes and therefore the Directors are satisfied that the Group can meet its financial obligations as and when they fall due.

At balance date the Group had total syndicated debt facilities of $600.0 million (2016: $600.0 million), USPP Notes of US$48.0 million (2016: US$48.0 million) and an uncommitted bank guarantee facility of $60.0 million (2016: $60.0 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 financial year under review.

Events subsequent to reporting date

On 3 July 2017 the Group acquired the assets and business of SA Waste for $12.2 million. The SA Waste business provides waste collection and resource recovery services in Adelaide, South Australia and owns and operates two resource recovery facilities. The initial accounting for the business combination was incomplete at the time the Group's financial statements were authorised for issue, and accordingly details of the financial effect of the business combination have not been disclosed.

On 17 August 2017 the Group entered into a funding agreement with the Clean Energy Finance Corporation. The agreement provides the Group with a $90.0 million unsecured loan on a fixed rate 8 year term.

Likely developments and expected results of operations

The Group will continue to pursue strategies aimed at improving the profitability, return on capital employed and market position of its principal activities during the next financial year.

Disclosures of information regarding the likely developments in the operations of the Group and the expected results of those operations in future financial years have been included in the Operating Review section of this Report.

Environmental regulation

The Group's operations are subject to significant environmental regulation and 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 year. Aggregate fines paid during the year to the date of signing this Annual Report were $142,004 (2016: $47,102).

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

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Directors' meetings

The number of Directors' meetings and Committee meetings, and the number of meetings attended by each of the Directors who was a member of the Board and the relevant Committee, during the financial year were:

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE		HEALTH, SAFETY AND ENVIRONMENT COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED	MEETINGS HELD WHILE A MEMBER	NUMBER ATTENDED
Directors								
M P Chellew [1]	6	6	–	–	1	1	1	1
V Bansal	6	6	–	–	–	–	–	–
R M Smith [2]	6	6	4	4	–	–	4	4
E R Stein	6	6	4	4	4	4	–	–
T A Sinclair	6	6	4	4	–	–	4	4
R M Harding [3]	6	6	–	–	4	4	4	4
P G Etienne [4]	6	6	4	4	4	4	–	–
M M Hudson [5]	2	2	–	–	–	–	–	–

1 Appointed as Board Chairman on 30 September 2016. Ceased as Chairman of the Health, Safety and Environment Committee and a member of the Remuneration and Nomination Committee following his appointment as Board Chairman.

2 Chairman of Audit and Risk Committee.

3 Chairman of Remuneration and Nomination Committee.

4 Appointed Chairman of the Health, Safety and Environment Committee on 26 October 2016.

5 Retired as Board Chairman and Director on 30 September 2016 and 26 October 2016 respectively.

Directors' interests

The relevant interests of each Director in the shares and performance rights over such instruments issued by Cleanaway Waste Management Limited, as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, as at the date of this report is as follows:

	ORDINARY SHARES	PERFORMANCE RIGHTS
Directors		
M P Chellew	75,000	–
V Bansal	631,197	5,208,936
R M Smith	65,715	–
E R Stein	80,989	–
T A Sinclair	38,789	–
R M Harding	12,644	–
P G Etienne	13,737	–

Shares under option

During the financial year ended 30 June 2017 and up to the date of this Report, no options were granted over unissued shares. As at the date of this Report there are no unissued ordinary shares of the Company under option.

Details of performance rights granted under the short term incentive and long term incentive offers in the 2017 and 2016 financial year are set out in the Remuneration Report. Total performance rights outstanding as at 30 June 2017 are 13,971,599 (2016: 10,747,370). Performance rights outstanding at the date of this report are 13,133,172.

Shares issued on the exercise of performance rights

During the financial year ended 30 June 2017 and up to the date of this report, the Company issued 1,622,355 shares as a result of the exercise of performance rights that vested during the year. During the financial year ended 30 June 2016 and up to the date of the 2016 report, the Company issued 1,245,350 ordinary shares as a result of the exercise of performance rights that vested on 30 June 2016.

Directors' and officers' insurance

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of entities in the Group, and any other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Directors and Officers or the improper use by the Directors and Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. Disclosure of the premium paid is not permitted under the terms of the insurance contract.

Non-audit services

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company and/or the Group are relevant. During the financial year ended 30 June 2017 non-audit services included other advisory services.

The Directors have considered the position and in accordance with written advice provided by resolution to the Audit Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporation Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve the reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid or payable to the auditor and its related practices for audit and non-audit services are set out below.

	2017 $	2016 $
Ernst & Young:		
Audit services	968,625	1,435,270
Audit related services	82,235	9,000
Non-audit services:		
Other advisory services	20,600	–
Total	**1,071,460**	**1,444,270**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 55.

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.

This Report, including the Remuneration Report set out on pages 39 to 54, 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, 22 August 2017

Remuneration Report *(Audited)*

1 OVERVIEW
2 BUSINESS REVIEW
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4 FINANCIAL REPORT
5 OTHER INFORMATION

Introduction

The Directors of Cleanaway Waste Management Limited present the Company's Remuneration Report (the Report) which forms part of the Directors' Report for the financial year ended 30 June 2017.

This Report outlines the remuneration arrangements for Key Management Personnel (KMP) of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. The information in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Contents

The Report contains the following sections:

1. *Key management personnel*

For the purposes of this Report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

KMP for the year ended 30 June 2017 includes the Non-Executive Directors, the Chief Executive Officer (CEO) & Managing Director, and the Chief Financial Officer (CFO). Key changes during the year were:

- The retirement of Mr Hudson as Chairman and Non-Executive Director;
- The appointment of Mr Chellew as Chairman; and
- The departure of Mr Aardsma as the Executive General Manager – Sales & Marketing.

The KMP disclosed in this Report for the year ended 30 June 2017 are detailed in the following table:

NAME	TITLE	PERIOD KMP (IF LESS THAN FULL YEAR)
NON-EXECUTIVE DIRECTORS		
M P Chellew [1]	Chairman and Non-Executive 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	
FORMER NON-EXECUTIVE DIRECTOR		
M M Hudson [2]	Chairman and Non-Executive Director	Until 26 October 2016
EXECUTIVES		
V Bansal	Chief Executive Officer (CEO) & Managing Director	
B J Gill	Chief Financial Officer (CFO)	
FORMER EXECUTIVE		
D A Aardsma [3]	Executive General Manager – Sales & Marketing	

1 Mr Chellew was appointed as Chairman on 30 September 2016.
2 Mr Hudson retired as Chairman on 30 September 2016 and as Non-Executive Director on 26 October 2016.
3 Mr Aardsma was employed on the basis of a fixed term Agreement and ceased to be a KMP prior to 1 July 2016.

2. *Governance and role of the board*

2A. Remuneration and nomination committee

The Remuneration and Nomination Committee (Committee) assists the Board in its oversight of the Group's: remuneration and incentives strategy and arrangements; recruitment, retention and succession plans for the Board and executive management team; corporate culture and engagement; and diversity and inclusion strategy.

The Committee's charter is available online at: http://www.cleanaway.com.au/for-investors/corporate-governance/

The Committee is comprised entirely of independent Non-Executive Directors: Mike Harding (Chairman), Ray Smith, Terry Sinclair and Mark Chellew, up until his appointment as Chairman on 30 September 2016. Other Non-Executive Directors, who are not Committee members, are entitled to attend meetings as observers. The CEO and other Executives are invited to attend Committee meetings as required, however they do not participate in decisions concerning their own remuneration arrangements.

2B. Engagement of remuneration consultants

Under the Committee's charter, the Committee, or any individual member, has the authority, with the Chairperson's consent, to seek any information it requires from any employee or external party.

In accordance with the *Corporations Act 2001*, any engagement of a remuneration consultant to provide a remuneration recommendation in respect of KMP must be approved and received by the Committee. The remuneration recommendation must be accompanied by a declaration from the remuneration consultant that it was free from undue influence of KMP.

For the year ended 30 June 2017, the committee requested remuneration recommendations from *3 degrees consulting* regarding remuneration levels for the executive management team, Non-Executive Director fees and long term incentive design. *3 degrees consulting* provided a formal declaration to the Chairman of the Board confirming that its recommendations were made free from undue influence by the member or members of the KMP to whom the recommendations related and, in view of this declaration and the process adopted in the engagement of *3 degrees consulting* and receipt of its recommendations, the Board is satisfied that each of the recommendations were free of undue influence by such persons. The fees paid to *3 degrees consulting* for these recommendations was $26,200 (2016: nil).

In addition to the above, *3 degrees consulting* was engaged to provide broad ranging services to the Company during the year ended 30 June 2017 including the provision of other market data and other remuneration related services and was paid $85,900 (2016: nil) for these services.

3. Non-Executive Directors' remuneration

3A. Current Non-Executive Director fees

The remuneration received by Non-Executive Directors for the years ended 30 June 2017 and 30 June 2016 is set out in the following table:

	FINANCIAL YEAR	SALARY AND FEES $	SUPERANNUATION BENEFITS $	TOTAL $
NON-EXECUTIVE DIRECTORS				
M P Chellew	**2017**	**247,108**	**18,040**	**265,148**
	2016	132,724	12,609	145,333
R M Smith	**2017**	**149,303**	**14,184**	**163,487**
	2016	141,878	13,478	155,356
E R Stein	**2017**	**126,414**	**12,009**	**138,423**
	2016	114,418	10,869	125,287
T A Sinclair	**2017**	**126,409**	**12,009**	**138,418**
	2016	114,418	10,869	125,287
R M Harding	**2017**	**140,149**	**13,314**	**153,463**
	2016	132,724	12,609	145,333
P G Etienne	**2017**	**136,714**	**12,988**	**149,702**
	2016	114,418	10,869	125,287
FORMER NON-EXECUTIVE DIRECTOR				
M M Hudson	**2017**	**78,214**	**5,675**	**83,889**
	2016	280,692	19,308	300,000
Total	**2017**	**1,004,311**	**88,219**	**1,092,530**
	2016	1,031,272	90,611	1,121,883

3B. Aggregate fee limit

The current aggregate amount of remuneration that can be paid to Non-Executive Directors of $1,200,000 was approved by shareholders at the Company's 2010 Annual General Meeting.

For the year ended 30 June 2017, the aggregate remuneration paid to all Non-Executive Directors was $1,092,530. This represents a decrease of 2.6% compared with FY2016 and reflects the reduced number of Non-Executive Directors following the retirement of Mr Hudson.

3C. Fee structure

The fee structure (inclusive of superannuation) for the year ended 30 June 2017 is detailed in the following table:

	BOARD $	AUDIT AND RISK COMMITTEE $	HEALTH, SAFETY AND ENVIRONMENT COMMITTEE $	REMUNERATION AND NOMINATION COMMITTEE $
Chairman	300,000	30,069	20,046	20,046
Non-Executive Director	128,419	5,000	5,000	5,000

The Board has conducted a review of Non-Executive Director fees and has approved, with effect from 1 July 2017, a 2.5% increase in the Non-Executive Director and Chairman base fees and an increase to Committee membership fees to $7,500 for each Committee membership. The Board took into consideration a number of factors including the additional time commitment of Committee membership due to the reduced size of the Board since Mr Hudson's retirement and the need to ensure Non-Executive Director fees remain competitive with peer companies. The maximum aggregate fee limit for Non-Executive Directors remains unchanged at $1,200,000.

The fee structure (inclusive of superannuation) from 1 July 2017 is detailed in the following table:

	BOARD $	AUDIT AND RISK COMMITTEE $	HEALTH, SAFETY AND ENVIRONMENT COMMITTEE $	REMUNERATION AND NOMINATION COMMITTEE $
Chairman	307,500	30,069	20,046	20,046
Non-Executive Director	131,629	7,500	7,500	7,500

4. *Executive reward strategy and framework*

4A. Strategy and framework

The Group's remuneration strategy is designed to attract, retain and motivate high calibre executives to ensure the sustainable success of the Group for the benefit of all stakeholders. To achieve this, the Group ensures its executive remuneration arrangements satisfy the following key criteria:

- Alignment to the Group's business strategy;
- Competitive and reasonable as benchmarked against the external market;
- Performance linked to individual and financial performance; and
- Aligned to long term shareholder value.

The Board, upon the recommendation of the Remuneration and Nomination Committee, has developed a structure driven by these key criteria which comprises a mix of fixed and variable (at risk) remuneration components illustrated in the table below.

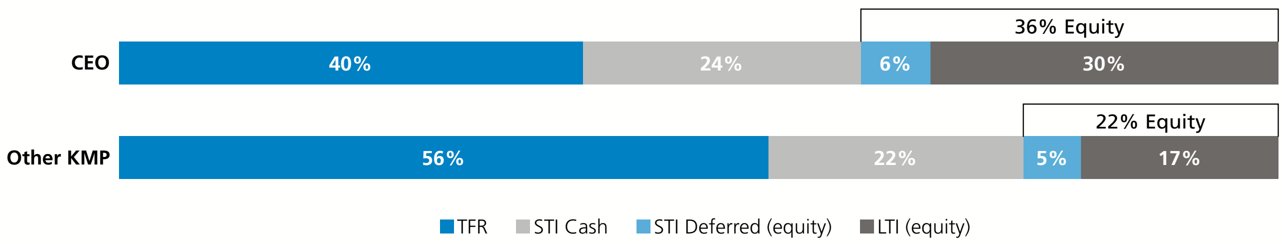
CLEANAWAY REMUNERATION STRATEGY			
Align remuneration to the Group's business strategy	Remunerate competitively to attract, motivate and retain talent	Link outcomes to the Group's financial performance and individual strategic objectives	Align to long term shareholder value

CLEANAWAY REMUNERATION STRUCTURE			
TFR Total Fixed Remuneration	**STI** Short Term Incentive (at risk)		**LTI** Long Term Incentive (at risk)
CASH		**EQUITY**	
Annual TFR (Base Salary plus superannuation) Set based on market and internal relativities, performance and experience	80% of STI outcome paid in September after financial year end STI outcome based on the Group's annual financial and individual performance	20% of STI outcome is deferred as Performance rights Performance rights are restricted for one year	LTI Performance rights subject to performance conditions over three years 50% subject to TSR 25% subject to ROIC 25% subject to EPS

4. Executive reward strategy and framework (continued)

4B. Remuneration elements and mix

For the year ended 30 June 2017, the Board reviewed the remuneration mix for Executive KMP to determine appropriate internal and external relativities. The target remuneration mix for Mr Bansal remained unchanged. The LTI opportunity for Mr Gill was increased to 30% of TFR at target and 60% of TFR at maximum. The table below illustrates the FY17 target remuneration mix for Executive KMP. The variable components of STI and LTI are expressed at target.



4C. Shareholding guideline

The CEO and Executive team are encouraged to build and maintain a shareholding in the Company equivalent to:

- CEO – 100% of annual total fixed remuneration (TFR); and
- Executive management team – 50% of annual TFR.

It is expected that this shareholding will be accumulated within five years from 1 July 2015, or the initial appointment date to an Executive role, whichever is later.

The number of performance rights and ordinary shares in the Company held by each Executive KMP is set out in sections 7A, 7B and 8A.

5. Executive key management personnel – reward outcomes

5A. Remuneration received

The remuneration received or receivable by Executive KMP for the years ended 30 June 2017 and 30 June 2016 is set out in the following table:

	FINANCIAL YEAR	SALARY AND FEES $	OTHER CASH $	STI CASH $	NON-MONETARY BENEFITS $	SHARE-BASED PAYMENTS[1] $	POST EMPLOY-MENT BENEFITS $	TERMINA-TION PAY $	TOTAL $	PERFOR-MANCE RELATED
EXECUTIVE KEY MANAGEMENT PERSONNEL										
V Bansal[2]	**2017**	**1,217,884**	–	**982,722**	**96,602**	**1,206,001**	**19,616**	–	**3,522,825**	**62%**
	2016	1,082,300	–	956,150	60,090	668,895	17,699	–	2,785,134	58%
B J Gill	**2017**	**616,061**	–	**335,614**	–	**93,835**	**19,616**	–	**1,065,126**	**40%**
	2016	607,066	–	214,800	–	165,162	19,308	–	1,006,336	38%
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL										
D A Aardsma[3]	2016	648,537	260,000	573,600	99,391	–	–	–	1,581,528	36%
J Perko[4]	2016	164,539	–	–	36,909	(191,812)	–	–	9,636	0%
A G Roderick[5]	2016	486,882	–	–	4,544	(194,431)	14,481	668,861	980,337	0%
R C Boucher Jr[6]	2016	–	–	–	10,287	–	–	–	10,287	0%
Total	**2017**	**1,833,945**	–	**1,318,336**	**96,602**	**1,299,836**	**39,232**	–	**4,587,951**	
	2016	2,989,324	260,000	1,744,550	211,221	447,814	51,488	668,861	6,373,258	

1 Share-based payments consist of performance rights. The fair value of the performance rights is measured at the date of grant using Monte Carlo simulation and the Black Scholes model and is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the performance rights recognised as an expense in each reporting period, net of any reversals for forfeited performance rights or changes in the probability of performance rights vesting. Performance rights include the expense relating to the deferred share component of STI.

2 Non-monetary benefits comprise costs associated with Mr Bansal's accommodation in Melbourne and travel between Sydney and Melbourne.

3 Other cash comprises Mr Aardsma's international service premium reflecting the expatriate nature of his assignment. Non-monetary benefits comprise costs associated with Mr Aardsma's relocation from the USA, personal travel between Australia and the USA, health insurance, tax preparation and car parking.

4 KMP until 11 September 2015. Non-monetary benefits comprises costs associated with Mr Perko's travel between Australia and the USA and health insurance. No termination pay provided.

5 KMP until 31 March 2016. Non-monetary benefits comprise costs associated with provision of a fuel card and e-tag. Termination pay represents payment in lieu of notice.

6 KMP until 26 June 2015. During the year ended 30 June 2016, the Company paid PwC $10,287 for the preparation of Mr Boucher's Australian and US tax returns.

An explanation of the key remuneration elements (TFR, STI and LTI) as well as FY2017 outcomes is provided in the following sections.

5. Executive key management personnel – reward outcomes (continued)

5B. Total fixed remuneration

TFR consists of base salary plus statutory superannuation contributions and other non-monetary benefits such as car parking. Executives receive a fixed remuneration package which is reviewed annually by the Committee and the Board taking into consideration the following factors:

- Company and individual performance;
- The responsibilities of the role;
- The qualifications and experience of the incumbent; and
- Benchmark market data including those companies with which the Company competes for talent.

There are no guaranteed base pay increases included in any Executive KMP contract.

FY2017 total fixed remuneration outcomes

Executive KMP fixed remuneration was reviewed during the annual remuneration review along with other management with the following outcomes:

- Mr Bansal received a total increase in TFR of 4.2% from $1,200,000 to $1,250,000 effective 1 October 2016; and
- Mr Gill received a total increase in TFR of 3.0% from $621,688 to $640,339 effective 1 October 2016.

5C. FY2017 short term incentive

For the year ended 30 June 2017, Executive KMP and other senior executives and eligible employees participated in the Group STI plan.

The table below represents the target and maximum annual STI opportunity as a percentage of TFR for Executive KMP in 2017:

	FY2017 TARGET	FY2017 MAXIMUM
EXECUTIVE KEY MANAGEMENT PERSONNEL		
V Bansal	75%	150%
B J Gill	50%	100%

5. Executive key management personnel – reward outcomes (continued)

5C. FY2017 short term incentive (continued)

Key features of the FY2017 STI plan

Purpose of the STI plan	Reward the achievement of key financial, health, safety & environment and if applicable, individual KPI metrics that are key to the sustainable success of Cleanaway.
Performance period	1 July 2016 to 30 June 2017
Gateway	• Achievement of a gateway based on budgeted Group EBITDA for Executive KMP. The use of EBITDA as a gateway performance measure aligns executive management's focus on annual financial objectives. • Business Unit heads and other management roles also have gateways based on financial or key strategic non-financial objectives. • Two critical health, safety and environment (HSE) metrics also act as gateway conditions: – That there are no work-related deaths; and – That there are no significant rated environmental incidents.
Key Performance Metrics	• Financial metrics – 80% weighting • HSE metrics – 20% weighting
Financial metrics	• The three financial metrics and their respective weightings are: – Group EBITDA – 30% weighting – Group Net Revenue – 20% weighting. Included as it reflects growth in our business. – Group Net Profit After Tax Return on Invested Capital (NPAT ROIC) – 30% weighting. Included as it is aligned with Cleanaway's focus on improving the returns from the net assets employed in our business.
Health, Safety & Environment (HSE) metrics	• The two HSE metrics and their respective weightings are: – Group Total Recordable Injury Frequency Rate (TRIFR) – 15% weighting. Included as it measures the outcome of our injury prevention strategies and programs. – Group Environmental Incidents – 5% weighting. Included as it measures the outcome effectiveness of our environmental risk management strategies and programs. • Each HSE metric has a threshold, target and stretch level of performance with a corresponding STI outcome per schedule below.
Performance outcomes	• Once gateways are achieved, performance against all financial and HSE metrics have the following threshold, target and stretch STI outcomes: – Below threshold – 0% – At threshold – 75% of on-target STI opportunity – At target – 100% of on-target STI opportunity – At stretch – 200% of on-target STI opportunity
Deferral	• 20% of STI awarded to Executive KMP and Executive Management is deferred for 12 months in the form of deferred performance rights. • Performance rights are granted at face value determined by the volume weighted average price of Cleanaway's shares on the ASX during the period 24 June to 30 June 2017. • Performance rights do not attract dividends during the deferral period.

5. Executive key management personnel – reward outcomes (continued)

5C. FY2017 short term incentive (continued)

FY2017 short term incentive outcomes

The progress Cleanaway has achieved in its operational business performance for the year ended 30 June 2017 is reflected in its improved financial and HSE outcomes. The STI payments received or receivable by Executive KMP for the year ended 30 June 2017 reflect these financial and non-financial results and are summarised in the following table:

		TOTAL STI $	CASH COMPONENT [1] $	DEFERRED SHARE COMPONENT [1] $	PERCENTAGE OF TARGET STI OPPORTUNITY [2]	PERCENTAGE OF MAXIMUM STI OPPORTUNITY [2]
EXECUTIVE KEY MANAGEMENT PERSONNEL						
V Bansal	**2017**	**1,228,403**	**982,722**	**245,681**	**131.0%**	**65.5%**
	2016	1,195,200	956,150	239,050	146.0%	73.0%
B J Gill	**2017**	**419,517**	**335,614**	**83,903**	**131.0%**	**65.5%**
	2016	268,500	214,800	53,700	86.4%	43.2%
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL						
D A Aardsma	2016	573,600	573,600	–	127.5%	63.7%

1 As summarised in section 4A and 4B, Executive KMP STI is subject to 20% deferral for one year as performance rights.

2 Calculated based on total STI as a percentage of target and maximum STI opportunities respectively.

5D. Prior year short term incentive awards

As participants in the FY2016 STI, Mr Bansal and Mr Gill had part of their total STI award deferred as performance rights for 12 months. The vesting of these deferrals was subject to remaining employed by the Group throughout the deferral period. Accordingly, these awards have vested as follows:

- Mr Bansal's FY2016 STI deferred component vested on 30 June 2017 (302,250 performance rights); and
- Mr Gill's FY2016 STI deferred component vested on 30 June 2017 (67,897 performance rights).

5E. FY2017 long term incentive

Offers under the Cleanaway Long Term Incentive (LTI) Plan are made on an annual basis. For the year ended 30 June 2017, an LTI offer was made to Mr Bansal following shareholder approval at the Company's 2016 AGM as well as to other senior executives including Mr Gill.

The table below represents the target and maximum annual LTI opportunity as a percentage of TFR for Executive KMP:

	FY2017 TARGET	FY2017 MAXIMUM
EXECUTIVE KEY MANAGEMENT PERSONNEL		
V Bansal	75%	150%
B J Gill	30%	60%

Following a review of LTI arrangements, the Board introduced an additional performance hurdle for the FY2017 LTI plan so that 25% of performance rights granted will be subject to the achievement of Earnings per Share Compound Annual Growth Rate (EPS CAGR) targets over the three year performance period.

The details of the FY2017 LTI offer are summarised in the table below. The number of performance rights granted to each Executive KMP for the year ended 30 June 2017 is outlined in section 7A. The number of performance rights each Executive KMP has on issue as at 30 June 2017 is outlined in section 7B.

5. Executive key management personnel – reward outcomes (continued)

5E. FY2017 long term incentive (continued)

Key features of the FY2017 LTI plan

Purpose of the LTI plan	• Focus Executive performance on drivers of shareholder value over a three year horizon • Align interests of Executive with those of shareholders
Performance period	1 July 2016 to 30 June 2019
Form of award	Performance rights
Number of Performance Rights	• Performance rights are granted at face value as a % of participant TFR. • The number of rights was determined by dividing a participant's LTI opportunity by the volume weighted average price (VWAP) of Cleanaway's shares on the ASX during the period 24 June to 30 June 2016.
Performance hurdles	Performance rights issued under the FY2017 plan are subject to three performance hurdles: • 50% of the performance rights will be subject to relative Total Shareholder Return (TSR) targets over the performance period. The Board considers relative TSR to be an appropriate performance measure for Executive KMP reward as it focuses on the extent to which shareholder returns (being income and capital gain) are generated relative to the performance of a peer group of industrial companies of similar size (being the constituents of the S&P/ASX200 Industrial Sector Index); • 25% of the performance rights will be subject to Return On Invested Capital (ROIC) for the year ending 30 June 2019. The Board considers ROIC to be an appropriate performance measure for Executive KMP reward as it focuses on managing both the financial returns and the invested capital base used to generate those returns; and • 25% of the performance rights will be subject to Earnings per Share Compound Annual Growth Rate (EPS CAGR). The Board considers EPS CAGR to be an appropriate performance measure for Executive KMP reward as it represents an accurate measure of short term and long term sustainable profit.
Vesting date	14 days after the release of the financial results for the financial year ending 30 June 2019.
Retesting	No retesting is available. LTI performance rights are only tested once at the end of the relevant performance period and unvested rights lapse.
Dividends	LTI performance rights do not attract dividends.
Restriction on trading	Vested shares arising from performance rights may only be traded during trading windows as stipulated in the Company's Securities Trading Policy and with the approval of the Chairman of the Board.
Forfeiture and Lapsing Conditions	Where a participant resigns or is terminated prior to the end of the performance period, the performance rights are forfeited unless the Board applies its discretion. The Board also has discretion to determine the extent of vesting in the event of a change of control, or where a participant dies, becomes permanently disabled, retires or is made redundant. Performance rights lapse when performance hurdles are not met.
Number of performance rights issued and number remaining on issue as at 30 June 2017	Issued: 4,672,668 all of which remain on issue as at 30 June 2017.

5. Executive key management personnel – reward outcomes (continued)

5E. FY2017 long term incentive (continued)

FY2017 LTI performance hurdle vesting conditions

Performance rights issued under the FY2017 plan are subject to three performance measures with the following performance vesting schedules:

Relative TSR performance measured over 3 years from 1 July 2016 to 30 June 2019	Relative Total Shareholder Return (TSR) Ranking against the constituents of the S&P/ASX200 Industrial Sector Index: • Below 50th percentile – 0% vesting • At the 50th percentile – 50% vesting • 50th to 75th percentile – straight line vesting between 50% and 100% • Above 75th percentile – 100% vesting
ROIC performance as measured for the year ending 30 June 2019	Return On Invested Capital (ROIC) to be achieved: • < 4.5% – 0% vesting • 4.5% – 20% vesting • > 4.5% – ≤ 5.5% – straight line vesting between 20% and 50% • > 5.5% – ≤ 6.5% – straight line vesting between 50% and 100% • > 6.5% – 100% vesting
EPS CAGR performance measured over 3 years from 1 July 2016 to 30 June 2019	Earnings per Share Compound Annual Growth Rate (EPS CAGR) to be achieved: • < 7.5% – 0% vesting • 7.5% – 20% vesting • > 7.5% – ≤ 10.0% – straight line vesting between 20% and 50% • > 10.0% – ≤ 12.5% – straight line vesting between 50% and 100% • > 12.5% – 100% vesting

5. Executive key management personnel – reward outcomes (continued)

5F. Prior long term incentive awards

The following table outlines the terms of the outstanding LTI offers made from FY2014 to FY2016:

	FY2014 LTI AWARD	FY2015 LTI AWARD [1]	FY2016 LTI AWARD
Performance period	4 years: 1 July 2013 to 30 June 2017	4 years: 1 July 2014 to 30 June 2018	3 years: 1 July 2015 to 30 June 2018
Overview	Performance rights vesting subject to: • Relative TSR (50%) • EPS (50%)	Performance rights vesting subject to: • Relative TSR (25%) • ROIC (25%) • Strategic Initiatives (50%)	Performance rights. vesting subject to: • Relative TSR (50%) • ROIC (50%)
Relative TSR performance hurdles	TSR Ranking against the constituents of the S&P /ASX200 Industrial Sector Index: • Below 50th percentile – 0% vesting • At the 50th percentile – 50% vesting • 50th to 75th percentile – straight line vesting between 50% and 100% • Above 75th percentile – 100% vesting		
EPS / ROIC performance hurdles	EPS in final year of performance period: • Below 10 cents per share – 0% vesting • 10 cents per share – 50% vesting • 10 to 12.8 cents per share – straight line vesting between 50% and 75% • 12.8 to 14.0 cents per share – straight line vesting between 75% and 100% • 14.0 cents per share and above – 100% vesting	Average ROIC: • Below 4.29% – 0% vesting • 4.29% – 20% vesting • 4.29% to 5.29% – straight line vesting between 20% and 50% • 5.29% to 7.29% – straight line vesting between 50% and 100% • 7.29% and above – 100% vesting	Average ROIC [3]: • < 4.6% – 0% vesting • 4.6% – 20% vesting • > 4.6% – < 5.6% – straight line vesting between 20% and 50% • 5.6% – < 7.6% – straight line vesting between 50% and 100% • ≥ 7.6% and above – 100% vesting
Vesting date	14 days after the release of FY17 results	14 days after the release of FY17 and FY18 results	14 days after the release of FY18 results
Grant date fair value [2]	TSR tranche: $0.93 EPS tranche: $1.18	TSR tranche: $0.17 ROIC & Strategic initiatives tranches: $0.68	CEO grant: • TSR tranche: $0.32 • ROIC:$0.63 her KMP grant: • TSR tranche: $0.42 • ROIC tranche:$0.72
Number of rights remaining on issue as at 30 June 2017	1,278,240	1,819,928	5,362,336

1 A three year performance period applies to the relative TSR and ROIC performance measures of the FY2015 LTI. The strategic initiatives are assessed over four years ending 30 June 2018. The first Strategic Initiative was satisfied as disclosed previously. The details of the remaining Strategic Initiatives remain strategically and commercially sensitive and will be disclosed following completion of the four year performance period.

2 As a share-based payment, the portion of the performance rights relating to market based conditions were valued for accounting purposes using the Monte Carlo simulation method and the portion relating to EPS or ROIC using the Black Scholes Model.

3 Following the commencement of the current CEO in August 2015 the Board adopted a revised calculation of ROIC for the purposes of the LTI Plan consistent with its new Strategy Plan. For the FY2016 LTI and subsequent LTI grants, ROIC performance will be measured as (i) consolidated net profit after tax (excluding interest expense net of tax calculated at the corporate tax rate) of the Group (adjusted for material or other items so as to be expressed on an underlying basis) divided by (ii) Average Invested Capital, as determined by the Board in each case in its sole discretion.

5. Executive key management personnel – reward outcomes (continued)

5F. Prior long term incentive awards (continued)

Prior long term incentive outcomes

FY2014 LTI

The FY2014 LTI was tested at 30 June 2017. Based on the Company's relative TSR and EPS performance over the performance period (from 1 July 2013 to 30 June 2017), the offer will partially vest – with the relative TSR tranche vesting at 80.78% and the EPS tranche lapsing in full.

Executive KMP

None of the current or former Executive KMP participated in the FY2014 LTI.

FY2015 LTI

Two tranches of the FY2015 LTI were tested at 30 June 2017. The remaining tranche, subject to strategic initiative targets, will be tested after 30 June 2018. Based on the Company's relative TSR and ROIC performance over the performance period (from 1 July 2014 to 30 June 2017), the offer will partially vest, with the relative TSR tranche vesting at 61.76% and the ROIC tranche lapsing in full.

Executive KMP

Mr Gill is the only current or former Executive KMP to participate in the FY2015 LTI. 103,625 (61.76%) of his performance rights will vest in relation to the relative TSR tranche and 167,785 (100%) of his performance rights will lapse in relation to the ROIC tranche.

6. Executive key management personnel – contract terms

6A. Current Executive KMP

The CEO and Managing Director (Mr Bansal) and CFO (Mr Gill) are employed on the basis of an Executive Service Agreement (Agreement). These Agreements contain a range of terms and conditions including remuneration and other benefits, notice periods and termination benefits. The key contract terms are as follows:

- Contract term: no fixed term.
- Notice period: 12 months (resignation or termination without cause).
- Redundancy: 12 months notice.

Any payment in lieu of notice and/or redundancy is not to exceed average annual base salary as defined by the *Corporations Act 2001* over the previous three years.

The Company may terminate Agreements immediately for cause, in which case the Executive is not entitled to any payment in lieu of notice or contractual compensation.

The Agreements also provide for an Executive's participation in the STI and LTI plans subject to Board approval of their eligibility and in accordance with the terms and conditions of the respective plans.

In addition, Mr Bansal was entitled to:

- Relocation support, with the Company covering the costs associated with Mr Bansal's temporary accommodation in Melbourne until the end of 2019. The cost to the Group in providing this support to Mr Bansal for the year ended 30 June 2017 is summarised in section 5A.
- A one-off allocation of 328,947 performance rights to the value of $250,000 at the grant date with vesting subject to a two-year service condition from his date of commencement. The service condition has been met and these performance rights vested on 3 August 2017.

7. Executive key management personnel – additional remuneration tables

7A. Performance rights granted and movement during the year

The aggregate number of performance rights in the Company that were granted as compensation, exercised or lapsed in relation to each Executive KMP for the year ended 30 June 2017 is set out in the following table:

YEAR ENDED 30 JUNE 2017	BALANCE AT 1 JULY 2016 NUMBER	RIGHTS GRANTED DURING THE YEAR [1] NUMBER	VALUE OF RIGHTS GRANTED DURING THE YEAR [2] $	RIGHTS EXERCISED DURING THE YEAR NUMBER	VALUE OF RIGHTS EXERCISED DURING THE YEAR [3] $	LAPSED/ CANCELLED DURING THE YEAR NUMBER	BALANCE AT 30 JUNE 2017 NUMBER
EXECUTIVE KEY MANAGEMENT PERSONNEL							
V Bansal	3,167,167	2,672,966	2,571,199	–	–	–	5,840,133
B J Gill	1,161,274	553,677	541,935	–	–	–	1,714,951
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL							
A G Roderick [4]	43,736	–	–	(43,736)	(34,770)	–	–

1 Performance rights were granted to Mr Bansal under the FY2017 LTI Offer and FY2016 STI on 2 November 2016 and to other Executive KMP under the FY2017 LTI Offer and FY2016 STI on 7 October 2016.

2 The fair value of performance rights granted to Mr Bansal calculated using Monte Carlo simulation and the Black Scholes Model, is $0.86 to $1.03 per Performance Right under the FY2017 LTI Offer. The fair value of performance rights granted to other Executive KMP calculated using Monte Carlo simulation method and the Black Scholes Model, is $0.86 to $1.06 per Performance Right under the FY2017 LTI Offer.

3 Calculated as the market value of Cleanaway shares on the date of exercise.

4 Mr Roderick was a former Executive KMP in FY16 and exercised his FY2014 deferred STI on 11 July 2016 after vesting on 30 June 2016.

7B. Performance rights as at 30 June 2017

The number of performance rights included in the balance at 30 June 2017 for the Executive KMP is set out in the following table:

ISSUED	2015 LTI	2016 OTHER	2016 LTI	2016 STI	2017 LTI	BALANCE AT 30 JUNE 2017	VESTED & EXERCISABLE AT THE END OF THE YEAR
EXECUTIVE KEY MANAGEMENT PERSONNEL							
V Bansal [1]	–	328,947	2,838,220	302,250	2,370,716	5,840,133	302,250
B Gill	671,140	–	490,134	67,897	485,780	1,714,951	67,897
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL							
D A Aardsma	–	–	–	–	–	–	–

1 As disclosed in last year's Report, on joining Cleanaway, Mr Bansal received a one-off allocation of 328,947 performance rights with vesting subject to a two-year service condition.

No terms of performance rights transactions have been altered by the Group during the reporting period. The Board has not previously exercised its discretion to allow the early vesting of any performance rights under any of the incentive plans.

7. Executive key management personnel – additional remuneration tables (continued)

7C. Securities trading policy

The Company prohibits Executives from entering into any hedging arrangements or acquiring financial products (such as equity swaps, caps and collars or other hedging products) over unvested performance rights which have the effect of reducing or limiting exposure to risks associated with the market value of the Company's securities.

No Directors or Executive KMP may directly or indirectly enter into any margin loan facility against the Company's securities unless the prior written consent of the Chairman of the Board is obtained.

7D. Company performance

Over recent years, Cleanaway has been addressing a number of operational, transformational and strategic challenges. This is reflected in the financial performance summarised for key metrics below. Importantly, for remuneration purposes, the Board takes a more holistic view of performance than the metrics summarised below. These are described in more detail in section 5 of this Report.

	FY2013	FY2014	FY2015	FY2016	FY2017
Profit/(Loss) attributable to ordinary equity holders – $'M	(218.7) [1]	11.5 [2]	(23.6) [3]	44.8 [4]	72.5 [5]
EPS – cents	(13.9)	0.7	(1.5)	2.8	4.6
Underlying EPS – cents	4.4	5.8	2.9	4.0	4.9
Dividends per share – cents	–	1.5	1.5	1.7	2.1
Shares on issue – number	1,578,563,490	1,579,323,967	1,579,914,690	1,586,344,605	1,592,889,317
Share price at 30 June	$0.80	$1.01	$0.77	$0.80	$1.38
Change in share price	$0.07	$0.21	($0.24)	$0.03	$0.58

1 Includes underlying adjustments of $286.6 million after tax.
2 Includes underlying adjustments of $80.5 million after tax.
3 Includes underlying adjustments of $69.3 million after tax.
4 Includes underlying adjustments of $18.5 million after tax.
5 Includes underlying adjustments of $5.0 million after tax.

8. Shareholdings and other related party transactions

8A. Shareholdings

The movement for the year ended 30 June 2017 in the number of ordinary shares in the Company held, directly or indirectly or beneficially, by each KMP, including their related parties, is detailed in the following table:

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
NON-EXECUTIVE DIRECTOR				
M P Chellew	25,000	–	50,000	75,000
R M Smith	65,715	–	–	65,715
E R Stein	66,549	–	14,440	80,989
T A Sinclair	38,789	–	–	38,789
R M Harding	12,644	–	–	12,644
P G Etienne	13,737	–	–	13,737
FORMER NON EXECUTIVE DIRECTOR				
M M Hudson [1]	75,258	–	–	75,258
EXECUTIVE KEY MANAGEMENT PERSONNEL				
V Bansal	–	–	–	–
B J Gill	–	–	–	–
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL				
D A Aardsma [2]	280,000	–	–	280,000

1 Balance reflects holdings on date of departure being 26 October 2016.

2 Balance reflects holdings on date of ceasing to be a KMP.

8B. Loans to Executive key management personnel

There were no loans to Executive KMP made during the period and no outstanding balances at reporting date.

8C. Other transactions and balances with Executive key management personnel and their related parties

Some of the Directors hold, or have previously held, positions in companies with which Cleanaway has commercial relationships which are based on normal terms and conditions on an arm's length basis. Transactions with entities where the relationship is limited to common Non-Executive Directorship including any Chairperson roles are not considered related party transactions. The Board has assessed all of the relationships between the Group and companies in which Directors hold or held positions and has concluded that in all cases the relationships do not interfere with the Directors' exercise of objective, unfettered or independent judgement or their ability to act in the best interest of the Group.

During the year ended 30 June 2016, transactions that amounted to related party transactions were limited to transactions with NGT Marketing. Mr Martin Hudson, Non-Executive Director of the Group (until 26 October 2016), held a beneficial interest in NGT Marketing. The Group provided waste collections services to NGT Marketing for which it earned revenues on normal commercial terms. The value of these services was not material at $2,466 for the year ended 30 June 2016. During the period from 1 July 2016 to when Mr Hudson resigned as Non-executive Director on 26 October 2016, the Group did not provide any services to NGT Marketing and therefore there were no transactions during the current reporting period that are considered to be related party transactions.

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 financial year ended 30 June 2017, 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 audit; and

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

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

Ernst & Young

Ernst & Young

Brett Croft
Partner

22 August 2017

Consolidated Income Statement

For the year ended 30 June 2017

	NOTES	2017 $'M	2016 $'M
Revenue	6	1,454.4	1,455.1
Other income	7	22.4	1.6
Labour related expenses		(589.4)	(610.7)
Collection, recycling and waste disposal expenses		(359.0)	(359.0)
Fleet operating expenses		(131.8)	(141.9)
Property expenses		(40.1)	(32.0)
Other expenses		(43.7)	(57.3)
Share of profits from equity accounted investments	22	1.2	1.3
Profit from operations before depreciation and amortisation		**314.0**	**257.1**
Depreciation and amortisation expense		(165.9)	(160.8)
Impairment of assets	20	(4.4)	–
Change in fair value of non-landfill land and buildings		(0.6)	(0.2)
Profit from operations		**143.1**	**96.1**
Net finance costs	8	(34.1)	(34.5)
Profit before income tax		**109.0**	**61.6**
Income tax expense	9	(36.5)	(18.5)
Profit after income tax		**72.5**	**43.1**
Attributable to:			
Ordinary equity holders		72.5	44.8
Non-controlling interest		–	(1.7)
Profit after income tax		**72.5**	**43.1**

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	NOTES	2017 $'M	2016 $'M
Profit after income tax		**72.5**	**43.1**
Other comprehensive income			
Revaluation of land and buildings (net of tax)		(5.7)	3.1
Net comprehensive (loss)/income recognised directly in equity		**(5.7)**	**3.1**
Total comprehensive income for the year		**66.8**	**46.2**
Attributable to:			
Ordinary equity holders		66.8	47.9
Non-controlling interest		–	(1.7)
Total comprehensive income for the year		**66.8**	**46.2**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	10	4.6	2.8
Diluted earnings per share (cents)	10	4.5	2.8

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

Consolidated Balance Sheet

As at 30 June 2017

	NOTES	2017 $'M	2016 $'M Restated
Assets			
Current assets			
Cash and cash equivalents	11	43.2	48.3
Trade and other receivables	12	247.9	224.3
Inventories	13	11.1	16.7
Derivative financial instruments	30	8.3	10.9
Assets held for sale		8.8	8.8
Other assets		15.5	14.3
Total current assets		**334.8**	**323.3**
Non-current assets			
Property, plant and equipment	20	936.5	897.1
Intangible assets	21	1,585.3	1,568.0
Equity accounted investments	22	11.5	11.1
Net deferred tax assets	9	89.5	110.3
Total non-current assets		**2,622.8**	**2,586.5**
Total assets		**2,957.6**	**2,909.8**
Liabilities			
Current liabilities			
Trade and other payables	14	177.6	178.8
Income tax payable		16.7	10.7
Borrowings	15	62.4	0.8
Employee entitlements	23	46.0	39.9
Provisions	24	55.6	59.8
Other liabilities	25	22.1	23.2
Total current liabilities		**380.4**	**313.2**
Non-current liabilities			
Borrowings	15	307.8	358.6
Employee entitlements	23	8.4	8.4
Provisions	24	302.6	341.5
Other liabilities	25	133.4	106.6
Total non-current liabilities		**752.2**	**815.1**
Total liabilities		**1,132.6**	**1,128.3**
Net assets		**1,825.0**	**1,781.5**
Equity			
Issued capital	16	2,083.0	2,076.4
Reserves	17	40.4	43.3
Retained earnings		(298.4)	(344.8)
Parent entity interest		1,825.0	1,774.9
Non-controlling interest		–	6.6
Total equity		**1,825.0**	**1,781.5**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	PARENT ENTITY INTEREST				NON-CONTROLLING INTEREST $'M	TOTAL EQUITY $'M
	ORDINARY SHARES $'M	RESERVES $'M	RETAINED EARNINGS $'M	TOTAL $'M		
At 1 July 2016	**2,076.4**	**43.3**	**(344.8)**	**1,774.9**	**6.6**	**1,781.5**
Profit for period	–	–	72.5	**72.5**	–	**72.5**
Other comprehensive income	–	(5.7)	–	**(5.7)**	–	**(5.7)**
Total comprehensive income for the year	–	(5.7)	72.5	**66.8**	–	**66.8**
Share-based payment expense	–	2.8	–	**2.8**	–	**2.8**
Dividends reinvested/(paid)	6.6	–	(30.2)	**(23.6)**	–	**(23.6)**
Acquisition of non-controlling interest	–	–	4.1	**4.1**	(6.6)	**(2.5)**
Balance at 30 June 2017	**2,083.0**	**40.4**	**(298.4)**	**1,825.0**	–	**1,825.0**
At 1 July 2015	**2,072.1**	**38.6**	**(364.3)**	**1,746.4**	**8.3**	**1,754.7**
Profit/(loss) for period	–	–	44.8	**44.8**	(1.7)	**43.1**
Other comprehensive income	–	3.1	–	**3.1**	–	**3.1**
Total comprehensive income for the year	–	3.1	44.8	**47.9**	(1.7)	**46.2**
Share-based payment expense	–	1.6	–	**1.6**	–	**1.6**
Dividends reinvested/(paid)	4.3	–	(25.3)	**(21.0)**	–	**(21.0)**
Balance at 30 June 2016	**2,076.4**	**43.3**	**(344.8)**	**1,774.9**	**6.6**	**1,781.5**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	NOTES	2017 $'M	2016 $'M
Cash flows from operating activities			
Profit before income tax		109.0	61.6
Adjustments for:			
Depreciation and amortisation expense		165.9	160.8
Impairment of assets		4.4	–
Write back of remediation provision related to closed sites		(3.1)	–
Net finance costs		34.1	34.5
Share-based payments expense		1.9	1.3
Change in fair value of non-landfill land and buildings		0.6	0.2
Share of profits from equity accounted investments		(1.2)	(1.3)
Net gain on disposal of property, plant and equipment		(22.5)	(1.4)
Other non-cash items		(0.9)	1.3
Net cash from operating activities before changes in assets and liabilities		**288.2**	**257.0**
Changes in assets and liabilities:			
(Increase)/decrease in receivables		(23.3)	2.8
Increase in other assets		(1.3)	(3.7)
Decrease/(increase) in inventories		0.7	(0.6)
(Decrease)/increase in payables		(1.0)	1.5
Increase/(decrease) in employee benefits		5.4	(3.8)
Decrease in other liabilities		(6.6)	(3.3)
Decrease in provisions		(44.1)	(45.7)
Cash generated from operating activities		**218.0**	**204.2**
Net interest paid		(19.8)	(20.9)
Income taxes (paid)/refunded		(8.6)	7.4
Net cash from operating activities		**189.6**	**190.7**
Cash flows from investing activities			
Payments for property, plant and equipment		(144.1)	(141.9)
Payments for intangible assets		(11.2)	(11.6)
Payments for purchase of businesses and non-controlling interest		(31.7)	(16.1)
Proceeds from disposal of property, plant and equipment		2.4	4.2
Dividends received from equity accounted investments		0.8	2.6
Net cash used in investing activities		**(183.8)**	**(162.8)**
Cash flows from financing activities			
Proceeds from borrowings		72.0	21.0
Repayment of borrowings		(58.2)	(16.0)
Payment of debt and equity raising costs		(0.6)	(0.6)
Payment of dividends to ordinary equity holders		(23.6)	(21.0)
Repayment of loan to related parties		(0.5)	–
Net cash used in financing activities		**(10.9)**	**(16.6)**
Net (decrease)/increase in cash and cash equivalents		**(5.1)**	**11.3**
Cash and cash equivalents at the beginning of the year		48.3	37.0
Cash and cash equivalents at the end of the year	11	**43.2**	**48.3**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

1. Corporate information

Cleanaway Waste Management Limited and its subsidiaries (the Group) is domiciled and incorporated in Australia. The Consolidated Financial Report of Cleanaway Waste Management Limited consists of the Consolidated Financial Statements of the Group and the Group's interests in equity accounted investments.

The Consolidated Financial Statements of the Group for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 22 August 2017.

2. Statement of compliance

The Consolidated Financial Report is a general purpose financial report which has been prepared on a going concern basis and in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

3. Basis of preparation

The 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) and derivative financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

The 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.

Refer to note 38 for a summary of the Group's significant accounting policies.

At 30 June 2017 the Group had a net current asset deficiency of $45.6 million (30 June 2016: net current asset surplus of $10.1 million). The net current asset deficiency arises mainly due to the reclassification of the US Private Placement Notes (USPP Notes) as they mature in December 2017. As set out in note 15, the Group has unutilised debt facilities of $230.2 million at 30 June 2017, available to repay the USPP Notes and therefore the Directors are satisfied that the Group can meet its financial obligations as and when they fall due.

Comparative Information

Certain prior year balances have been adjusted to reflect reclassifications within the Consolidated Income Statement. Also refer to note 39 which sets out the adjustments to prior year balances as a result of a change in accounting policy.

4. Critical accounting estimates and judgements

The preparation of the Financial Report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may vary from these estimates under different assumptions and conditions. Significant accounting estimates and judgements in the Consolidated Financial Report are:

(a) Recoverable amount of property, plant and equipment and intangible assets

Each asset or cash generating unit (CGU) is evaluated every reporting period to determine whether there are any indications of impairment or reversal of previously recognised impairment losses. If any such indication exists, a formal estimate of recoverable amount is performed and where the carrying amount exceeds the recoverable amount, an impairment loss is recognised. Goodwill and other intangible assets with an indefinite life are tested for impairment on an annual basis, irrespective of whether there is an indication of impairment.

4. Critical accounting estimates and judgements (continued)

The recoverable amount of each CGU is determined based on value-in-use calculations which require the use of estimates and assumptions. The calculations use cash flow projections based on forecasts approved by management. The discounted cash flows of the CGUs, other than those associated with landfill assets, are determined using five year forecasted cash flows and a terminal value calculation. These cash flows include estimates and assumptions related to revenue growth, capital expenditure, terminal value growth rates, oil prices (in relation to oil recycling activities) and expense profile.

Cash flows from the landfill assets include estimates and assumptions in relation to: waste volumes over the life of the landfill, cell development capital expenditure, waste mix, revenue and growth, expense profile, and value and timing of land sales.

These estimates and assumptions are subject to risk and uncertainty; such that there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the assets may be impaired or a previous impairment charge reversed. Any potential impact arising from an impairment or reversal of an impairment would be recorded in the Consolidated Income Statement.

Further details on the Group's impairment assessment and policy are disclosed in note 21 and note 38(e).

(b) Landfill asset depreciation

Landfill assets comprise the acquisition of landfill land, airspace, cell development costs, site infrastructure and landfill site improvement costs, and remediation assets. Landfill airspace, cell development costs and remediation assets are depreciated on a usage basis. This depreciation method requires significant estimation of compaction rates, airspace and future costs. Therefore changes in these estimates will cause changes in depreciation rates. The depreciation rates are calculated based on the most up to date accounting estimates and applied prospectively.

Further details on the Group's landfill asset accounting policy are disclosed in note 38(k).

(c) Provision for landfill remediation and rectification

The Group's remediation and rectification provisions are calculated based on the present value of the future cash outflows expected to be incurred to remediate landfills which will include the costs of capping the landfill site, remediation and rectification costs and post-closure monitoring activities. The measurement of the provisions requires significant estimates and assumptions such as: discount rate, inflation rate, assessing the requirements of the Environment Protection Authority (EPA) or other government authorities, the timing, extent and costs of activity required and the area of the landfill to be remediated or rectified, which is determined by volumetric aerial surveys. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provisions for remediation and rectification for each landfill site are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for remediating open sites, still accepting waste, are recognised in the Consolidated Balance Sheet by adjusting both the remediation asset and provision. For closed sites, changes to the estimated costs are recognised in the Consolidated Income statement. Changes to estimated costs related to rectification provisions are recognised in the Consolidated Income Statement.

Further details on the Group's landfill remediation accounting policy are disclosed in note 38(o).

(d) Taxation

Deferred tax assets, including those arising from tax losses not recouped, capital losses and temporary differences, are recognised in the Consolidated Balance Sheet, only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future profits.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Balance Sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Income Statement.

Further details on the Group's taxation accounting policy are disclosed in note 38(d).

5. Segment reporting

The Group has identified its operating segments 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:

- **Solids**

  Comprises the collection, treatment, recycle and disposal of all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services. Solids owns and manages waste transfer stations, resource recovery and recycling facilities, secure product destruction, quarantine treatment operations and landfills and participates in commodities trading of recovered paper, cardboard, metals and plastics to the domestic and international marketplace. Solids also generate and sell electricity produced utilising landfill gas.

- **Liquids and Industrial Services**

  Comprises the collection, treatment, processing and recycling of liquid and hazardous waste, including industrial waste, grease trap waste, oily waters and used mineral and cooking oils in packaged and bulk forms for resale, disposal and to produce fuel oils and base oils, as well as services including industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, CCTV, corrosion protection and emergency response services.

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.

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.

5. Segment reporting (continued)

2017	OPERATING SEGMENTS				UNALLOCATED		
	SOLIDS $'M	LIQUIDS AND INDUSTRIAL SERVICES $'M	ELIMINATIONS $'M	TOTAL OPERATING SEGMENTS $'M	EQUITY ACCOUNTED INVESTMENTS $'M	CORPORATE $'M	GROUP $'M
Revenue							
Sales of goods and services	1,034.9	384.2	–	1,419.1	–	–	1,419.1
PSO benefits [1]	–	16.6	–	16.6	–	–	16.6
Other revenue	16.0	2.5	–	18.5	–	0.2	18.7
Inter-segment sales	11.6	20.7	(32.3)	–	–	–	–
Total revenue	**1,062.5**	**424.0**	**(32.3)**	**1,454.2**	–	**0.2**	**1,454.4**
Underlying EBITDA	**257.0**	**58.9**	–	**315.9**	**1.2**	**(15.8)**	**301.3**
Depreciation and amortisation	(119.4)	(26.8)	–	(146.2)	–	(12.2)	(158.4)
Underlying EBIT	**137.6**	**32.1**	–	**169.7**	**1.2**	**(28.0)**	**142.9**
Restructuring costs [2]							(14.6)
Rebranding costs							(3.8)
Acquisition costs							(2.4)
Remediation and rectification costs							(0.4)
Gain on sale of properties							22.0
Revaluation of non-landfill land and buildings							(0.6)
Profit from operations (EBIT)							**143.1**
Net finance costs							(34.1)
Profit before income tax							**109.0**
Income tax expense							(36.5)
Profit after income tax							**72.5**
Capital expenditure:							
Property, plant and equipment	128.1	14.1	–	142.2	–	1.9	144.1
Intangible assets	2.1	–	–	2.1	–	9.1	11.2

1 Product Stewardship for Oil benefits.

2 Includes accelerated depreciation of $3.6 million and impairment of assets of $4.4 million.

5. Segment reporting (continued)

2016	OPERATING SEGMENTS				UNALLOCATED		
	SOLIDS $'M	LIQUIDS AND INDUSTRIAL SERVICES $'M	ELIMINATIONS $'M	TOTAL OPERATING SEGMENTS $'M	EQUITY ACCOUNTED INVESTMENTS $'M	CORPORATE $'M	GROUP $'M
Revenue							
Sales of goods and services	1,030.1	392.9	–	1,423.0	–	–	1,423.0
PSO benefits [1]	–	14.1	–	14.1	–	–	14.1
Other revenue	15.8	1.8	–	17.6	–	0.4	18.0
Inter-segment sales	12.5	27.8	(40.3)	–	–	–	–
Total revenue	**1,058.4**	**436.6**	**(40.3)**	**1,454.7**	–	**0.4**	**1,455.1**
Underlying EBITDA	**237.7**	**57.5**	–	**295.2**	**1.3**	**(15.2)**	**281.3**
Depreciation and amortisation	(124.1)	(24.5)	–	(148.6)	–	(10.1)	(158.7)
Underlying EBIT	**113.6**	**33.0**	–	**146.6**	**1.3**	**(25.3)**	**122.6**
Restructuring costs [2]							(23.2)
Rebranding costs							(3.6)
Revaluation of non-landfill land and buildings							(0.2)
Other underlying adjustments							0.5
Profit from operations (EBIT)							**96.1**
Net finance costs							(34.5)
Profit before income tax							**61.6**
Income tax expense							(18.5)
Profit after income tax							**43.1**
Capital expenditure:							
Property, plant and equipment	100.6	34.4	–	135.0	–	6.9	141.9
Intangible assets	–	–	–	–	–	11.6	11.6

1 Product Stewardship for Oil benefits.
2 Includes accelerated depreciation of $2.1 million.

6. Revenue

	2017 $'M	2016 $'M
Sale of goods and services	1,419.1	1,423.0
Product Stewardship for Oil (PSO) benefits	16.6	14.1
Other revenue	18.7	18.0
	1,454.4	**1,455.1**

Refer to note 38(a) for the Group's accounting policy on revenue.

7. Other income

	2017 $'M	2016 $'M
Gain on disposal of property, plant and equipment [1]	22.5	1.4
Gain on disposal of investments	–	0.3
Net foreign currency exchange losses	(0.1)	(0.1)
	22.4	**1.6**

1 Gain on disposal of property, plant and equipment in the year ended 30 June 2017 includes disposal of remediation and rectification provisions of $28.0 million (2016: nil). Refer to note 24.

8. Net finance costs

	2017 $'M	2016 $'M
Finance costs		
Interest on borrowings	(18.8)	(19.9)
Amortisation of capitalised transaction costs	(0.5)	(1.3)
Unwind of discount on provisions and other liabilities	(14.9)	(14.0)
Foreign currency exchange gain/(loss) on USPP borrowings	2.3	(2.3)
Change in fair value of derivative instruments related to USPP borrowings	(2.6)	2.3
	(34.5)	**(35.2)**
Finance income		
Interest revenue	0.4	0.7
	0.4	**0.7**
Net finance costs	**(34.1)**	**(34.5)**

Refer to note 38(c) for the Group's accounting policy on finance costs.

9. Income tax

(a) Amounts recognised in the Consolidated Income Statement

	2017 $'M	2016 $'M
Current tax expense		
Current year	19.0	10.2
Adjustments in respect of prior years	(4.3)	(2.7)
	14.7	7.5
Deferred tax expense		
Origination and reversal of temporary differences	16.8	8.0
Adjustments in respect of prior years	5.0	3.0
	21.8	11.0
Income tax expense	**36.5**	**18.5**

(b) Amounts recognised directly in equity

Deferred income tax benefit on items charged directly to equity for the year totalled $3.5 million (2016: $1.1 million expense), which relate to the tax effect of items recognised in the asset revaluation reserve of $2.6 million benefit (2016: $1.4 million expense) and the employee equity benefits reserve of $0.9 million benefit (2016: $0.3 million benefit).

(c) Reconciliation between tax expense and pre-tax net profit at the statutory rate

	2017 $'M	2016 $'M
Profit before tax	109.0	61.6
Income tax using the corporation tax rate of 30% (2016: 30%)	32.7	18.5
Increase/(decrease) in income tax expense due to:		
Share of profits from equity accounted investments	(0.5)	(0.4)
Non-deductible expenses	0.8	0.4
Adjustments in respect of prior years	0.7	0.3
Research and development tax credits	(2.2)	(2.0)
Entry of subsidiary into the Tax Consolidated Group	2.3	–
Non-deductible CGT loss on sale of properties	1.9	–
Employee share plan expenses	–	1.4
Other	0.8	0.3
Income tax expense	**36.5**	**18.5**

9. Income tax (continued)

(d) Deferred tax

Deferred tax in the Consolidated Balance Sheet relates to the following:

2017	OPENING BALANCE $'M	RECOGNISED IN PROFIT OR LOSS $'M	RECOGNISED IN OTHER COMPREHENSIVE INCOME $'M	RECOGNISED DIRECTLY IN EQUITY $'M	ACQUIRED IN BUSINESS COMBINATION $'M	OTHER $'M	CLOSING BALANCE $'M
Deferred tax assets							
PP&E	50.6	(9.4)	2.6	–	–	–	43.8
Employee benefits	17.1	(0.2)	–	–	0.2	–	17.1
Provisions	123.1	(15.6)	–	–	–	–	107.5
Other	6.8	1.0	–	0.9	–	(0.2)	8.5
Deferred tax liabilities							
Intangible assets	(67.9)	2.5	–	–	(2.5)	–	(67.9)
Other	(19.4)	(0.1)	–	–	–	–	(19.5)
Net deferred tax assets	**110.3**	**(21.8)**	**2.6**	**0.9**	**(2.3)**	**(0.2)**	**89.5**

2016 Restated [1]	OPENING BALANCE $'M	RECOGNISED IN PROFIT OR LOSS $'M	RECOGNISED IN OTHER COMPREHENSIVE INCOME $'M	RECOGNISED DIRECTLY IN EQUITY $'M	ACQUIRED IN BUSINESS COMBINATION $'M	OTHER $'M	CLOSING BALANCE $'M
Deferred tax assets							
PP&E	61.2	(9.2)	(1.4)	–	–	–	50.6
Employee benefits	15.2	1.9	–	–	–	–	17.1
Provisions	128.1	(5.0)	–	–	–	–	123.1
Other	8.2	(2.2)	–	0.3	–	0.5	6.8
Deferred tax liabilities							
Intangible assets	(71.3)	3.4	–	–	–	–	(67.9)
Other	(19.5)	0.1	–	–	–	–	(19.4)
Net deferred tax assets	**121.9**	**(11.0)**	**(1.4)**	**0.3**	–	**0.5**	**110.3**

1 Refer to note 39.

10. Earnings per share

	2017	2016
Basic earnings per share (cents)	4.6	2.8
Diluted earnings per share (cents)	4.5	2.8

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit after income tax attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year.

Reconciliation of earnings used as the numerator in calculating basic earnings per share:

	2017 $'M	2016 $'M
Profit after income tax	72.5	43.1
Net loss attributable to non-controlling interests	–	1.7
Profit after tax attributable to ordinary equity holders	**72.5**	**44.8**

Reconciliation of weighted average number of ordinary shares:

	2017	2016
Issued ordinary shares at 1 July	1,586,344,605	1,579,914,690
Effect of shares issued under dividend reinvestment plan	3,242,419	2,777,898
Effect of shares issued under employee incentive plans	730,907	546,917
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	**1,590,317,931**	**1,583,239,505**

(ii) Diluted earnings per share

Diluted earnings per share adjusts basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Dilutive potential ordinary shares are limited to performance rights issued under the Group's long term and short term incentive plans. Refer note 34 for details. The dilutive effect of the performance rights on basic earnings per share reported above is not material.

11. Cash and cash equivalents

Composition of cash and cash equivalents

	2017 $'M	2016 $'M
Cash at bank and on hand	43.2	48.3
	43.2	**48.3**

Refer to note 38(g) for the Group's accounting policy on cash and cash equivalents.

12. Trade and other receivables

	2017 $'M	2016 $'M
Trade receivables	245.0	225.7
Provision for doubtful debts	(3.1)	(7.8)
	241.9	217.9
Other receivables	6.0	6.4
	247.9	**224.3**

Refer to note 38(h) for the Group's accounting policy on trade and other receivables.

The ageing of the Group's trade receivables at the reporting date was:

	2017 $'M	2016 $'M
Not past due	175.0	157.5
Past due 0 – 30 days	40.2	42.0
Past due 31 – 120 days	17.1	15.3
Past due 121 days or more	12.7	10.9
	245.0	**225.7**

The movement in the provision for doubtful debts during the year was as follows:

	2017 $'M	2016 $'M
Opening balance	7.8	6.5
Provision recognised	2.6	4.4
Reversal of provision	(2.4)	–
Utilisation of provision	(4.9)	(3.1)
Closing balance	**3.1**	**7.8**

No single customer's annual revenue is greater than 2.3% (2016: 2.6%) of the Group's total revenue. Trade and other receivables that are neither past due or impaired are considered to be of a high credit quality.

13. Inventories

	2017 $'M	2016 $'M
Raw materials and consumables – at cost	4.3	10.5
Finished goods – at cost	6.8	6.2
	11.1	**16.7**

Refer to note 38(i) for the Group's accounting policy on inventories.

14. Trade and other payables

	2017 $'M	2016 $'M
Trade payables	91.0	85.5
Other payables and accruals	86.6	93.3
	177.6	**178.8**

Refer to note 38(m) for the Group's accounting policy on trade and other payables.

15. Borrowings

	2017 $'M	2016 $'M
Unsecured		
US Private Placement Notes	62.4	–
Loans from related parties	–	0.5
Other	–	0.3
Total current	**62.4**	**0.8**
Unsecured		
Bank loans	307.8	293.9
US Private Placement Notes	–	64.7
Total non-current	**307.8**	**358.6**
Total borrowings	**370.2**	**359.4**

Bank loans are net of capitalised transaction costs of $1.2 million (2016: $1.1 million). Refer to note 38(n) for the Group's accounting policy on borrowings.

Financing facilities

The facility limits and maturity profile of the Group's main financing facilities are as follows:

FACILITY			AMOUNT	MATURITY
Syndicated Facility Agreement	Facility A	working capital tranche	$135 million	1 July 2018
	Facility B	4 year revolver	$130 million	1 July 2020
	Facility C	5 year revolver	$335 million	1 July 2021
US Private Placement Notes (USPP)		10 year tenure	US$48 million	17 December 2017
Uncommitted bank guarantee facility			$60 million	31 December 2017

The USPP Notes have been swapped to AUD fixed rate debt to mitigate the foreign currency risk arising from these borrowings. Refer to note 30 for information on the derivative financial instruments. The USPP facility was fully drawn down at reporting date.

The headroom available in the Group's facilities at 30 June 2017 is summarised below:

		AVAILABLE $'M	UTILISED $'M	NOT UTILISED $'M
Syndicated Facility Agreement	Facility A [1]	135.0	(79.1)	55.9
	Facility B [2]	130.0	(130.0)	–
	Facility C [2]	335.0	(165.0)	170.0
US Private Placement Notes (USPP)		62.4	(62.4)	–
Bank guarantee facilities [1]		62.9	(58.6)	4.3
		725.3	**(495.1)**	**230.2**

1 These facilities include $123.7 million (2016: $115.3 million) in guarantees and letters of credit which only give rise to a liability where the Group fails to perform its contractual obligations.

2 These facilities represent the amount drawn down as 'bank loans' excluding the capitalised transaction costs of $1.2 million (2016: $1.1 million).

The headroom available in the Group's facilities at 30 June 2016 is summarised below:

		AVAILABLE $'M	UTILISED $'M	NOT UTILISED $'M
Syndicated Facility Agreement	Facility A	135.0	(58.0)	77.0
	Facility B	130.0	(130.0)	–
	Facility C	335.0	(165.0)	170.0
US Private Placement Notes (USPP)		64.7	(64.7)	–
Bank guarantee facilities		61.6	(57.3)	4.3
		726.3	**(475.0)**	**251.3**

16. Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs incurred by the Company arising on the issue of capital are recognised directly in equity as a reduction of the share capital received.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Ordinary shares have no par value and all issued shares are fully paid.

	2017		2016	
	NUMBER OF SHARES	$'M	NUMBER OF SHARES	$'M
Opening balance	1,586,344,605	2,076.4	1,579,914,690	2,072.1
Issue of shares under dividend reinvestment plan	5,760,784	6.6	5,776,895	4.3
Issue of shares under employee incentive plan	783,928	–	653,020	–
Closing balance	**1,592,889,317**	**2,083.0**	**1,586,344,605**	**2,076.4**

17. Reserves

	2017 $'M	2016 $'M
Asset revaluation reserve	29.2	34.9
Employee equity benefits reserve	11.2	8.4
	40.4	**43.3**

(a) Asset revaluation reserve

The asset revaluation reserve is used to record revaluations of non-landfill land and buildings. Refer to note 38(k) for further details on the Group's non-landfill land and buildings valuation policy.

	2017 $'M	2016 $'M
Opening balance	34.9	31.8
Revaluation of land and buildings (net of tax)	(5.7)	3.1
Closing balance	**29.2**	**34.9**

(b) Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of equity benefits provided to employees as part of their remuneration. Refer to note 34 for further details on these share-based payment plans.

	2017 $'M	2016 $'M
Opening balance	8.4	6.8
Share-based payment expense (net of tax)	2.8	1.6
Closing balance	**11.2**	**8.4**

18. Dividends and distributions

The Company declared a fully franked dividend on ordinary shares for the financial year ended 30 June 2017 of 2.1 cents per share, being an interim dividend of 1.0 cents per share and final dividend of 1.1 cents per share. The record date of the final dividend is 14 September 2017 with payment to be made on 5 October 2017.

Details of distributions in respect of the financial year are as follows:

	2017 $'M	2016 $'M
Dividends paid during the period		
Final dividend relating to prior period	14.3	12.6
Interim dividend relating to current period	15.9	12.7
	30.2	**25.3**
Dividends determined in respect of the period		
Interim dividend relating to current period	15.9	12.7
Final dividend relating to current period	17.5	14.3
	33.4	**27.0**

	2017 CENTS PER SHARE	2016 CENTS PER SHARE
Dividends paid during the period		
Final dividend relating to prior period	0.9	0.8
Interim dividend relating to current period	1.0	0.8
	1.9	**1.6**
Dividends determined in respect of the period		
Interim dividend relating to current period	1.0	0.8
Final dividend relating to current period	1.1	0.9
	2.1	**1.7**

Franking credit balance

The available amounts are based on the balance of the franking account at year end, adjusted for:

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

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

(c) Franking credits that will arise from the receipt of dividends recognised as receivables by the Tax Consolidated Group at the year end.

	2017 $'M	2016 $'M
30% franking credits available for subsequent financial years [1]	17.9	12.8

1 The payment of the final 2017 dividend determined after 30 June 2017 will reduce the franking account by $7.5 million.

19. *Capital management*

When managing capital, the Group's objective is to ensure that it uses a mix of funding options, to optimise returns to equity holders and manage risk. The facility limits and maturity profile of the Group's main financing facilities are contained in note 15.

The capital structure of the Group comprises: debt, which includes borrowings; cash and cash equivalents; and equity attributable to equity holders of the parent, such equity comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Balance Sheet. The Group is subject to and complies with externally imposed capital requirements.

The gearing ratio of the Group at reporting date was as follows:

	2017 $'M	2016 $'M
Current borrowings	62.4	0.8
Non-current borrowings	307.8	358.6
Less cash and cash equivalents	(43.2)	(48.3)
Net debt	**327.0**	**311.1**
Total equity	**1,825.0**	**1,781.5**
Gearing ratio [1]	**15.2%**	**14.9%**

1 The gearing ratio is calculated as Net debt divided by Net debt plus Total equity.

20. Property, plant and equipment

2017	NON-LANDFILL LAND AND BUILDINGS $'M	LANDFILL ASSETS $'M	LEASEHOLD IMPROVEMENTS $'M	PLANT AND EQUIPMENT $'M	CAPITAL WORK IN PROGRESS $'M	TOTAL $'M
Opening net book value	160.2	198.6	32.0	447.2	59.1	897.1
Additions	–	–	–	–	175.5	175.5
Acquisitions of businesses	–	–	–	9.2	–	9.2
Net movement in landfill assets [1]	–	23.4	–	–	–	23.4
Disposals	–	(5.2)	(0.1)	(1.2)	–	(6.5)
Transfer of assets	(5.8)	75.7	14.5	94.1	(174.1)	4.4
Revaluations	(8.9)	–	–	–	–	(8.9)
Impairment of assets [2]	–	(1.9)	–	(2.5)	–	(4.4)
Depreciation	(2.2)	(48.9)	(2.7)	(99.5)	–	(153.3)
Closing net book value	**143.3**	**241.7**	**43.7**	**447.3**	**60.5**	**936.5**
Cost or fair value	150.0	564.8	51.1	1,434.9	60.5	2,261.3
Accumulated depreciation	(6.7)	(323.1)	(7.4)	(987.6)	–	(1,324.8)
Net book value	**143.3**	**241.7**	**43.7**	**447.3**	**60.5**	**936.5**

1 Net movement in landfill assets reflects adjustments to the remediation provision for open landfill sites. Refer to accounting policy note 38(k).

2 During the period impairments of $4.4 million were recognised upon the early closure of the Wingfield Solvent Plant (Liquids & Industrial Services) and the Nuriootpa Landfill (Solids).

2016	NON-LANDFILL LAND AND BUILDINGS $'M	LANDFILL ASSETS $'M	LEASEHOLD IMPROVEMENTS $'M	PLANT AND EQUIPMENT $'M	CAPITAL WORK IN PROGRESS $'M	TOTAL $'M
Opening net book value	153.9	142.6	32.8	441.8	89.3	860.4
Additions	–	–	–	–	164.1	164.1
Acquisitions of businesses	–	–	–	–	0.2	0.2
Net movement in landfill assets	–	28.9	–	–	–	28.9
Disposals	(0.5)	–	–	(2.0)	–	(2.5)
Transfer of assets	4.7	70.8	3.2	106.4	(187.7)	(2.6)
Transfer to assets held for sale	–	–	–	–	(2.2)	(2.2)
Revaluations	4.5	–	–	–	–	4.5
Project and site closures	(0.4)	–	–	–	(4.6)	(5.0)
Depreciation	(2.0)	(43.7)	(4.0)	(99.0)	–	(148.7)
Closing net book value	**160.2**	**198.6**	**32.0**	**447.2**	**59.1**	**897.1**
Cost or fair value	164.7	476.5	38.4	1,362.8	59.1	2,101.5
Accumulated depreciation	(4.5)	(277.9)	(6.4)	(915.6)	–	(1,204.4)
Net book value	**160.2**	**198.6**	**32.0**	**447.2**	**59.1**	**897.1**

20. Property, plant and equipment (continued)

Accounting for landfill assets

The Group is responsible for a total of 15 landfills (2016: 17 landfills). Of the 15 landfills, nine are closed. Those that are open are expected to close between 2018 and 2062. The Group's remediation provisions are based on an average 30 year post-closure period.

It is the Group's policy at time of development or acquisition of a landfill and at each reporting date to:

(a) Capitalise the cost of cell development to landfill assets;

(b) Capitalise the cost of purchased landfill assets;

(c) Depreciate the capitalised landfill assets over the useful life of the landfill asset or site; and

(d) Recognise income generated from the landfill assets in the reporting period earned.

Refer to note 38(k) for further details on the Group's accounting policy on landfill assets.

Valuations of non-landfill land and buildings

Non-landfill land and buildings are shown at fair value in the Consolidated Balance Sheet, based on periodic valuations by external independent valuers, less subsequent depreciation of buildings. The current valuation selection process ensures that each property is valued at least every three years. The latest independent valuations were completed at 30 June 2017. Land and buildings are combined for the purposes of determining fair value as this is how management view its property and associated value. The fair values are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different to their fair values.

Any revaluation increment (net of tax) is credited to the asset revaluation reserve included in the equity section of the Consolidated Balance Sheet. Any revaluation decrement directly offsetting a previous increment in the same asset is directly offset against the surplus in the asset revaluation reserve, otherwise it is charged to the Consolidated Income Statement.

The following table shows an analysis of the fair values of land and buildings recognised in the Consolidated Balance Sheet by level of the fair value hierarchy:

2017	LEVEL 1 $'M	LEVEL 2 $'M	LEVEL 3 $'M	TOTAL [1] $'M	AMOUNT EXPENSED $'M
Residential	–	0.2	–	0.2	(0.2)
Regional industrial	–	–	40.5	40.5	(0.4)
Metropolitan industrial	–	–	102.6	102.6	–
Total	–	**0.2**	**143.1**	**143.3**	**(0.6)**

2016	LEVEL 1 $'M	LEVEL 2 $'M	LEVEL 3 $'M	TOTAL [1] $'M	AMOUNT EXPENSED $'M
Residential	–	1.7	–	1.7	–
Regional industrial	–	–	44.2	44.2	(0.2)
Metropolitan industrial	–	–	114.3	114.3	–
Total	–	**1.7**	**158.5**	**160.2**	**(0.2)**

1 The amounts in this table are based on the most recent valuation for each property and include subsequent accumulated depreciation recognised.

Amounts taken to the Consolidated Income Statement are shown in change in fair value of land and buildings.

There were no transfers between levels during the year.

Level 2 valuations are based on a direct comparison approach whereby a property's fair value is estimated based on comparable transactions and are then adjusted to take into account any differences in the assets. The unit of comparison applied by the Group is the price per square metre (sqm).

20. Property, plant and equipment (continued)

The following table presents the details of the valuation approaches used under Level 3:

	VALUATION TECHNIQUE	KEY UNOBSERVABLE INPUTS	RANGE 2017	RANGE 2016
Regional industrial	**Summation**	Price per square metre	$2-250	$5-250
		Depreciation replacement cost	$172-1019	$207-1019
	Capitalisation	Capitalisation rate	9.75%	9.75%
		Leased income per square metre	$125	$125
	Direct comparison	Price per square metre	$60-1401	$60-1401
Metropolitan industrial	**Summation**	Price per square metre	$15-360	$15-360
		Depreciation replacement cost	$35-726	$35-671
	Capitalisation	Capitalisation rate	7%-10%	7%-10%
		Leased income per square metre	$40-153	$40-94
	Direct comparison	Price per square metre	$70-1831	$70-1831

Under the summation method a property's fair value is estimated based on comparable transactions for the land on a price per square metre basis together with an estimate of the cost to replace any buildings or structures on site less depreciation. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating lease income generated by the property, which is divided by the capitalisation rate (discounted by a rate of return). Significant increases/(decreases) in any of the significant unobservable inputs, in isolation, under the direct comparison, summation or capitalisation methods would result in a significantly higher/(lower) fair value measurement.

If non-landfill land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2017 $'M	2016 $'M
Land		
Cost	75.2	82.2
Buildings		
Cost	72.4	71.1
Accumulated depreciation	(23.6)	(21.4)
Closing net book value	**48.8**	**49.7**

21. Intangible assets

	GOODWILL		OTHER INTANGIBLES		TOTAL	
	2017 $'M	2016 $'M Restated [1]	2017 $'M	2016 $'M	2017 $'M	2016 $'M Restated [1]
Opening net book value	1,219.9	1,219.5	348.1	344.2	1,568.0	1,563.7
Additions	–	–	12.1	15.9	12.1	15.9
Acquisitions of businesses	9.5	0.4	8.3	0.2	17.8	0.6
Disposals	–	–	–	(1.7)	–	(1.7)
Transfers from PP&E	–	–	–	1.6	–	1.6
Amortisation	–	–	(12.6)	(12.1)	(12.6)	(12.1)
Net book value	**1,229.4**	**1,219.9**	**355.9**	**348.1**	**1,585.3**	**1,568.0**
Cost	1,229.4	1,219.9	428.2	407.8	1,657.6	1,627.7
Accumulated amortisation	–	–	(72.3)	(59.7)	(72.3)	(59.7)
Net book value	**1,229.4**	**1,219.9**	**355.9**	**348.1**	**1,585.3**	**1,568.0**

1 Refer to note 39.

21. Intangible assets (continued)

Intangible assets are monitored at an operating segment level for the Solids business and at a cash-generating unit (CGU) level for the Liquids and Industrial Services business. CGUs for the Liquids and Industrial Services business consists of:

- Liquids & Hazardous Waste, excluding Hydrocarbons;
- Hydrocarbons; and
- Industrial Services.

The carrying amount of goodwill and intangible assets allocated to the operating segment or CGUs is as follows:

2017	SOLIDS $'M	LIQUIDS & HAZARDOUS WASTE $'M	INDUSTRIAL SERVICES $'M	CORPORATE $'M	TOTAL $'M
Goodwill	1,123.1	58.4	47.9	–	1,229.4
Brand names	78.6	–	–	–	78.6
Other intangible assets	260.7	0.9	–	15.7	277.3
Total	**1,462.4**	**59.3**	**47.9**	**15.7**	**1,585.3**
2016					
Restated [1]					
Goodwill	1,113.6	58.4	47.9	–	1,219.9
Brand names	78.6	–	–	–	78.6
Other intangible assets	258.4	1.0	–	10.1	269.5
Total	**1,450.6**	**59.4**	**47.9**	**10.1**	**1,568.0**

1 Refer to note 39.

At 30 June 2017, other intangible assets include the Melbourne Regional Landfill asset of $240.8 million (2016: $242.2 million) and customer contracts of $9.6 million (2016: $5.2 million).

Annual impairment testing

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill and brand names are not amortised but are subject to impairment testing. In accordance with the Group's accounting policies, the Group performs its impairment testing annually at 30 June. Goodwill and non-current assets are however reviewed at each reporting period to determine whether there is an indicator of impairment. Where an indicator of impairment exists, a formal review is undertaken to estimate the recoverable amount of related assets.

Results of impairment testing

Based on impairment testing performed, the recoverable amounts of each CGU exceed the carrying amounts at 30 June 2017.

Key assumptions used for annual impairment testing

The recoverable amounts of the operating segment or CGUs is determined based on value-in-use calculations using five year forecasted cash flows of the CGUs and a terminal value calculation, other than those associated with landfill assets. Cash flows from the landfill assets are limited to the available airspace of the landfill. These calculations use cash flow projections based on actual operating results, the 2018 budget approved by the Board and the latest five year strategic plan adjusted for known developments and changes in information since the plan was formulated.

The terminal growth and discount rate assumptions used in the 30 June 2016 impairment testing were reviewed and have been determined to remain valid for the 30 June 2017 testing. The terminal value growth rate has been based on published long-term growth rates. The discount rate has been based on an industry Weighted Average Cost of Capital (WACC) with cash flow projections being adjusted for CGU specific risks.

Forecast revenue, EBITDA and capital spend assumptions used in the 30 June 2017 impairment testing have been adjusted for known and anticipated future operational changes and additional potential risk identified since 30 June 2016. These changes are reflected in the summary of key assumptions table below. Based on these key assumptions the recoverable amount of each CGU continues to exceed the carrying amounts at 30 June 2017.

21. Intangible assets (continued)

The table below provides a summary of the key assumptions used in the impairment testing at 30 June 2017 and the corresponding percentages for 30 June 2016:

	SOLIDS		LIQUIDS & HAZARDOUS WASTE		HYDROCARBONS		INDUSTRIAL SERVICES	
ASSUMPTIONS	JUNE 2017	JUNE 2016	JUNE 2017	JUNE 2016	JUNE 2017	JUNE 2016	JUNE 2017	JUNE 2016
Revenue growth [1]	4.8%	3.7%	5.5%	2.6%	2.9%	1.3%	1.9%	3.8%
EBITDA growth [1]	7.0%	5.7%	11.4%	5.8%	3.6%	6.4%	7.3%	18.0%
Capital spend rate [2]	10.2%	10.1%	6.2%	5.2%	7.3%	6.8%	5.3%	4.3%
Terminal value growth rate	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Post-tax discount rate	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Pre-tax discount rate	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%

1 Growth rates have been calculated with 30 June 2017 revenue and underlying normalised EBITDA as a base.
2 Reflects capital spend as a percentage of revenue, calculated as the five year average of forecast spend.

Revenue growth assumptions

Solids' forecast revenue growth is based on expected volume and price growth considering current business performance, benefits from acquired businesses and growth from targeted initiatives implemented across major markets in order to increase sales revenue. Growth rates have been determined with reference to external sources including the Reserve Bank of Australia GDP growth and CPI forecast, and industry specific forecasts that are closely linked to waste generation. The forecast revenue growth as at 30 June 2017 has been adjusted given an increase in forecast CPI and GDP growth. Growth in the short term also reflects recent major new commercial and municipal contract wins.

Liquid & Hazardous Waste, Hydrocarbons and Industrial Services forecast revenue growth considers GDP and CPI, adjusted for management's best estimate of growth achievable in the current economic and competitive environment.

EBITDA growth assumptions

EBITDA growth is primarily the result of changes in the revenue growth assumptions outlined above, together with the continued benefits of the Cost Reduction Program delivered partway through the 2017 financial year. Controls are in place to ensure that costs remain at the lower levels currently achieved.

The Liquid & Hazardous Waste CGU reflects an increase in the EBITDA growth from 30 June 2016 as the Cost Reduction Programme is expected to deliver significant savings and increased earnings are expected to be leveraged from revenue growth.

The Industrial Services CGU reflects a decrease in the EBITDA growth from 30 June 2016 due to growth already achieved in the year ended 30 June 2017 mainly from cost reductions.

Capital spend assumptions

Capital spend incorporates consideration of industry benchmarks but also reflects the continued capital discipline as part of the overall Cost Reduction and Capital Efficiency Program. The Solids segment is the most capital intensive part of the business and Industrial Services CGU is the least as its primary source of revenue is technical labour services.

21. Intangible assets (continued)

Impact of possible changes in key assumptions

Any variation in the key assumptions used to determine recoverable amount would result in a change to the estimated recoverable amount. If variations in assumptions had a negative impact on recoverable amount it could indicate a requirement for some impairment of non-current assets. If variations in assumptions had a positive impact on recoverable amount it could indicate a requirement for a reversal of previously impaired non-current assets, with the exception of goodwill.

Estimated reasonably possible changes (absolute numbers) in the key assumptions would have the following approximate impact on impairment of each CGU as at 30 June 2017:

	REASONABLY POSSIBLE CHANGE	SOLIDS $'M	LIQUIDS & HAZARDOUS WASTE $'M	HYDROCARBONS $'M	INDUSTRIAL SERVICES $'M
Decrease in CAGR% – Revenue	1% to 2%	Nil – (245.7)	Nil – (74.6)	Nil	Nil – (18.3)
Decrease in CAGR% – EBITDA	2% to 3%	Nil	Nil	Nil	Nil – (1.4)
Increase in capital spend rate	0.5% to 1%	Nil	Nil	Nil	Nil
Decrease in terminal value growth rate	1%	Nil	Nil	Nil	Nil
Increase in post-tax discount rate	0.3% to 1%	Nil	Nil	Nil	Nil

Whilst the table above outlines management's best estimates of key assumptions and reasonably possible changes in these, changes in the level of business activity may also materially impact the determination of recoverable amount. Should the macroeconomic factors that are specific to the Australian domestic market change, this could impact the level of activity in the market as well as competition and thereby affect the Group's revenue and cost initiatives. If conditions change unfavourably, changes in recoverable amount estimates may arise.

Each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Modelling incorporating the assumptions identified in the key assumptions table provides that the recoverable amount exceeds the carrying amount (headroom) as outlined below. The recoverable amount of the operating segment or CGUs would equal its carrying amount if the key assumptions were to change as follows:

	SOLIDS $'M	LIQUIDS & HAZARDOUS WASTE $'M	HYDROCARBONS $'M	INDUSTRIAL SERVICES $'M
Headroom $'M	**580.4**	**82.2**	**30.6**	**31.0**
Decrease in CAGR% – Revenue [1]	1.4%	1.0%	3.3%	1.2%
Decrease in CAGR% – EBITDA [1]	3.2%	4.1%	5.5%	2.9%
Increase in capital spend rate [1]	2.2%	1.6%	2.3%	1.0%
Decrease in terminal value growth rate [1,2]	3.0%	3.5%	8.3%	1.8%
Increase in post-tax discount rate [1]	1.5%	2.6%	5.5%	1.4%

1 Percentage changes presented above represents the absolute change in the assumption value (for example post-tax discount rate increasing by 1.6% from 7.7% to 9.3%).

2 Terminal value for Liquids and Hazardous Waste and Hydrocarbons would reflect negative value as it is currently modelled at 2%.

Refer to note 38(l) for further details on the Group's intangible assets accounting policy.

22. 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	2017 %	2016 %	2017 $'M	2016 $'M
Solids:						
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	0.7	0.5
Earthpower Technologies Sydney Pty Ltd	Australia	30 June	50	50	–	–
Liquids and Industrial Services:						
Total Waste Management Pty Ltd	Australia	31 December	50	50	5.5	4.6
Western Resource Recovery Pty Ltd	Australia	31 December	50	50	5.3	6.0
					11.5	**11.1**

Share of equity accounted investments' balance sheet

	2017 $'M	2016 $'M
Total assets	39.6	29.0
Total liabilities	(16.7)	(6.8)
Net assets as reported by equity accounted investments	22.9	22.2
Share of net assets equity accounted	**11.5**	**11.1**

Share of equity accounted investments' revenue and profit

	2017 $'M	2016 $'M
Revenues (100%)	36.5	40.9
Expenses	(33.2)	(37.6)
Profit before income tax (100%)	3.3	3.3
Share of profit before income tax	1.7	1.7
Share of income tax expense	(0.5)	(0.4)
Share of net profit recognised	**1.2**	**1.3**

Impairment losses and commitments

During the year the equity accounted investments were tested for impairment and no adjustments were made as a result (2016: nil). As at the reporting date the Group had no contractual obligation to provide funding for capital commitments of equity accounted investments (2016: nil).

23. Employee entitlements

	2017 $'M	2016 $'M
Current		
Annual leave	23.2	22.6
Long service leave	11.5	11.8
Other	11.3	5.5
Total current employee entitlements	**46.0**	**39.9**
Non-current		
Long service leave	8.4	8.4
Total non-current employee entitlements	**8.4**	**8.4**

Refer to note 38(q) for the Group's accounting policy on employee entitlements.

During the year the Group contributed $28.1 million (2016: $28.5 million) to defined contribution plans. These contributions are expensed as incurred.

24. Provisions

	2017 $'M	2016 $'M
Current		
Rectification provisions	13.6	14.7
Remediation provisions	29.5	31.5
Other	12.5	13.6
Total current provisions	**55.6**	**59.8**
Non-current		
Rectification provisions	25.7	39.8
Remediation provisions	264.0	288.1
Other	12.9	13.6
Total non-current provisions	**302.6**	**341.5**

Included in other provisions is an amount of $12.9 million (2016: $12.8 million) in relation to workers compensation self-insurance of the Group under the Comcare scheme. The workers compensation self-insurance provision is reassessed annually based on actuarial advice.

The table below provides a roll forward of the provisions:

	RECTIFICATION		REMEDIATION		OTHER		TOTAL	
	2017 $'M	2016 $'M	2017 $'M	2016 $'M	2017 $'M	2016 $'M	2017 $'M	2016 $'M
Opening balance	54.5	70.4	319.6	315.1	27.2	26.1	401.3	411.6
Provisions made	–	–	9.3	20.3	16.5	10.1	25.8	30.4
Provisions used or reversed	–	–	–	–	(18.3)	(9.0)	(18.3)	(9.0)
Provisions disposed	(6.3)	–	(21.7)	–	–	–	(28.0)	–
Unwinding of discount	1.1	1.3	7.9	6.9	–	–	9.0	8.2
Change in assumptions [1]	(0.6)	–	11.5	8.2	–	–	10.9	8.2
Rectification and remediation spend	(9.4)	(17.2)	(33.1)	(30.9)	–	–	(42.5)	(48.1)
Closing balance	**39.3**	**54.5**	**293.5**	**319.6**	**25.4**	**27.2**	**358.2**	**401.3**

1 The change in assumptions represents changes in environmental guidelines and cost estimates.

The provision for remediation has been estimated using current expected costs and techniques applicable to the operation of each landfill and the disturbed area. These costs have been adjusted for the future value of the expected costs at the time of works being required. These costs have then been discounted to estimate the required provision at a rate of 2.81% (2016: 2.81%). Refer to note 38(o) for a summary of the accounting policy for provisions for landfill remediation and rectification.

25. Other liabilities

	2017 $'M	2016 $'M
Current		
Deferred settlement liabilities resulting from business combinations	5.7	4.9
Landfill creation liability	13.6	12.1
Deferred revenue	0.7	1.6
Other liabilities	2.1	4.6
Total current other liabilities	**22.1**	**23.2**
Non-current		
Deferred settlement liabilities resulting from business combinations	74.9	75.0
Landfill creation liability	58.5	28.4
Other liabilities	–	3.2
Total non-current other liabilities	**133.4**	**106.6**

26. Acquisition of Businesses and non-controlling interest

Year ended 30 June 2017

Business combinations

During the year ended 30 June 2017, the Group completed four business combinations. Details of these business combinations are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS
Waste 2 Resources	1 July 2016	Collections business based in Brisbane, Queensland which operates in three sectors: Construction and demolition collections; Commercial and Industrial collections; and Resource recovery centres.
Young Ezy Bins	1 August 2016	General Waste collections business based in the Young Shire in Central New South Wales.
Matera Waste	8 September 2016	Construction and demolition collections business operating in Perth, Western Australia.
Warren Blackwood	30 September 2016	Leading waste collection and transfer station business in SouthWest Western Australia, servicing commercial and industrial customers and 13 municipal council contracts.

The aggregated fair value of the identifiable assets and liabilities of the four business combinations at their dates of acquisition were:

	2017 $'M
Assets	
Property, plant and equipment	9.2
Intangible assets	8.3
	17.5
Liabilities	
Employee entitlements	0.7
Deferred tax liability	2.3
	3.0
Total identifiable net assets at fair value	**14.5**
Goodwill arising on acquisition	9.5
Purchase consideration	**24.0**

26. Acquisition of businesses and non-controlling interest (continued)

Business combinations (continued)

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

	2017 $'M
Cash	23.5
Contingent consideration	0.5
Total purchase consideration	**24.0**

	2017 $'M
Transaction costs of the acquisitions (included in cash flows from operating activities)	1.6
Cash consideration paid (included in cash flows from investing activities)	23.5
Net cash flow on acquisition	**25.1**

From the dates of acquisition to 30 June 2017, the businesses contributed $20.8 million of revenue and $1.2 million to profit before tax to the Group, after amortisation of customer intangibles of $1.0 million. If the businesses had all been acquired at the beginning of the reporting period, revenue of $24.1 million and profit before tax of $1.3 million, after amortisation of customer intangibles of $1.2 million would have been contributed to the Group.

Acquisition of additional interest in Cleanaway Refiners Pty Ltd

On 25 July 2016 the Group acquired the non-controlling interest in Cleanaway Refiners Pty Ltd for $2.5 million. Prior to the acquisition the Group held a 50% controlling interest in this entity.

	2017 $'M
Cash consideration paid to non-controlling shareholders	2.5
Carrying value of the additional interest in Cleanaway Refiners Pty Ltd	(6.6)
Gain recognised in retained earnings	**(4.1)**

Year ended 30 June 2016

There were no significant business combinations during the year ended 30 June 2016.

27. Subsidiaries

The Group's principal subsidiaries at 30 June 2017 are set out below.

	EFFECTIVE INTEREST	
	2017 %	2016 %
Baxter Business Pty Ltd [2]	100	100
Cleanaway Hygiene Pty Ltd [2]	100	100
Cleanaway Industrial Solutions Pty Ltd [2]	100	100
Cleanaway Landfill Holdings Pty Ltd [2]	100	100
Cleanaway Operations Pty Ltd [2]	100	100
Cleanaway Organics Pty Ltd [2]	100	100
Cleanaway Pty Ltd [2]	100	100
Cleanaway Recycling Pty Ltd [2]	100	100
Cleanaway Refiners Pty Ltd [1, 2]	100	50
Cleanaway Resource Recycling Pty Ltd [2]	100	100
Cleanaway Solid Waste Pty Ltd [2]	100	100
Cleanaway Superior Pak Pty Ltd [2]	100	100
Cleanaway Waste Management Limited (Parent entity)	100	100
Enviroguard Pty Ltd [2]	100	100
Environmental Recovery Services Pty Ltd [2]	100	100
ERS Australia Pty Ltd [2]	100	100
Landfill Land Holdings Pty Ltd [2]	100	100
Landfill Operations Pty Ltd [2]	100	100
Mann Waste Management Pty Ltd [2]	100	100
Nationwide Oil Pty Ltd [2]	100	100
NQ Resource Recovery Pty Ltd [2]	100	100
Olmway Pty Ltd [1]	50	50
Rubus Holdings Pty Ltd [2]	100	100
Rubus Intermediate One Pty Ltd [2]	100	100
Rubus Intermediate Two Pty Ltd [2]	100	100
Transpacific Baxter Pty Ltd [2]	100	100
Transpacific Biofuels Pty Ltd [1]	50	50
Transpacific Cleanaway Holdings Pty Ltd [2]	100	100
Transpacific Co Pty Ltd [2]	100	100
Transpacific Environmental Services Pty Ltd [2]	100	100
Transpacific Resources Pty Ltd [2]	100	100
Transwaste Technologies Pty Ltd [2]	100	100
Transwaste Technologies (1) Pty Ltd [2]	100	100
Western Landfill Pty Ltd [2]	100	100
Waste Management Pacific (SA) Pty Ltd [2]	100	100
Waste Management Pacific Pty Ltd [2]	100	100

1 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. As subsidiaries, the Group has power over the investees through management control and the casting vote of Olmway Pty Ltd and Transpacific Biofuels Pty Ltd. The Group has the capacity to dominate decision making in relation to the relevant activities so as to enable those entities to operate as part of the Group in pursuing its objectives. The Group acquired the non-controlling interest of Cleanaway Refiners Pty Ltd on 25 July 2016. Refer to note 26 for details.

2 These subsidiaries are parties to a deed of cross guarantee with Cleanaway Waste Management Limited created on 29 June 2007 pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited Financial Report. Refer to note 28 for Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Balance Sheet of the entities who are a party to the Deed of Cross Guarantee.

3 All entities were incorporated in Australia.

28. *Deed of cross guarantee*

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Balance Sheet of the entities who are a party to the Deed of Cross Guarantee are:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2017 $'M	2016 $'M
Revenue	1,460.8	1,432.6
Other income	22.4	2.2
Labour related expenses	(589.4)	(610.3)
Collection, recycling and waste disposal expenses	(359.0)	(340.3)
Fleet operating expenses	(131.8)	(140.9)
Property expenses	(40.1)	(31.4)
Other expenses	(70.0)	(55.9)
Share of profits from equity accounted investments	1.2	1.3
Profit from operations before depreciation and amortisation	**294.1**	**257.3**
Depreciation and amortisation expense	(165.9)	(156.8)
Impairment of assets	(4.4)	–
Change in fair value of non-landfill land and buildings	(0.6)	(0.2)
Profit from operations	**123.2**	**100.3**
Net finance costs	(34.1)	(34.4)
Profit before income tax	**89.1**	**65.9**
Income tax expense	(30.4)	(18.8)
Profit after income tax	**58.7**	**47.1**
Other comprehensive income		
Revaluation of land and buildings	(5.7)	3.1
Net comprehensive income recognised directly in equity	**(5.7)**	**3.1**
Total comprehensive income for the year	**53.0**	**50.2**

Refer to note 27 for details of subsidiaries who are a party to the Deed of Cross Guarantee.

28. Deed of cross guarantee (continued)

BALANCE SHEET	2017 $'M	2016 $'M Restated
Assets		
Current assets		
Cash and cash equivalents	43.2	47.6
Trade and other receivables	247.9	223.9
Inventories	11.1	14.4
Other assets	32.6	33.6
Total current assets	**334.8**	**319.5**
Non-current assets		
Other financial assets	2.6	89.6
Property, plant and equipment	936.5	866.5
Intangible assets	1,585.1	1,563.7
Equity accounted investments	11.5	10.6
Deferred tax assets	87.7	109.3
Total non-current assets	**2,623.4**	**2,639.7**
Total assets	**2,958.2**	**2,959.2**
Liabilities		
Current liabilities		
Trade and other payables	177.6	173.2
Income tax payable	10.7	10.7
Borrowings	62.4	0.3
Employee benefits	46.0	39.6
Provisions	55.6	59.8
Other liabilities	22.1	22.9
Total current liabilities	**374.4**	**306.5**
Non-current liabilities		
Borrowings	307.8	358.6
Employee benefits	8.4	8.3
Provisions	302.6	341.5
Other liabilities	133.6	109.4
Total non-current liabilities	**752.4**	**817.8**
Total liabilities	**1,126.8**	**1,124.3**
Net assets	**1,831.4**	**1,834.9**
Equity		
Issued capital	2,083.0	2,076.4
Reserves	40.0	41.7
Retained earnings	(291.6)	(283.2)
Total equity	**1,831.4**	**1,834.9**

The effect of the deed is that all subsidiaries that are parties to the deed have guaranteed to pay any deficiency in the event of winding up of any subsidiary or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

29. Parent entity

	2017 $'M	2016 $'M
Current assets	17.6	14.2
Total assets	2,648.1	2,620.9
Current liabilities	80.0	12.9
Total liabilities	389.0	465.2
Issued capital	2,083.0	2,076.4
Retained earnings	164.9	70.9
Reserves	11.2	8.4
Total equity	**2,259.1**	**2,155.7**
Profit/(loss) for the period	124.0	(6.7)
Total comprehensive income/(loss) for the period	124.0	(6.7)

The parent entity guarantees the contractual commitments of its subsidiaries as requested.

30. Derivative financial instruments

	2017 $'M	2016 $'M
Derivatives – at fair value	8.3	10.9
	8.3	**10.9**

The derivative balance relates to a foreign currency swap held by the Group to hedge against foreign currency movements in the USPP Notes. Refer to note 38(j) for the Group's accounting policy on derivative financial instruments.

31. Financial risk management

The Group is exposed to market risk, credit risk and liquidity risk. The Group has in place a Treasury Policy that focuses on managing these risks. The policy is reviewed by the Audit and Risk Committee and approved by the Board. The treasury activities are reported to the Audit and Risk Committee and Board on a regular basis with the ultimate responsibility being borne by the Chief Financial Officer (CFO).

The Group's overall financial risk management focuses on mitigating the potential financial effects to the Group's financial performance. The Group also enters into derivative transactions to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is the Group's policy that no speculative trading in financial instruments shall be undertaken.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes foreign currency risk and interest rate risk.

Foreign currency risk

Foreign currency risk arises as a result of having assets and liabilities denominated in a currency that is not the Group's functional currency (balance sheet risk) or from transactions or cash flows denominated in a foreign currency (cash flow risk). Foreign currency risk is not material to the Group.

The US Private Placement (USPP) Notes currency risk has been economically hedged by a foreign currency swap for the currency exposure which has been in place since inception and converts to AUD fixed rate debt. Although the Group's related foreign currency risk has been economically hedged, hedge accounting has not been applied. The foreign currency risk associated with the USPP Notes is fully hedged by the related foreign currency swap arrangement.

31. Financial risk management (continued)

The value of the USPP Notes at 30 June 2017 and 30 June 2016 is shown in the table below:

US PRIVATE PLACEMENT NOTES	USD $'M	AUD $'M
30 June 2017	48.0	62.4
30 June 2016	48.0	64.7

Interest rate risk

Interest rate risk is the risk that the fair value of the financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Group's exposure primarily relates to its exposure to variable interest rates on borrowings.

At 30 June 2017, there were no interest rate swaps in place.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	30 JUNE 2017		30 JUNE 2016	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $'M	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $'M
Fixed rate instruments				
USPP borrowings (USD)	10.8	(62.4)	10.8	(64.7)
Other	–	–	8.0	(0.8)
		(62.4)		**(65.5)**
Variable rate instruments				
Borrowings	3.1	(307.8)	3.6	(293.9)
		(307.8)		**(293.9)**

The Group's fixed rate borrowings are carried at amortised cost and therefore not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate due to a change in market interest rates.

An analysis of the interest rates over the 12 month period was performed to determine a reasonable possible change in interest rates on the variable rate borrowings. A change of 100 basis points in interest rates, based on borrowings at the reporting date would have increased/(decreased) profit by $3.1 million (2016: $2.9 million).

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations, with the maximum exposure being equal to the carrying amount of these instruments. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. For certain export sales the Group requires the vendor to provide a letter of credit.

The Group minimises concentrations of credit risk by undertaking transactions with a large number of customers. In addition, receivable balances are monitored on an ongoing basis with the intention that the Group's exposure to bad debts is minimised.

Credit risk on foreign exchange contracts is minimal as counterparties are large Australian and international banks with acceptable credit ratings determined by a recognised ratings agency. Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's Treasury policy where it only deals with large reputable financial institutions.

31. Financial risk management (continued)

The Group's maximum exposure to credit risk at the reporting date was:

CARRYING AMOUNT	NOTES	2017 $'M	2016 $'M
Cash and cash equivalents	11	43.2	48.3
Trade and other receivables	12	247.9	224.3
Derivative financial instruments	30	8.3	10.9
		299.4	**283.5**

Refer to note 12 for an analysis of credit risk and impairment associated with the Group's trade receivables balance.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objective is that the Group has access to sufficient cash resources to meet its financial obligations as they fall due, including taxes and dividends, and to provide funds for capital expenditure and investment opportunities as they arise.

The Group regularly reviews existing funding arrangements and assesses future funding requirements based upon known and forecast information. The Group's liquidity position is reported to the Board on a monthly basis.

The headroom in the Group's syndicated facilities at 30 June 2017 is $230.2 million (2016: $251.3 million). The current portion of the Group's borrowings at 30 June 2017 is $62.4 million (2016: $0.8 million). The Group considers liquidity risk to be low due to the level of headroom available and the maturity profile of existing facilities.

The following table discloses the contractual maturities of financial liabilities, including estimated interest payment and excluding the impact of netting agreements:

2017	< 1 YEAR $'M	1 – 2 YEARS $'M	2 – 5 YEARS $'M	> 5 YEARS $'M	CONTRACTUAL CASH FLOWS $'M	CARRYING AMOUNT $'M
US Private Placement Notes	65.1	–	–	–	65.1	62.4
Unsecured bank loans	9.7	23.2	309.4	–	342.3	307.8
Trade and other payables	177.6	–	–	–	177.6	177.6
Other liabilities	21.4	22.1	65.1	119.3	227.9	154.8
Total	**273.8**	**45.3**	**374.5**	**119.3**	**812.9**	**702.6**

2016						
US Private Placement Notes	7.0	68.2	–	–	75.2	64.7
Loans from related parties	0.5	–	–	–	0.5	0.5
Unsecured bank loans	10.6	10.6	311.5	–	332.7	293.9
Trade and other payables	178.8	–	–	–	178.8	178.8
Other liabilities	21.6	22.4	30.0	209.6	283.6	128.2
Total	**218.5**	**101.2**	**341.5**	**209.6**	**870.8**	**666.1**

The Group has bank guarantees and insurance bonds in place in respect of its contractual performance related obligations. These guarantees and indemnities only give rise to a liability where the Group fails to perform its contractual obligations. In the event that the Group does not meet its contractual obligations, these instruments are immediately callable and have a maximum exposure of $135.3 million (2016: $128.7 million) in relation to these bank guarantees and insurance bonds. Refer to note 33(c) for details of the Group's guarantees.

(d) 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.

31. Financial risk management (continued)

There were no transfers between levels during the year.

The Group enters into currency rate swaps with financial institutions with investment grade credit ratings. These derivatives are valued using techniques with market observable inputs. The valuation techniques include forward pricing and swap models, using present value calculations.

The following table provides the fair value measurement hierarchy of the Group's derivative financial instruments:

2017	LEVEL 1 $'M	LEVEL 2 $'M	LEVEL 3 $'M	TOTAL $'M
Assets				
Derivative financial instruments – USD foreign currency swap	–	8.3	–	8.3

2016				
Assets				
Derivative financial instruments – USD foreign currency swap	–	10.9	–	10.9

The carrying value of all financial assets and liabilities other than derivative financial instruments approximate fair value.

32. Contingent liabilities

Taxation authority reviews

The New Zealand Taxation Authority is currently reviewing particular aspects of the Group's tax position which have arisen during the period of the Group's ownership of the New Zealand business. While assessments have been issued in respect of some aspects of this review, no amounts of tax are currently payable by the Group, as discussions with Inland Revenue in relation to these matters are still continuing and the tax audit process has not yet concluded. At this time, it is too early to identify the outcomes and related adjustments that may arise, if any. The timing, in respect of the resolution of these matters, will depend on the outcome of the continuing discussions with Inland Revenue, the completion of the tax audit process and the initiation and conclusion of any court proceedings, if deemed necessary.

Other claims

On 18 August 2014 a Cleanaway vehicle was involved in a motor vehicle accident on the South Eastern Freeway in Glen Osmond, South Australia. Tragically the incident caused the death of two members of the public, and two other persons were seriously injured. During the year ended 30 June 2017, Cleanaway was charged with traffic and work health and safety offences in relation to the incident and there is a potential that other claims may emerge in due course. The extent of Cleanaway's liability and the timing for these matters to be resolved is not known at this time.

Certain companies within the Group are party to various legal actions or commercial disputes or negotiations that have arisen in the normal course of business. It is expected that any liabilities or assets arising from these legal actions would not have a material effect on the Group.

33. Commitments

(a) Operating lease commitments

The Group leases property, plant and equipment under operating leases expiring over terms generally not exceeding ten years. Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Future minimum rentals payable under non-cancellable operating lease rentals are payable as follows:

	2017 $'M	2016 $'M
Within one year	24.4	23.3
Between one and five years	61.9	64.2
More than five years	54.5	48.5
	140.8	**136.0**

33. Commitments (continued)

(b) Capital expenditure and other commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2017 $'M	2016 $'M
Property, plant and equipment	70.2	48.0
Intangible assets	5.5	3.4
	75.7	**51.4**

(c) Guarantees

The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of subsidiaries, joint ventures and associates in respect of their contractual performance related obligations. These guarantees and indemnities only give rise to a liability where the entity concerned fails to perform its contractual obligations.

	2017 $'M	2016 $'M
Bank guarantees outstanding at balance date in respect of contractual performance	123.7	115.3
Insurance bonds outstanding at balance date in respect of contractual performance	11.6	13.4
	135.3	**128.7**

34. Share-based payments

Total share-based payment expense included in the Consolidated Income Statement is set out in note 17(b).

Performance rights outstanding at the reporting date consist of the following grants:

OFFER	GRANT DATE	END OF PERFORMANCE OR SERVICE PERIOD	PERFORMANCE RIGHTS AT 30 JUNE 2016	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	FORFEITED/ EXPIRED DURING THE PERIOD	PERFORMANCE RIGHTS AT 30 JUNE 2017
LONG TERM INCENTIVE PLAN							
2013 LTI	19 Jun 2013	30 Jun 2016	786,366	–	(191,598)	(594,768)	–
2014 LTI	24 Mar 2014	30 Jun 2017	1,480,949	–	–	(202,709)	1,278,240
2015 LTI	10 Mar 2015	30 Jun 2017	1,912,388	–	–	(92,460)	1,819,928
2016 LTI (A)	30 Oct 2015	30 Jun 2018	2,838,220	–	–	–	2,838,220
2016 LTI (B)	16 Mar 2016	30 Jun 2018	2,808,170	–	–	(284,054)	2,524,116
2017 LTI (A)	7 Oct 2016	30 Jun 2019	–	2,301,952	–	–	2,301,952
2017 LTI (B)	2 Nov 2016	30 Jun 2019	–	2,370,716	–	–	2,370,716
SHORT TERM INCENTIVE PLAN							
2014 STI	1 & 29 Oct 2014	30 Jun 2016	592,330	–	(592,330)	–	–
2016 STI	7 Oct & 2 Nov 2016	30 Jun 2017	–	509,480	–	–	509,480
OTHER GRANTS							
One-off (A)	20 Aug 2015	3 Aug 2017	328,947	–	–	–	328,947
Total			**10,747,370**	**5,182,148**	**(783,928)**	**(1,173,991)**	**13,971,599**
Vested and exercisable at 30 June 2017							509,480

The vesting date for LTI offers is on or after 14 days after the date on which the annual financial results of the Group for the financial year associated with the end of the performance period is released to the ASX. Other offers vest on or after the end of the relevant performance or service period.

34. Share-based payments (continued)

(a) Long term incentive (LTI) plan

The Cleanaway LTI plan is designed to provide long-term incentives for senior executives to deliver long-term shareholder returns. Under the plan, participants are granted performance rights which only vest if certain performance standards are met.

Offers made in previous reporting periods

The following table outlines the terms of the outstanding LTI offers made in previous reporting periods which remain on issue:

PERFORMANCE PERIOD	2014 LTI AWARD 4 YEARS: 1 JULY 2013 TO 30 JUNE 2017	2015 LTI AWARD UP TO 4 YEARS: 1 JULY 2014 TO 30 JUNE 2018	2016 LTI AWARD UP TO 3 YEARS: 1 JULY 2015 TO 30 JUNE 2018
Overview	Performance rights, of which: • Up to 50% vest if a certain relative TSR ranking is achieved against the constituents of the S&P/ASX 200 Industrial Sector Index • Up to 50% vest if a certain earnings per share target is achieved	Performance rights, of which: *Measured over 3 years to 30 June 2017* • Up to 25% vest if a certain relative TSR ranking is achieved against constituents of the S&P/ASX 200 Industrial Sector Index • Up to 25% vest if a certain Return on Invested Capital target is achieved *Measured over 4 years to 30 June 2018* • Up to 50% vest if certain strategic initiatives are achieved	Performance rights, of which: *Measured over 3 years to 30 June 2018* • Up to 50% vest if a certain relative TSR ranking is achieved against the constituents of the S&P/ASX 200 Industrial Sector Index • Up to 50% vest if a certain Return on Invested Capital target is achieved

Offer made in current reporting period – 2017 LTI award

During the period, the Group issued performance rights attached to the Group's LTI plan to the CEO (grant B) and other senior executives (grant A). The performance rights will vest in three tranches if the following performance hurdles, tested independently, are met:

- Tranche 1 – Up to 50% of the performance rights vest if a certain relative TSR ranking is achieved against constituents of the S&P/ASX 200 Industrial Sector Index.
- Tranche 2 – Up to 25% of performance rights vest if a certain Return on Invested Capital (ROIC) target is achieved.
- Tranche 3 – Up to 25% of performance rights vest if a certain underlying earnings per share (EPS) compound annual growth rate (CAGR) target is achieved.

Performance rights granted during the period were fair valued by an external party using the Monte Carlo Simulation and Black Scholes model.

The following table sets out the assumptions made in determining the fair value of these performance rights:

SCHEME	2017 LTI – GRANT A	2017 LTI – GRANT B
Number of rights	2,301,952	2,370,716
Grant date	7 October 2016	2 November 2016
Performance period	1 July 2016 – 30 June 2019	1 July 2016 – 30 June 2019
Risk free interest rate (%)	1.65%	1.71%
Volatility [1] (%)	35.0%	35.0%
Fair value – Relative TSR tranche	$0.86	$0.86
Fair value – ROIC tranche	$1.06	$1.03
Fair value – EPS CAGR tranche	$1.06	$1.03

1 Expected volatility is based on the historic volatility of Cleanaway shares over a range of periods.

34. Share-based payments (continued)

The performance targets of the 2017 LTI award are set out in the table below.

Relative TSR performance measured over 3 years from 1 July 2016 to 30 June 2019	Relative Total Shareholder Return (TSR) Ranking against the constituents of the S&P/ASX200 Industrial Sector Index: • Below 50th percentile – 0% vesting • At the 50th percentile – 50% vesting • 50th to 75th percentile – straight line vesting between 50% and 100% • Above 75th percentile – 100% vesting
ROIC performance as measured for the year ending 30 June 2019	Return On Invested Capital (ROIC) to be achieved: • < 4.5% – 0% vesting • 4.5% – 20% vesting • > 4.5% – ≤ 5.5% – straight line vesting between 20% and 50% • > 5.5% – ≤ 6.5% – straight line vesting between 50% and 100% • > 6.5% – 100% vesting
EPS CAGR performance measured over 3 years from 1 July 2016 to 30 June 2019	Earnings per Share Compound Annual Growth Rate (EPS CAGR) to be achieved: • < 7.5% – 0% vesting • 7.5% – 20% vesting • > 7.5% – ≤ 10.0% – straight line vesting between 20% and 50% • > 10.0% – ≤ 12.5% – straight line vesting between 50% and 100% • > 12.5% – 100% vesting

(b) Short term incentive (STI) plan

The Cleanaway STI plan is an annual plan that is used to motivate and reward senior executives across a range of performance measures over the financial year. Under the plan, participants are granted a combination of cash and rights to deferred shares if certain performance standards are met. The Group uses EBITDA targets as the main performance standard for the STI plan. Vesting of the performance rights granted is deferred for one year.

(c) Other grants

One-off grant A

On joining Cleanaway, the CEO was entitled to a one-off allocation of 328,947 performance rights to the value of $250,000 at the grant date with vesting subject to a two-year service condition. The service condition has been met and these performance rights vested on 3 August 2017.

35. Auditor's remuneration

Details of the amounts paid or payable to the auditor and its related practices for audit and non-audit services are set out below.

	2017 $	2016 $
Ernst & Young:		
Audit services	968,625	1,435,270
Audit related services	82,235	9,000
Non-audit services:		
Other advisory services	20,600	–
	1,071,460	**1,444,270**

36. Events occurring after the reporting date

On 3 July 2017 the Group acquired the assets and business of SA Waste for $12.2 million. The SA Waste business provides waste collection and resource recovery services in Adelaide, South Australia and owns and operates two resource recovery facilities. The initial accounting for the business combination was incomplete at the time the Group's financial statements were authorised for issue, and accordingly details of the financial effect of the business combination have not been disclosed.

On 17 August 2017 the Group entered into a funding agreement with the Clean Energy Finance Corporation. The agreement provides the Group with a $90 million unsecured loan on a fixed rate 8 year term.

37. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel (KMP) are set out in the Remuneration Report on pages 39 to 54.

The KMP compensation included in employee expenses are as follows:

	2017 $	2016 $
Short-term employee benefits	4,253,194	6,236,367
Post-employment benefits	127,451	142,099
Termination benefits	–	668,861
Equity compensation benefits	1,299,836	447,814
	5,680,481	**7,495,141**

Some of the Directors hold, or have previously held, positions in companies with which Cleanaway has commercial relationships which are based on normal terms and conditions on an arm's length basis. Transactions with entities where the relationship is limited to a common Non-Executive Directorship including any Chairperson roles are not considered related party transactions. The Board has assessed all of the relationships between the Group and companies in which Directors hold or held positions and has concluded that in all cases the relationships do not interfere with the Directors' exercise of objective, unfettered or independent judgement or their ability to act in the best interest of the Group.

During the year ended 30 June 2016, transactions that amounted to related party transactions were limited to transactions with NGT Marketing. Mr Martin Hudson, Non-Executive Director of the Group (until 26 October 2016), held a beneficial interest in NGT Marketing. The Group provided waste collections services to NGT Marketing for which it earned revenues on normal commercial terms. The value of these services were not material at $2,466 for the year ended 30 June 2016. During the period from 1 July 2016 to when Mr Hudson resigned as Non-executive Director on 26 October 2016, the Group did not provide any services to NGT Marketing and therefore there were no related party transactions in the current reporting period.

(b) Wholly-owned Group transactions

The wholly-owned Group consists of Cleanaway Waste Management Limited and its subsidiaries listed at note 27. Transactions between Cleanaway Waste Management Limited and other entities in the wholly-owned Group during the years ended 30 June 2017 and 30 June 2016 consisted of:

(i) Loans advanced by Cleanaway Waste Management Limited and other subsidiaries;

(ii) Loans repaid to Cleanaway Waste Management Limited and other subsidiaries;

(iii) The payment of interest on the above loans;

(iv) The payment of dividends to Cleanaway Waste Management Limited and other subsidiaries;

(v) Management fees charged to subsidiaries; and

(vi) Sales between subsidiaries.

The above transactions are all eliminated on consolidation.

(c) Other related parties

There were no material transactions with, or amounts receivable from or payable to, other related parties during the years ended 30 June 2017 and 30 June 2016.

38. Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the Consolidated Financial Report. These policies have been consistently applied to all years presented unless otherwise stated.

(a) Revenue

Amounts disclosed as revenue represent the fair value of consideration received or receivable, including environmental levies but excluding goods and services taxes paid. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of goods to customers. Revenue from the rendering of services is recognised upon completion of performing the services. Revenue is recognised for the major business activities as follows:

Solids

Revenue from collection and disposal of waste is recognised when the service has been performed. In some circumstances, revenue may be earned from the collection of the waste, however costs related to the treatment and disposal of that waste is yet to be incurred. Unprocessed waste may give rise to deferred revenue, where invoices to customers are raised in advance of performance obligations being completed, or require an accrual for the costs of disposing of residual waste to be created once the Group has an obligation for disposal. These amounts are reflected as deferred revenue or accruals in the financial statements as appropriate.

Liquids and Industrial Services

Revenue from collection and treatment of liquid waste is recognised when the waste has been collected and treated. Contract revenue is measured by reference to labour hours incurred to date and actual costs incurred. Revenue from sale of oil and by-products is recognised on shipment or passing of control of the goods.

Interest

Interest revenue is recognised on an accruals basis, taking into account the interest rates applicable to the financial assets.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates or joint venture entities are accounted for in accordance with the equity method of accounting.

(b) Repairs and maintenance

Plant and equipment of the Group is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The cost of this maintenance is recognised as an expense as incurred, except where it relates to the replacement of a component of an asset, or where it extends the useful life of the asset, in which case the costs are capitalised and depreciated in accordance with the Group's policy. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses as incurred.

(c) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred.

Finance costs include foreign exchange movements of the US Private Placement (USPP) borrowings which are offset by a corresponding foreign currency swap agreement. This foreign currency swap has not been formally designated as a hedge and therefore does not qualify for hedge accounting. The derivative financial instrument is carried at fair value on the Consolidated Balance Sheet with any changes in fair value being recognised in finance costs in the Consolidated Income Statement.

38. Significant accounting policies (continued)

(d) Income tax

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

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and all its wholly-owned Australian resident entities are part of a Tax Consolidated Group under Australian taxation law. Cleanaway Waste Management Limited is the Head Entity in the Tax Consolidated Group. The Tax Consolidated Group has entered into a tax sharing and a tax funding agreement.

(e) Impairment of assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. Impairment losses on financial assets are directly written off to the Consolidated Income Statement. Impairment of loans and receivables is recognised when it is probable that the carrying amount will not be recovered in full due to significant financial difficulty or other loss event of the debtor.

Goodwill and intangible assets that have an indefinite useful life are not amortised but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that previously suffered an impairment loss are reviewed for possible reversal of the impairment loss at each subsequent reporting date.

(f) Foreign currency

Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement and are reported on a net basis. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

38. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, short-term deposits and petty cash balances. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are at call, and earn interest at the respective short-term deposit rates.

Effective 30 June 2017, the Group has changed the way in which it presents its Consolidated Statement of Cash Flows from the direct method to the indirect method. The indirect method provides a reconciliation from operating profit before tax to operating cash flows on the face of the Consolidated Statement of Cash Flows. This format is consistent with how cash flows are reported internally and is therefore considered more useful to readers of the Financial Report.

(h) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known as uncollectable are written off when identified. A provision for impairment is raised when collection of an amount is no longer probable.

The Group's exposure to credit risk related to trade and other receivables is disclosed in note 31(b).

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the method most appropriate to each particular class of inventory and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(j) Derivative financial instruments

The Group has a derivative financial instrument in place to manage its exposure to foreign exchange movements in the value of the USPP borrowings which are denominated in USD.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. As noted in note 31(a), this derivative is not designated as a hedge and therefore all fair value movements are recorded in finance costs in the Consolidated Income Statement.

(k) Property, plant and equipment

Landfill assets

The Group owns landfill assets. A landfill site may be either developed or purchased by the Group.

Landfill assets comprise the acquisition of landfill land, cell development costs, site infrastructure and landfill site improvement costs and the asset related to future landfill site restoration and aftercare costs (landfill remediation asset).

Landfill land will be recognised separately from other landfill related assets when it is considered to have value at the end of the landfill site's useful life for housing or commercial development. This land is not depreciated; it is carried at its original cost and tested for impairment.

Cell development costs include excavation costs, cell lining costs and leachate collection costs. Cell development costs are capitalised as incurred. Closed cells are capped and may return a future revenue stream to the Group, such as from the sale of landfill gas.

The landfill remediation assets comprises capping costs and costs to remediate and monitor the site over the life of the landfill including post closure. Capping costs together with cost of aftercare (see Provision for landfill remediation in note 38(o)) are recognised upon commencement of cell development. The depreciation, for cell development costs and the remediation asset, is calculated by the tonnes of airspace consumed during the reporting period divided into the total airspace available at the beginning of the reporting period, such that all costs are fully depreciated upon receiving last waste into the landfill. A landfill is deemed full when its permitted airspace is consumed and it cannot legally accept any more waste. Alternatively, a landfill may be deemed full earlier should other factors exist, for example, if it is not economically viable to continue accepting waste.

Site infrastructure and landfill site improvement costs include capital works such as site access roads and other capital costs relating to multiple cells on the landfill site. These costs are capitalised as incurred and depreciated using the useful life of the asset or the life of the landfill up until receiving last waste.

38. Significant accounting policies (continued)

Landfill sales

A landfill may be disposed of as an operating landfill or it may be retained until post-closure and then sold. The Group's policy on landfill sales is as follows:

- If the landfill is sold as an operating landfill, recognise the profit on sale of an asset; or
- If the completed landfill is intended to be sold and meet the relevant requirements, transfer the landfill balance to non-current assets held for sale.

Non-landfill land and buildings

Non-landfill land and buildings are shown at fair value, based on periodic valuations (at least every three years) by external independent valuers, less subsequent depreciation of buildings. The fair values are recognised in the Consolidated Financial Statements of the Group, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different to their fair values.

Movements in market prices and the level of transactions impact the ability of the Group to estimate fair value.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Consolidated Income Statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in the Consolidated Income Statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the Consolidated Income Statement. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within "other income" in the Consolidated Income Statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation of assets, with the exception of landfill remediation and cell development assets, is calculated on a straight-line basis so as to write off the net cost or revalued amount of each asset over its expected useful life to the Group. Leasehold improvements are depreciated over the period of the lease or estimated useful lives, whichever is the shorter, using the straight-line method. Landfill remediation and cell development assets are depreciated on a usage basis over the individual landfill expected life.

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Buildings and site improvements	15 to 40 years
Plant and equipment	2.5 to 20 years
Leasehold improvements	5 to 10 years
Landfill assets	1 to 50 years

38. Significant accounting policies (continued)

(l) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business, subsidiary or associate at the date of acquisition. Goodwill on the acquisition of businesses or subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is not amortised. Instead goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the Consolidated Income Statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the costs of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are also capitalised. Other development expenditure is recognised in the Consolidated Income Statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets include customer contracts recognised on business combinations and licences. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite (e.g. brand names). Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives of customer contracts are 3 to 10 years.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Other payables and accruals includes tipping and disposal costs accruals as well as general accruals.

38. Significant accounting policies (continued)

(n) Borrowings

Borrowings are initially recognised at fair value of the consideration received net of issue costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of the borrowings on an effective interest basis. Foreign exchange gains and losses arising on borrowings are reflected in finance costs in the Consolidated Income Statement.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

(o) Provision for landfill remediation and rectification

Landfill sites are constructed to receive waste in accordance with a licence. These licences generally require that once a landfill is full, it is left in a condition as specified by the Environmental Protection Authority (EPA) or other government authorities, and monitored for a defined period of time (usually 30 years).

Therefore remediation occurs on an ongoing basis, as the landfill is operating, at the time the landfill closes and through post-closure. Remediation comprises:

- the costs associated with capping landfills (covering the waste within the landfill); and
- costs associated with remediating and monitoring the landfill in accordance with the licence or environmental requirements.

The constructive obligation to remediate the landfill sites is triggered upon commencement of cell development. Accordingly landfill remediation costs are provided for when development commences and at the same time a landfill remediation asset is recognised.

The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time and is recognised in current and non-current provisions in the Consolidated Balance Sheet. The annual change in the net present value of the provision due to the passage of time is recognised in the Consolidated Income Statement as a time value adjustment in finance costs.

Due to the long term nature of remediation obligations, changes in estimates occur over time. Any change in the provision for future landfill site restoration and aftercare costs arising from a change in estimate of those costs, and related to landfill sites which are still accepting waste, is recognised as an addition or reduction to the remediation asset in the Consolidated Balance Sheet. Changes to the remediation provision once last customer waste is received, are expensed to the Consolidated Income Statement.

Rectification provisions differ to remediation. Rectification costs must be provided for at a reporting period end when there is an obligation to bring an asset back to the normal operating standard required under the licence and EPA or council requirements. Rectification provisions are calculated based on the net present value of all costs expected to rectify the site. All rectification costs are expensed to the Consolidated Income Statement.

38. Significant accounting policies (continued)

(p) Provisions

A provision is recognised in the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Employee entitlements

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within 12 months of the reporting date are recognised in other payables and employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in employee benefits and is measured in accordance with the other employee benefits described above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on the corporate bond rate with terms to maturity and currency that match, as closely as possible, the timing of estimated future cash outflows.

Short term incentive (STI) compensation plans

A liability for employee benefits in the form of STI's is recognised when it is probable that STI criteria has been achieved and an amount is payable in accordance with the terms of the STI plan. Liabilities for STI's are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Share-based payment transactions

Share-based payments are provided to Executives and employees via the Cleanaway Waste Management Limited Annual Incentive Plan and the Long Term Incentive Plan.

Share-based compensation payments are measured at fair value at the date of grant and expensed to employee benefit expense with a corresponding increase in the employee benefits reserve over the period in which the service and, where applicable, performance conditions are fulfilled. Fair value is measured by using the Monte Carlo simulation or the Black-Scholes option pricing model, the term of the Performance Right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the Performance Right.

38. Significant accounting policies (continued)

(r) Fair value measurement

The Group measures financial instruments, such as derivatives and non-financial assets such as land and buildings, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principle market for the asset or liability, or
- In the absence of a principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that the market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

The Group uses the following valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(s) Basis of consolidation

(i) Subsidiaries

The Consolidated Financial Report comprises the financial statements of the Group and its subsidiaries as at 30 June 2017. 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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from the contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Income Statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Balance Sheet, separately from parent shareholders' equity.

If the Group loses control over a subsidiary it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the Consolidated Income Statement. Any investment retained is recognised at fair value.

38. Significant accounting policies (continued)

(ii) Equity accounted investments

Equity accounted investments are those entities over which the Group has either significant influence (associate entities) or joint control and has rights to the net assets of the entity (joint venture entities). The Group does not have power over these entities either through management control or voting rights. Investments in associates and joint ventures are accounted for using the equity method of accounting and are collectively referred to as "equity accounted investments" in this report.

Under the equity method of accounting, the investments in associates and joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate or joint venture in the Consolidated Income Statement. Dividends received from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(t) Business combinations

Business combinations are accounted for using the acquisition method, whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are measured using their fair values at the date of acquisition. Goodwill arises in a business combination when the consideration transferred to the acquiree is greater than the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Acquisition related costs, incurred in a business combination transaction, are expensed as incurred.

39. New standards adopted

AASB 12, *Income Taxes* ('*AASB 12*')

Following the November 2016 publication of the IFRS Interpretation Committee's agenda decision addressing the expected manner of recovery of intangible assets with indefinite useful lives for the purposes of measuring deferred tax, the Group has retrospectively changed its related accounting policy. The Interpretations Committee considered a request to clarify how an entity determines the expected manner of recovery (through use or sale) when measuring deferred tax for an intangible asset with an indefinite useful life. They concluded that an entity determines its expected manner of recovery using the existing principles in AASB 12 *Income Taxes,* however in doing so also provided commentary that an entity may not amortise an intangible asset with an indefinite useful life, but this is not evidence that an entity is not consuming benefit through use. Previously, the Group reflected an accepted view that an indefinite life asset will only be recovered through sale, as it was not being amortised. As the Group considers it will recover the carrying value of its indefinite life intangible assets through use, it has implemented the guidance on a retrospective basis as an accounting policy change in accordance with AASB 108 *Accounting Policies, Changes to Accounting Estimates and Errors*. The impact of this change was as follows:

Impact of change on the Consolidated Balance Sheet:

	2016 $'M
Increase/(decrease) of previously reported balances:	
Intangible Assets: Goodwill	24.0
Deferred tax asset	(24.0)

This change did not have an impact on the 2016 comparative amounts reported in the Consolidated Statements of Comprehensive Income and the Consolidated Statement of Cash Flows.

In addition, the Group has adopted 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 issued by the Australian Accounting Standards Board that are relevant to the Group are limited to:

- AASB 2016-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*; and
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative : Amendments to AASB 101.*

The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior year.

40. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017 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.

New standards

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 9 *Financial Instruments*, and the relevant amending standards AASB 9 replaces AASB 139. This standard includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. Based on an initial impact assessment, the new standard is not expected to significantly impact the Group's determination of doubtful debts or the accounting for derivative financial instruments.	1 January 2018	30 June 2019
AASB 15 *Revenue from Contracts with Customers*, and the relevant amending standards AASB 15 replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations. AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer. (b) Step 2: Identify the performance obligations in the contract. (c) Step 3: Determine the transaction price. (d) Step 4: Allocate the transaction price to the performance obligations. (e) Step 5: Recognise revenue when (or as) a performance obligation is satisfied. The Group is undertaking a comprehensive review of the implementation impacts of AASB 15 and has not yet reached a final determination of the impacts of this accounting standard. However, based on an initial impact assessment, the new standard is not expected to significantly impact revenue recognition or the treatment of contract costs of the Group.	1 January 2018	30 June 2019
AASB 16 *Leases*, and the relevant amending standards 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. The likely impact on the Group of adopting this new standard has not been determined.	1 January 2019	30 June 2020

40. New standards and interpretations not yet adopted (continued)

Amendments from improvement projects

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 107 *Disclosure Initiative – Amendments to AAS 107* This amendment amends AASB 107 *Statement of Cash Flows* to help users of financial statements better understand changes in an entity's debt.	1 January 2017	30 June 2018
AASB 112 *Recognition of Deferred Tax assets for Unrealised Losses – Amendments to AASB 112* The AASB has issued amendments to AASB 112 *Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The AASB has clarified that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which profit may include the recovery of some assets for more than their carrying amount.	1 January 2017	30 June 2018
AASB 2 *Classification and Measurement of Share-based Payment Transactions – Amendments to AASB 2* This amendment amends AASB 2 *Share-based Payment* in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas: • The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. • The classification of a share-based payment transaction with net settlement features for withholding tax obligations. • The accounting where a modification to the terms and conditions of a share-based transaction change its classification from cash-settled to equity-settled.	1 January 2017	30 June 2018

The amendments from improvement projects identified above are not expected to have a material impact on the Group.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes together with the additional disclosures included in the Directors' Report designated as audited, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2;

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section s295A of the *Corporations Act 2001* for the financial year ended 30 June 2017; and

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the closed Consolidated Group identified in note 27 will be able to meet any obligation or liabilities to which they are or may become subject to, by virtue of the deed of cross guarantee.

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, 22 August 2017

Independent Auditor’s Report

to the Members of Cleanaway Waste Management Limited

Building a better working world

Ernst & Young
8 Exhibition Street
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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cleanaway Waste Management Limited (the Company) and its subsidiaries (collectively the Group), which comprises the Consolidated Balance Sheet as at 30 June 2017, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

EY
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1. Carrying value of non-current assets, including brand name and goodwill

WHY SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
At 30 June 2017, the Group held $1,308.9 million in intangible assets with indefinite useful lives. These intangible assets comprise goodwill and brand names and are monitored at an operating segment or cash generating unit ("CGU") level respectively for the Solids and Liquids businesses. In accordance with the requirements of Australian Accounting Standards, the Group annually tests these indefinite useful life assets for impairment. The assessment of the carrying value of the intangible assets (the impairment test) incorporates judgments and estimates relating to discount rates, forecast revenue, EBITDA growth rates and levels of capital expenditure. In addition, various assumptions have been made for economic variables such as commodity prices, GDP and inflation rates as well as expected outcomes from the execution of the sales transformation and cost reduction programs currently in place. The Group prepared a value in use discounted cash flow model to assess the carrying value of non-current assets. Note 21 to the financial report provides disclosure on the Group's impairment tests and highlights the impact of reasonably possible changes to key assumptions.	The audit procedures we performed included testing the mathematical accuracy of the discounted cash flow model and evaluation of the assumptions and methodologies used by the Group. We involved our valuation specialists to assist in the execution of these audit procedures. In respect of the Group's discounted cash flow model, we assessed the judgments and estimates. In doing so, we: • Assessed the assumptions in the Group's board approved forecasts; • Considered the current year actual results in comparison to prior year forecasts in order to assess forecast accuracy; • Assessed the key assumptions in comparison to independent economic and industry forecasts (where available); • Assessed the assumptions for terminal growth rates; • Considered the achievability of cost saving targets and associated initiatives; • Considered the capital expenditure forecasts; • Assessed the discount rates through comparing the cost of capital for the Group with comparable businesses; and • Considered comparable businesses valuation multiples as a cross-check of the Group's cash flow model outcomes. We performed sensitivity analysis in respect of the key assumptions to ascertain the extent of changes in those assumptions which either individually or collectively would be required for the intangible assets to be impaired. We also assessed the adequacy of the disclosures made in the financial report – in particular those that have the most significant effect on the determination of the recoverable amount of the intangible assets.

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2. *Valuation and completeness of the rectification and remediation provisions*

WHY SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Under the National Environment Protection Council Act 1994 the Group has an obligation and responsibility to rectify and remediate the land in which landfill activities occur. Such liabilities must be accounted for in accordance with Australian Accounting Standards – AASB 137 *Provisions, Contingent Liabilities, and Contingent Assets*. At 30 June 2017, the Group held $332.8 million in rectification and remediation provisions. The rectification and remediation provisions were based on a discounted cash flow model and incorporated critical estimates in relation to capping and post closure costs and a cost escalation rate, the timing of expected expenditure, the possibility of new practices and methodologies being available in the future and the determination of an appropriate discount rate. Refer to note 24 to the financial report for the Group's disclosure. These estimates were developed based on the specific plans for each site, taking into consideration historical experience and emerging practice in relation to rectification and remediation activities.	The audit procedures we performed included testing the mathematical integrity of the discounted cash flow model and evaluation of the assumptions and methodologies used by the Group. We involved our environmental specialists (specialising in remediated land) to assist in the execution of these procedures. With respect to the Group's rectification and remediation provisions, we performed the following on the Group's discounted cash flow model: • Assessed the competence, independence and objectivity of the external expert engaged by the Group involved in the development and maintenance of the rectification and remediation model; • Assessed the cost estimates for capping and post closure activities with reference to available external data and relevant Environment Protection Authority ("EPA") regulations; • Considered correspondence between the Group and the EPA; • Assessed the remaining airspace in the landfills; and • Assessed the discount rate applied with reference to observable market inputs and involvement from our valuation specialists.

Independent Auditor's Report

to the Members of Cleanaway Waste Management Limited

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Information other than the Financial Report and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 54 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Cleanaway Waste Management Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Brett Croft
Partner
Melbourne

22 August 2017

Other Information

Top 20 Shareholders as at 22 August 2017

RANK	NAME	UNITS	% OF UNITS
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	498,024,140	31.25
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	410,828,117	25.78
3	CITICORP NOMINEES PTY LIMITED	187,828,073	11.79
4	NATIONAL NOMINEES LIMITED	174,263,680	10.93
5	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	62,317,910	3.91
6	BNP PARIBAS NOMS PTY LTD <DRP>	33,590,804	2.11
7	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	20,468,687	1.28
8	BOND STREET CUSTODIANS LIMITED <MACQ HIGH CONV FUND A/C>	14,319,689	0.90
9	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	12,197,000	0.77
10	PETER & LYNDY WHITE FOUNDATION PTY LTD <P & L WHITE FOUNDATION A/C>	8,985,876	0.56
11	JJ RICHARDS & SONS PTY LTD	8,891,724	0.56
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	8,429,515	0.53
13	AMP LIFE LIMITED	7,983,163	0.50
14	CAMROCK (AUSTRALIA) PTY LIMITED	6,738,635	0.42
15	UBS NOMINEES PTY LTD	6,094,521	0.38
16	BNP PARIBAS NOMS (NZ) LTD <DRP>	4,519,316	0.28
17	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	4,353,829	0.27
18	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	4,160,050	0.26
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	3,760,807	0.24
20	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	3,439,914	0.22
Top 20 Holders of Fully Paid Ordinary Shares		**1,481,195,450**	**92.94**
Total Remaining Holders Balance		**112,532,294**	**7.06**
Total Fully Paid Ordinary Shares on Issue		**1,593,727,744**	**100.00**

Substantial Shareholders

The number of shares held by substantial shareholders as disclosed in the shareholding notices given to the Company as at 22 August 2017 were:

Cooper Investors Pty Limited	140,380,864	8.81%
FIL Limited	136,852,525	8.59%
Marathon Asset Management LLP	95,739,113	6.01%
Dimensional Fund Advisors	94,987,449	5.96%
Challenger Limited	81,903,145	5.14%
National Australia Bank Limited	81,341,437	5.10%

An entity has a substantial shareholding if the total votes attaching to shares in which the entity and their associates have a relevant interest is 5% or more. The list of the 20 largest shareholders is based on the number of shares held in the name of each shareholder on the register of members, even if the shareholder holds the share as a nominee (i.e. no beneficial or relevant interest in the shares). The list of the 20 largest shareholders of the Company and the list of substantial shareholders of the Company differ for this reason.

Statement of Quoted Securities

The Company's total number of shares on issue as at 22 August 2017 was 1,593,727,744 ordinary fully paid shares.

At 22 August 2017, the total number of shareholders owning these shares was 7,606 on the register of members maintained by Computershare Investor Services Pty Ltd.

92.94% of total issued capital is held by or on behalf of the 20 largest shareholders.

Other Information

Voting Rights

Under the Company's Constitution, every member is entitled to vote who is present at a general meeting of the Company in person or by proxy or by attorney or, in the case of a corporation, by representative, shall, upon a show of hands, have one vote only.

Proxies – Where a member is entitled to cast two or more votes it may appoint not more than two proxies or attorneys. Where a member appoints two proxies, neither proxy is entitled to a vote on a show of hands.

Poll – On a poll, every member entitled to vote shall, whether present in person or by proxy or attorney or, in the case of a corporation, by representative, have one vote for every share held by the member.

At 22 August 2017, there were 13,133,172 performance rights on issue to 14 executives under the Company's incentive schemes. Voting rights will be attached to the unissued ordinary shares when the performance rights have been exercised.

Distribution Schedule of Shareholders

NO. OF SHARES	1-1,000	1,001-5,000	5,001-10,000	10,001-100,000	100,001 AND OVER	TOTAL
	1,654	2,802	1,188	1,813	149	7,606

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares ($500 in value) based on the closing price of $1.385 on 22 August 2017 was 298.

Securities Exchange Listing

The shares of the Company are listed on the Australian Securities Exchange under the code CWY.

Company Secretary

Dan Last

Registered Office and Principal Office

Level 4, 441 St Kilda Road, Melbourne, VIC 3004. Telephone: +61 3 8397 5100

Share Registry

Computershare Investor Services Pty Limited, 117 Victoria Street, West End, QLD 4101. Telephone: 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia)

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