

18 August 2011

ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

**APPENDIX 4E
PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2011**

Tox Free Solutions Limited (**Toxfree**) is pleased to present Appendix 4E containing details of Toxfree's financial results for the year ended 30 June 2011.

Yours faithfully
TOX FREE SOLUTIONS LIMITED

A handwritten signature in black ink that reads "D McArthur".

DAVID McARTHUR
Company Secretary

Results Commentary | 30 June 2011

Key Highlights

Highlight | Strategic

- Expansion of services in new geographic regions leveraged to the resource sector:
 - Central Queensland expansion in Bowen Basin
 - Central and inland Pilbara expansion
- Long term contracts with Blue Chip clients - Successful implementation of contracts with Apache Energy, Boral Cement, Minara Resources, Rio Tinto Iron Ore and Toll Energy (Gorgon LNG)
- Tender pipeline - \$100M tendered as at 1 July 2011 and pending

Highlight | Financial

- Revenue increased 45% to \$143.5M (FY10: \$98.7M)
- EBITDA increased by 42% to \$32.8M* (FY10: \$23.0M)
- EBIT increased by 51% to \$21.3M* (FY10: \$14.1M)
- NPAT up 64% to \$13.1M* (FY10: \$7.9M)
- EPS up 54% to 14.23 cents* (FY10: 9.25 cents)
- Net debt reduced to \$11.5M with net debt to equity of 11%
- Dividend increased to 3 cents per share
- Cash generated from operations of \$28.0M, 85% of EBITDA

Highlight | Sustainability and Our People

- Zero Lost Time Injuries
- Welcomed 130 new employees to the Group – Total of 568 employees as at 30 June 2011 within the Tox Free Solutions Limited (“**Toxfree**”) group (the “**Company**” or “**Group**”)
- Nominated for NSCA/GIO National Safety Awards of Excellence for the development of Australia’s first formal National High Pressure Water jetting qualification
- Successfully achieved management system accreditation for our New South Wales and Victorian operations
- Developed national training package for all employees

Highlight | Operations

- Major contracts with Apache, Boral Cement, Minara Resources, Rio Tinto, Toll Energy and Woodside all performed well, meeting customer expectations without major incident
- Improved performance from the central Queensland region through expansion in the Bowen basin
- Improved performance from New South Wales operations with improved EBIT margins and return on invested capital a highlight
- South Western and North Western Australian operations performing strongly
- Solid performance from municipal industrial services meeting budget expectations

**excludes Grass Valley bad debt write off of \$1.2 M NPAT*

Financial Year 2011 Overview

Financial year 2011 was a very successful year for Toxfree as the Company continues to strive towards our vision of being Australia's leading waste management and industrial service Company. We welcomed an additional 130 employees, increased our earnings (EBITDA) by 42% and started three new waste management and industrial service contracts over the period, all without major incident or lost time injury.

This achievement could only be possible through the hard work and commitment from all of our employees and I thank them all for their contributions.

Revenue for the 2011 financial year was \$143.5M an increase of 45% compared to the previous corresponding financial year (2010: \$98.7M). Earnings (EBITDA) increased by 42% to \$32.8M* (2010: \$23.0M) before depreciation expense of \$11.5M. EBIT increased by 51% to \$21.3M* compared to the previous corresponding financial year (2010: \$14.0M).

The net profit of the Group for the financial year ended 30 June 2011 increased by 64% to \$ 13.1M* (2010: \$7.9M) which includes income tax expense of \$5.7M and share based payment expense of \$1.6M (2010: \$1.3M).

Focus on debtor's collection resulted in significantly improved cash flow. The group's debtor days outstanding are at 61 days at the year end with cash in bank of \$14.5M and total debt of \$26.0M. The Statement of Financial Position is in good order with net debt of \$11.5M and net debt to equity of 11%. During the second half cash generated from operations improved considerably with 131% of EBITDA collected. The Company's Statement of Financial Position and cash position enables Toxfree to pursue further growth opportunities to support our corporate strategy.

The last 12 months was a key turning point for Toxfree as the Company started to see the rewards from the investment in corporate systems and human capital over the last couple of years. All of which are necessary to ensure the Company manages risk appropriately and is adequately resourced to continue with our growth profile. A number of elements have been fundamental to not only improving our performance to date but will also be key points of focus for the Company moving forward. They include;

- Safety performance and culture – A commitment by the Company and our employees that we will manage our operations and provide services to our clients safely, without question or compromise,
- Operational excellence – providing reliable and sustainable services to our clients using the best equipment and competent, trained employees,
- Sustainability – the continued improvement in environmental performance in the management of our customers waste and the reduction of carbon emissions through best available treatment technologies,
- Business development – the pursuit of long term major contracts primarily to the resource sector,
- Sales - the continued organic growth from a proactive sales force
- Financial - ensuring financial systems and discipline are in place to manage cash flow and control debt to protect the Company and seize growth opportunities, and

- Continuous improvement – a commitment to continually strive to improve efficiency within the business, eliminate waste, improve margins and return on invested capital.

Included in the period was the write off of \$1.2M after tax as a bad debt due to the liquidation of Grass Valley Formulators Pty Ltd (GVF). As announced to the market on 23 November 2010 Toxfree provided emergency response and waste treatment services to Grass Valley during financial year 2009. Grass Valley went into liquidation in October 2010 with outstanding payments totaling \$2.5M. Toxfree is still in discussions with the liquidator of GVF and Department of Conservation and Environment regarding possible reimbursement for expenses from this job, however the Board deemed it prudent to write the full amount off during this reporting period.

The dispute arising from the upgrade of the high temperature incinerator with PCT Engineers (PCT) in 2007 has progressed with the Liquidators of PCT advising Toxfree will be reimbursed a portion of expenses incurred on this project. The amount expected for disbursement is \$470K which will not cover the full amount of money owed to Toxfree from this project. This resulted in an impairment loss of \$357K during the period.

These matters were historical one off events in financial years 2007 and 2009 and do not affect the group's earnings moving forward. Our risk management systems regarding the provision of emergency response services and project management have tightened significantly since this time and management is confident they will not be repeated.

Toxfree is well placed to continue to build upon the platform established over the last 12 months, having proven that the Company has the ability, and the experience, to continue with its growth profile. Toxfree's target markets are estimated at approximately \$4 billion and the Company expects to continue to capture market share through focus on our corporate strategy.

The Board is also pleased to announce an increase in Company dividend to 3 cents per share, which will be fully franked. The 3 cent per share dividend represents a 21%* return of FY11 net profit.



Steve Gostlow | *Managing Director*

Summary of Results

Table 1 | Group Results

	30 June 2011 \$'000	30 June 2010 \$'000	% change
Revenue	143,556	98,686	45
EBITDA*	32,842	23,061	42
Depreciation	(11,510)	(8,973)	28
EBIT*	21,332	14,088	51
Net interest	(2,521)	(2,261)	11
Profit before tax*	18,811	11,827	59
Income tax expense	(5,717)	(3,863)	48
Profit after tax*	13,094	7,964	64
Earnings per share (cents)*	14.23	9.25	54
Weighted average number of shares on issue (million)	92	86	7

*excludes Grass Valley bad debt write off of \$1.2 M NPAT

Table 2 | Divisional Revenue

	30 June 2011 \$'000	30 June 2010 \$'000	% change
Industrial services	70,026	52,740	33
Solid waste	44,343	21,091	110
Hazardous waste	16,631	14,308	16
Liquid waste	12,556	10,547	19
Total consolidated revenue	143,556	98,686	45

Table 3 | Divisional EBIT

	30 June 2011 \$'000	30 June 2010 \$'000	% change
Industrial services	11,329	6,883	65
Solid waste	11,525	6,136	88
Hazardous waste	6,812	6,430	6
Liquid waste	4,389	3,800	16
Unallocated corporate EBIT*	(12,723)	(9,161)	39
Total consolidated EBIT*	21,332	14,088	51

*excludes Grass Valley bad debt write off of \$1.2 M NPAT

Table 4 | Divisional Margins

	30 June 2011 %	30 June 2010 %	% change
Industrial services	16	13	3
Solid waste	26	29	(3)
Hazardous waste	41	45	(4)
Liquid waste	35	36	(1)

Review of Operations



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

Sustainability and Our People

Toxfree's business performance is grounded in a strong safety culture. We see safety as a core value and our leadership team, managers and front line staff continue to promote a safety culture where the safety of our employees and all stakeholders is an absolute given.

Toxfree are proud to advise there have been no Lost Time Injuries (LTI's) throughout the entire group this financial year and our Lost Time Injury Frequency Rate remains Zero and has trended downward consistently since 2005. We continue to remain vigilant about safety and environmental performance throughout our business and strive for continued reduction in risk across all of our business units.

The Company continues to implement the group's Quality, Environment, Safety and Training (QUEST) system across all of its operations. Our operations in New South Wales and Victoria all completed third party accreditation to AS/NZS: 4801, AS/NZS ISO: 9001 and AS/NZS ISO 14001 standards. Over the next 12 months the remainder of the company will complete accreditation.

Toxfree has been nominated for the 2011 NSCA/GIO National Safety Awards of Excellence, for the development and implementation of the High Pressure Water Operators Course, which is now included in the National Training register (Certificate II and III in High Pressure Water Jetting). These are the first formal, National High Pressure Water Jetting qualifications available anywhere in Australia for HP Operators.

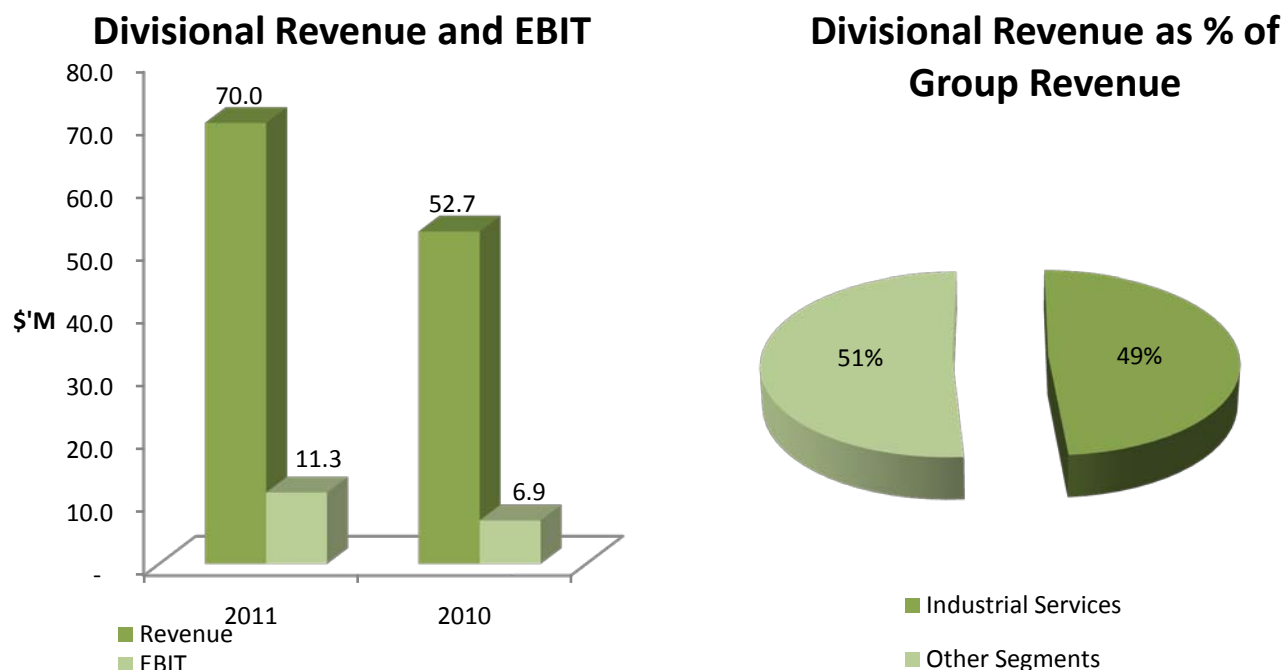
Toxfree is an equal opportunity employer and our people are the cornerstone of our business. We aim to create a positive and challenging work environment in which employees feel that they can realise their full potential and work as part of a committed professional team. We are proud of our employees and the skills, experience and commitment that they contribute to the organisation. During financial year 2012 Toxfree will continue with the roll out of our national training and leadership development program.

Toxfree is committed to engaging with Indigenous communities, understanding their culture, customs, practices, language and working in partnerships to support them in achieving their aspirations and the needs of their communities. The Company is committed to our indigenous employment program in an effort to foster a diverse and multicultural workforce.

During the year the Company employed a part time Indigenous Liaison Officer to pursue the following initiatives:

- Community relationships development and maintenance
- Indigenous employment and training
- Identification and support to develop local Indigenous enterprises

Industrial Services



Industrial Services | Overview

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

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

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

Industrial Services | Performance

Performance from our Industrial services division improved during the period with revenue up 33% to \$70.0M, EBIT up 65% to \$11.3M with EBIT margin improvement to 16%. This growth was mainly attributed to the addition of new contracts with Rio Tinto Iron Ore, Toll Energy, Boral Cement and Minara Resources. Our operations in Central Queensland and New South Wales also showed improvement in revenue, earnings and margins through provision of services to the resource sector.

Municipal industrial services provided in the major metropolitan cities on the east coast of Australia were steady with high utilisation of equipment. Sydney and Melbourne performed solidly; however further improvement is expected from our Brisbane operations. It was pleasing to see an improvement in operating margins and return on invested capital across the whole division.

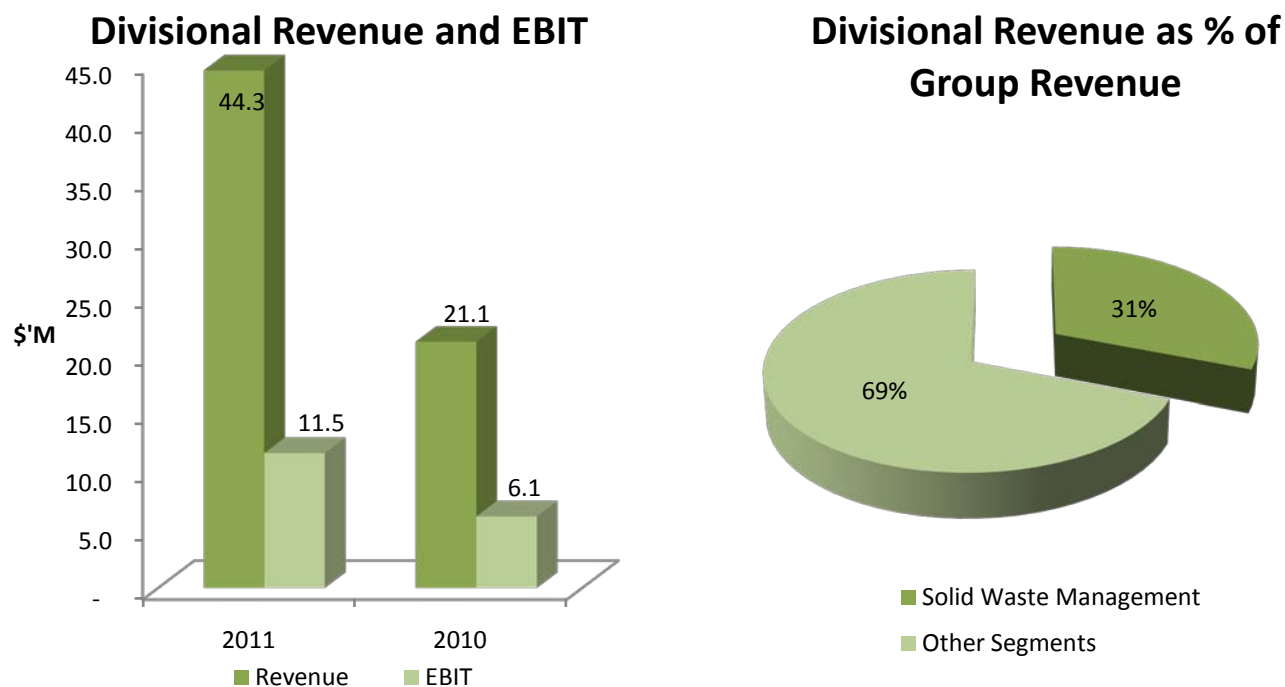
Following the initial financial impact from the Queensland floods earlier in 2011, the resulting recovery and cleanup in the second half resulted in a net positive to the Group.

The Operational team at Minara Resources performed exceptionally well over the period and the Company has been acknowledged by the client for our innovation in improving safety standards and cleaning efficiencies which has ultimately reduced downtime for our client.

Industrial Services | Outlook

Resources are focused on further award of contracts to the oil and gas, mining and heavy manufacturing sector throughout Australia. The Company currently has in excess of \$100M of contracts tendered and pending.

Solid Waste Management



Solid Waste Management | Overview

Solid waste services are provided in regional areas of Australia as part of Toxfree's integrated industrial and total waste management service offering. Services are currently provided throughout the Kimberley, Pilbara and South West regions of Western Australia. Services have also commenced in the Northern Territory through the acquisition of Waste Solutions (NT) on 1 July 2011.

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

Solid Waste Management | Performance

The solid waste division grew significantly during the period with revenue increasing by 110% to \$44.3M and earnings (EBIT) by 88% to \$11.5M. The operating margins within the division reduced to 26% due to the contribution of long term contracts to the Group, which are now contributing a larger portion to divisional earnings.

Toxfree's contract with Toll Energy to manage waste produced from the Gorgon LNG Project on Barrow Island has performed well with the efforts of our management team and front line staff being praised by our client. Toxfree has embraced an incident and injury free culture throughout its operations and is proud to have achieved over 600 days medical treatment injury (MTI) and lost time injury (LTI) free. As construction continues on this project, Toxfree expect further growth from this division.

The Kimberley region of Western Australia performed adequately during the period. The introduction of new vehicles in financial year 2012 is expected to continue to improve earnings. The growing resource sector in the region is also expected to provide growth opportunities in the short to medium term.

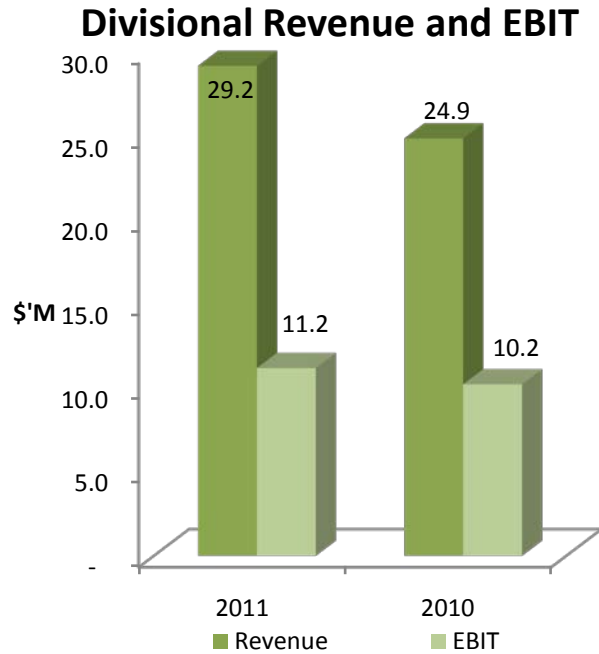
Karratha operations performed well with Woodside, Rio Tinto, Mermaid Marine and Apache contracts performing to expectations. Toxfree will continue to focus on our service commitments to our clients and expect further growth from this region as a result.

Solid Waste Management | Outlook

Continued growth is expected in the solid waste sector as Toxfree expands its service offering into new geographic areas of Australia predominately throughout the regional resource hubs of Australia. The acquisition of Waste Solutions (NT) on 1 July 2011 is an example of this strategy.

Toxfree expect to achieve organic growth as the resource sector expands in the region as well as growth from the introduction of additional services such as hazardous waste management and industrial services.

Hazardous and Liquid Waste Management



Hazardous and Liquid Waste Management | Overview

Toxfree has a national network of liquid and hazardous waste management facilities throughout Australia. Services are provided from our Kwinana, Henderson, Karratha, Port Hedland, Kalgoorlie, Sydney, Brisbane and Melbourne facilities. Toxfree uses a number of technologies to manage this waste stream including, thermal desorption, incineration, stabilisation and fixation, physiochemical treatment and reuse and recycling.

Hazardous and Liquid Waste Management | Performance

Overall, the volumes of hazardous waste processed increased during the period with revenue increasing by 16% to \$16.6M. Margins reduced due to higher than expected processing costs in our Port Hedland and Karratha operations. During March, April and May the Pilbara region was impacted considerably by cyclone activity which resulted in unexpected increase in the amount of waste water and storm water to be treated from our operations. There were also additional consultancy expenses incurred from the planned upgrade of our Pilbara hazardous waste management facilities.

Toxfree’s Brisbane facility continued to perform solidly during the period with above forecast profits being achieved. Brisbane has continued to build its market presence with expansion of services into the Surat and Bowen basin regions of South West Queensland.

Hazardous waste services at Toxfree’s Kwinana facility were steady and in line with budget expectations.

Our operations at St Marys in Sydney improved with the management team turning this business around during the year. Further improvement is expected in financial year 2012.

Liquid waste revenues increased by 19% compared to the previous financial year. This was mainly through increased volumes of liquid waste received at our Brisbane and North West WA facilities.

Hazardous and Liquid Waste Management | Outlook

Through a combination of Toxfree's technologies, intellectual property, hazardous waste licenses, experience and site locations Australia wide, Toxfree is a leader in the management of hazardous waste in Australia.

During the year Toxfree purchased Intellectual Property for the production of Sodic Soil Amendment Agent (SSAA). The base raw material for SSAA is waste generated from the galvanising and glass manufacturing industry. This technology provides Toxfree with a competitive advantage in the management of waste from these industries and also provides Toxfree with the opportunity to implement the technology nationally.

As Toxfree expand our geographical service offering and capture further market share through long term contracts and organic growth of our operations, hazardous and liquid waste is expected to continue to provide strong revenue growth.

Upgrade of our Pilbara hazardous waste treatment facilities is expected to be completed within the second half of financial year 2012 which will improve treatment efficiencies and position the Company to keep up with expected demand for services from the region.

Unallocated Corporate EBIT | Overview

Toxfree has invested in our Management team and systems over the last couple of years. It is pleasing to see a return on this investment as evidenced in the growth of the business this financial year. Toxfree is providing services to some of the biggest blue chip companies in Australia, employs over 560 people and has managed our operations without major incident or lost time injury.

Our key management positions have now been filled, with the most recent appointment of the Company's Chief Operating Officer in December 2010.

One off expenses during the period included; legal and acquisition costs incurred with the acquisition of Waste Solutions (NT) and consultancy expenses through the establishment of a share trust so that any future share based payments may be tax deductible.

Cash Flow and Statement of Financial Position

Table 5 | Group Statement of Cash Flow

	30 June 2011 \$'000	30 June 2010 \$'000	% change
Cash receipts from customers	134,107	97,767	37
Cash paid to suppliers and employees	(106,048)	(73,691)	44
Cash generated from operations	28,059	24,076	16
Net interest paid	(2,166)	(2,261)	(4)
Income taxes paid	(3,457)	(4,196)	(18)
Net operating cash flows	22,436	17,618	27
Net purchases of property, plant and equipment	(19,113)	(20,973)	(9)
Net payment for businesses and intangibles acquired	(1,199)	(2,790)	(57)
Net investing cash flows	(20,312)	(23,763)	(15)
Net proceeds from/(repayment of) borrowings	(4,975)	(6,393)	(22)
Proceeds from the issue of share capital (net of capital raising costs)	1,306	25,855	(95)
Dividends paid	(1,836)	-	-
Net financing cash flows	(5,505)	19,462	(128)
Net increase/(decrease) in cash	(3,381)	13,317	(125)
Cash at the beginning of the year	17,894	4,576	291
Cash at the end of the year	14,513	17,894	(19)

Table 6 | Group Statement of Financial Position

	30 June 2011 \$'000	30 June 2010 \$'000	% change
Cash	14,513	17,893	(19)
Trade and other receivables	35,741	25,313	41
Inventories	332	434	(24)
Prepayments	644	331	95
Tax assets	2,997	1,791	67
Property, plant and equipment	65,166	58,628	11
Intangibles	29,905	27,490	9
Total assets	149,298	131,880	13
Trade and other payables	14,886	9,851	51
Loans and borrowings	26,097	31,072	(16)
Employee benefits	2,877	2,055	40
Tax liabilities	3,198	259	1,135
Total liabilities	47,058	43,236	9
Total equity	102,239	88,644	15
Net debt	11,584	13,179	(12)
Net debt to equity	11%	15%	(4)

Strategy and Outlook

Toxfree's growth strategy is threefold:

- 1 | To be the leading provider of Hazardous and Industrial Waste Management Services Nationally,
- 2 | To obtain long term industrial service and waste management contracts with Blue Chip clients throughout Australia, and
- 3 | Provide a full range of waste management and industrial services in regional areas primarily linked to the resource sector

Overall the waste management industry is growing through a number of key drivers including:

- Increasing government levies, government regulation, the proposed carbon tax and increasing landfill disposal costs will continue to drive recycling and waste treatment as waste is diverted from landfill,
- Environmental sustainability is driving the transition from landfill disposal to further recycling, treatment and resource recovery of waste,
- Large companies are aggregating their procurement more and increasing numbers are seeking a "One Stop Shop" solution
- The waste management market is growing at approximately 5% pa

Toxfree believe by focusing on our corporate strategy the Company will continue to increase market share and group earnings. The Company is well positioned geographically to benefit from significant amount of capital expenditure in the resource sector. Toxfree expects to capture further market share across its divisions, through geographic expansion and potential acquisition of complementary businesses.

Entering financial year 2012 the Company is confident we can again provide a strong outlook for our shareholders and continue to deliver growth in our profitability.

The Company has cash reserves available and a strong Statement of Financial Position to continue its growth strategy.

We are committed to ensuring we provide the safest and best services to our clients. Through this commitment, Toxfree will strengthen long term relationships with clients.

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



Steve Gostlow | *Managing Director*

APPENDIX 4E – PRELIMINARY FINAL REPORT

Results for announcement to the market

For the year ended 30 June 2011

Previous corresponding period: year ended 30 June 2010

				\$'000
Revenue from ordinary activities	up	45%	to	143,556
Profit/(loss) from ordinary activities after tax attributable to members	up	49%	to	11,865
Net profit/(loss) for the period attributable to members	up	49%	to	11,865

Dividends

It is proposed to pay a fully franked dividend of 3 cents per share before the end of this calendar year.

	30 June 2011 cents	30 June 2010 cents
Net tangible assets per security	78.06	66.73

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

	30 June 2011 cents	30 June 2010 cents
Earnings per share	12.89	9.25
Diluted earnings per share	12.48	9.12

Audit status

This report is based on accounts which have been audited.

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Consolidated Statement of Comprehensive Income | for the year ended 30 June 2011

	Notes	Consolidated	
		2011 \$'000	2010 \$'000
Revenue	4	143,556	98,686
Cost of sales		(93,541)	(66,097)
Gross profit		50,015	32,589
Other income		272	866
Finance income	5	354	657
Occupancy expenses		(3,084)	(2,413)
Administrative expenses		(27,979)	(16,954)
Finance expenses	5	(2,522)	(2,918)
Profit before income tax		17,056	11,827
Income tax expense	7	(5,191)	(3,863)
Profit from continuing operations		11,865	7,964
Profit for the period		11,865	7,964
Total comprehensive income for the period		11,865	7,964
Earnings per share		Cents	Cents
Basic earnings per share		12.89	9.25
Diluted earnings per share		12.48	9.12

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position | as at 30 June 2011

	Notes	Consolidated	
		2011 \$'000	2010 \$'000
ASSETS			
Cash and cash equivalents	8a	14,513	17,893
Trade and other receivables	9	35,741	25,313
Inventories	10	332	434
Prepayments		644	331
Total current assets		51,230	43,971
Deferred tax assets	7	2,997	1,791
Property, plant and equipment	11	65,166	58,628
Intangibles	12	29,905	27,490
Total non-current assets		98,068	87,909
TOTAL ASSETS		149,298	131,880
Liabilities			
Trade and other payables	13	14,886	9,851
Loans and borrowings	14	5,614	17,630
Employee benefits		2,768	1,961
Current tax payable		1,025	204
Total current liabilities		24,293	29,646
Loans and borrowings	14	20,483	13,442
Employee benefits		110	93
Deferred tax liability	7	2,172	55
Total non-current liabilities		22,765	13,590
TOTAL LIABILITIES		47,251	43,236
NET ASSETS		102,239	88,644
EQUITY			
Share capital	15	70,087	68,113
Reserves		5,195	3,604
Retained earnings		26,957	16,927
TOTAL EQUITY		102,239	88,644

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows | for the year ended 30 June 2011

	Notes	Consolidated	
		2011 \$'000	2010 \$'000
Cash flows from operating activities			
Cash receipts from customers		134,107	97,767
Cash paid to suppliers and employees		(106,048)	(73,691)
Cash generated from operations		28,059	24,076
Interest received		355	657
Interest paid		(2,521)	(2,918)
Income taxes paid		(3,457)	(4,197)
Net cash from/(used in) operating activities	8b	22,436	17,618
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		274	796
Acquisition of subsidiary, businesses net of cash acquired	3	-	(2,790)
Acquisition of intangible assets		(1,199)	-
Acquisition of property, plant and equipment		(19,386)	(21,769)
Net cash from/(used in) investing activities		(20,312)	(23,763)
Cash flows from financing activities			
Proceeds from the issue of share capital		1,306	25,855
Proceeds from borrowings		10,980	1,000
Repayment of borrowings		(15,955)	(7,393)
Dividends paid	16	(1,836)	-
Net cash from/(used in) financing activities		(5,505)	19,462
Net increase/(decrease) in cash and cash equivalents		(3,381)	13,317
Cash and cash equivalents at 1 July		17,894	4,576
Cash and cash equivalents at 30 June		14,513	17,893

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity | for the year ended 30 June 2011

	Notes	Contrib. equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2010		68,113	3,604	16,927	88,644
Total comprehensive income for the year		-	-	11,865	11,865
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	15	1,974	-	-	1,974
Employee share options (net of cancellations)		-	1,591	-	1,591
Dividends paid	16	-	-	(1,836)	(1,836)
Balance at 30 June 2011		70,087	5,195	26,957	102,239
Balance at 30 June 2009					
		42,027	2,297	8,963	53,288
Total comprehensive income for the year		-	-	7,964	7,964
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	15	26,086	-	-	26,086
Employee share options (net of cancellations)		-	1,307	-	1,307
Balance at 30 June 2010		68,113	3,604	16,927	88,644

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements | for the year ended 30 June 2011**Note 1 | Reporting Entity**

Tox Free Solutions Limited (**the Company**) is a Company domiciled in Australia. The address of the Company's registered office is 41 Stirling Highway Nedlands WA 6009. The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group primarily is involved in the provision of industrial services and waste management.

Note 2 | Segment Information**(a) Description of Segments**

There are no differences from the last annual financial statements in the basis of segmentation or on the basis of measurement of segment profit or loss. The Managing Director considers the business from a service perspective and has identified four reportable segments being:

- Liquid waste
- Hazardous waste
- Solid waste
- Industrial services

These services are currently provided in Australia only.

The Managing Director/Executive Team assesses the performance of the operating segments based on a measure of EBIT. Interest income and expenditure are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

	Liquid waste \$'000	Hazardous waste \$'000	Solid waste \$'000	Industrial services \$'000	Total \$'000
30 June 2011					
Total segment revenue	14,537	20,238	47,202	74,691	156,668
Inter segment revenue	1,982	3,607	2,859	4,665	13,113
Revenue from external customers	12,556	16,631	44,343	70,026	143,556
EBIT	4,389	6,812	11,525	11,329	34,055
Depreciation	1,781	1,387	2,627	5,354	11,149
30 June 2010					
Total segment revenue	14,586	15,309	21,747	55,147	106,789
Inter segment revenue	4,040	1,001	656	2,407	8,104
Revenue from external customers	10,546	14,308	21,091	52,740	98,686
EBIT	3,800	6,431	6,136	6,883	23,250
Depreciation	1,053	973	1,865	4,616	8,507
Segment assets					
30 June 2011					
Unallocated assets	-	-	-	-	-
Total segment assets	19,917	16,399	41,051	47,185	124,552
Additions to non-current assets	3,121	2,906	7,051	6,290	19,368
30 June 2010					
Unallocated assets	-	-	-	-	-
Total segment assets	15,009	17,753	31,670	43,410	107,842
Additions to non-current assets	2,630	4,216	9,354	6,610	22,810

	Liquid waste	Hazardous waste	Solid waste	Industrial services	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment liabilities					
30 June 2011	1,315	2,165	6,811	15,984	26,275
Unallocated liabilities	-	-	-	-	-
Total segment liabilities	1,315	2,165	6,811	15,984	26,275
30 June 2010	1,179	1,657	2,582	14,398	19,816
Unallocated liabilities	-	-	-	-	-
Total segment liabilities	1,179	1,657	2,582	14,398	19,816

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

	Consolidated	
	2011	2010
	\$'000	\$'000
EBIT	34,055	23,250
Finance costs (net)	(2,522)	(2,918)
Share options granted to directors and employees	(1,591)	(1,306)
Employee expenses	(6,771)	(4,007)
Business combination costs	(159)	(41)
Plant and equipment impairment losses	(827)	-
Expected recovery of impairment losses recognized as other income	470	-
Bad debts written off	(1,755)	-
Other corporate costs	(3,844)	(3,151)
Profit before income tax from continuing operations	17,056	11,827

A reconciliation of segment assets to total assets is provided as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Segment assets	124,551	107,843
<i>Unallocated assets:</i>		
Cash and cash equivalents	14,513	17,894
Other receivables	2,230	200
Inventories	332	435
Prepayments	644	329
Deferred tax assets	2,997	1,791
Property, plant and equipment	4,031	3,388
Intangibles	-	-
Total assets per the Statement of Financial Position	149,298	131,880

A reconciliation of segment liabilities to total liabilities is provided as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Segment liabilities	26,275	19,816
<i>Unallocated liabilities:</i>		
Other payables	3,295	1,494
Loans and borrowings	11,605	19,612
Employee benefits	2,877	2,055
Current tax payable	1,026	204
Deferred tax liability	2,173	55
Total liabilities per the Statement of Financial Position	47,251	43,236

Note 3 | Acquisitions of Subsidiaries and Business Assets**Prior Period****Envirochem Technologies Pty Ltd**

On 1 May 2010 the Group acquired the business assets of Envirochem Technologies Pty Ltd (Envirochem) for \$3,000,000 plus incidentals, less the cost of disposal of undisposed waste. 55,000 ordinary shares were also issued as part of the consideration.

Envirochem is a leading provider of chemical waste collection, treatment and disposal services in all major cities throughout the east coast of Australia including Tasmania. Envirochem operates a licensed hazardous waste management facility located in Melbourne, Victoria. The facility is licensed to treat a broad range of industrial and hazardous waste and has been in operation since 1993.

In the 2 months since acquisition to 30 June 2010 the Envirochem business contributed approximately \$503K in revenue, \$177K in EBIT and \$153K in after tax profit to the Group result.

If the acquisition had occurred on the 1st of July 2009, Group consolidated revenues and profits before tax for the year ended 30 June 2010 would have been \$101.3M and \$12.3M respectively.

The acquisition has had the following effect on the Group's assets and liabilities:

	Carrying amount \$'000	Fair value \$'000
Property, plant and equipment	556	556
Net identifiable assets and liabilities	556	556
Business licenses	-	2,546
Total purchase price	556	3,132
Components of purchase consideration		
Cash paid		3,000
Share capital issued – 55,000 shares @ \$2.40		132
Total purchase consideration		3,132

	Fair value \$'000
Outflow of cash to acquire the business assets	
Cash consideration	3,000
Less: liabilities assumed	(271)
Add: expenses reimbursed	61
Outflow of cash	2,790

Note 4 | Revenue

	Notes	Consolidated 2011 \$'000	2010 \$'000
Services rendered		143,556	98,686

Note 5 | Finance Income and Expenses

	Notes	Consolidated 2011 \$'000	2010 \$'000
Recognised in profit and loss			
Interest income on bank deposits		354	657
Total finance income		354	657
Interest expense on financial liabilities measured at amortised cost		(2,522)	(2,918)
Total finance expense		(2,522)	(2,918)
Net finance income and expense		(2,168)	(2,261)

Note 6 | Profit for the Year

Profit for the year includes the following items:

	Notes	Consolidated	
		2011 \$'000	2010 \$'000
Gross profit for the year includes the following items:			
Depreciation of non-current assets		10,867	8,509
Share based payment expense		-	51
Administrative expenses for the year includes the following items:			
Depreciation of non-current assets		643	463
Share based payment expense		1,591	1,255
Employee expenses		14,636	8,899
Impairment of receivables (Grass Valley Formulators)		1,755	-
Impairment of assets (net)		357	-
Insurances		845	399

Note 7 | Income Tax Expense

	Consolidated	
	2011 \$'000	2010 \$'000
Income tax expense		
Current tax	5,045	3,863
Deferred tax	912	-
Under/(over) provision in prior years	(766)	-
Income tax expense from continuing operations	5,191	3,863
Deferred income tax expense/(revenue) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(1,206)	-
(Decrease)/increase in deferred tax liabilities	217	-
	912	-

	Consolidated	
	2011	2010
	\$'000	\$'000
Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit/(loss) for the period	17,056	11,827
Tax at Australian tax rate of 30%	5,116	3,548
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Entertainment	19	11
Share based payments	462	320
Other	1	16
Investment allowance	-	(84)
	482	263
Adjustment for current tax of prior periods	(765)	-
Previously unrecognized deferred tax asset	(1,484)	-
Previously unrecognized timing differences now recouped to increase/(reduce) current tax expense	1,842	51
	5,191	3,863
Amounts recognized directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognized in net profit or loss but directly debited or credited to equity:		
Current tax	-	-
Net deferred tax	-	-
	-	-
Deferred tax assets		
The balance comprises differences attributable to:		
<i>Charged to income statement:</i>		
Property, plant and equipment	319	536
Employee benefits	1,342	752
Others	1,127	251
Share issue costs	5	107
Borrowing costs	2	18
<i>Charged to equity:</i>		
Share issue costs	201	125
	2,997	1,791
Deferred tax assets to be recovered within 12 months	2,469	-
Deferred tax assets after 12 months	528	1,791
	2,997	1,791

	Consolidated	
	2011	2010
	\$'000	\$'000
Movements		
Opening balance	1,791	1,791
Charged/(credited) to income statement	1,205	-
Charged/(credited) to equity	-	-
Closing balance	<u>2,996</u>	<u>1,791</u>
Deferred tax liabilities		
The balance comprises differences attributable to:		
<i>Charged to income statement:</i>		
Property, plant and equipment	2,172	55
Others	-	-
	<u>2,172</u>	<u>55</u>
Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities after 12 months	2,172	55
Movements		
Opening balance	55	55
Charged/(credited) to income statement	2,117	-
Charged/(credited) to equity	-	-
Closing balance	<u>2,172</u>	<u>55</u>

Note 8a | Cash and Cash Equivalents

	Consolidated	
	2011	2010
	\$'000	\$'000
Bank balances	14,513	17,893
Cash and cash equivalents in the cash flow statement	<u>14,513</u>	<u>17,893</u>

Note 8b | Reconciliation of Cash Flows from Operating Activities

	Consolidated	
	2011	2010
	\$'000	\$'000
Profit/(loss) for the period	11,865	7,964
<i>Adjustments for:</i>		
Depreciation	11,510	8,973
Profit/(loss) on sale of fixed assets	238	140
Impairment loss on plant and equipment	827	-
Equity settled share based payment transactions	1,591	1,306
Operating profit/(loss) before changes in working capital and provisions	26,032	18,383
Change in trade and other receivables	(10,429)	(3,131)
Change in inventories	102	(292)
Change in prepayments	(315)	688
Change in trade and other payables and provisions	5,312	2,522
Change in tax assets and liabilities	1,734	(552)
Net cash from/(used in) operating activities	22,436	17,618

Note 9 | Trade and Other Receivables

	Consolidated	
	2011	2010
	\$'000	\$'000
Trade receivables	31,726	24,644
Provision for impairment of receivables	(372)	(699)
Other receivables	4,387	1,368
	35,741	25,313

Note 10 | Inventories

	Consolidated	
	2011	2010
	\$'000	\$'000
Raw materials and consumables	332	434
	332	434

Note 11 | Property, Plant and Equipment

	Land and buildings	Leasehold improvements	Plant and equipment (inc. vehicles)	Total
	\$'000	\$'000	\$'000	\$'000
Cost or deemed cost				
Balance at 1 July 2010	8,463	104	84,970	93,537
Additions	1,483	27	17,876	19,386
Disposals and write (downs)/ups	(9)	-	(1,459)	(1,468)
Transfers and reclassifications	-	-	-	-
Impairment	-	-	(827)	(827)
Balance at 30 June 2011	9,937	131	100,560	110,628
Balance at 1 July 2009	4,600	1,064	70,494	76,158
Additions	2,990	14	18,764	21,768
Disposals	-	-	(4,679)	(4,679)
Transfers and reclassifications	873	(974)	(255)	(356)
Acquisitions through business combinations	-	-	646	646
Balance at 30 June 2010	8,463	104	84,970	93,537
Accumulated depreciation				
Balance at 1 July 2010	685	-	34,224	34,909
Transfers and reclassifications	-	-	-	-
Depreciation for the year	486	13	11,011	11,510
Disposals and write (downs)/ups	204	26	(1,187)	(957)
Balance at 30 June 2011	1,375	39	44,048	45,462
Balance at 1 July 2009	367	237	28,889	29,493
Acquisitions through business combinations	-	-	-	-
Transfers and reclassifications	173	(237)	(44)	(108)
Depreciation for the year	145	-	8,827	8,972
Disposals and write (downs)/ups	-	-	(3,448)	(3,448)
Balance at 30 June 2010	685	-	34,224	34,912

	Land and buildings	Leasehold improvements	Plant and equipment (inc. vehicles)	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amounts				
At 1 July 2010	7,779	104	50,745	58,628
At 30 June 2011	8,562	92	56,512	65,166
At 1 July 2009	4,233	827	41,605	46,665
At 30 June 2010	7,779	104	50,745	58,628

Note 12 | Intangibles

	Consolidated	
	2011	2010
	\$'000	\$'000
Goodwill		
Balance at 1 July	25,004	25,024
Acquisition through business combinations	-	-
Other adjustments	-	(20)
Balance at 30 June	<u>25,004</u>	<u>25,004</u>
Business licenses		
Balance at 1 July	2,486	-
Acquisition through business combinations	-	2,486
Other adjustments	90	-
Balance at 30 June	<u>2,576</u>	<u>2,486</u>
Intellectual property		
Balance at 1 July	-	-
Acquisitions during the year	2,325	-
Balance at 30 June	<u>2,325</u>	<u>-</u>
Total intangibles	<u>29,905</u>	<u>27,490</u>

As prescribed in *AASB 138*, goodwill and other separable identifiable intangibles are not amortised. Rather they are tested for indications of impairment on an annual basis. No impairment losses were recognized against intangibles during the financial year (2010: nil).

Impairment testing for intangibles with an indefinite useful life

Goodwill and business licenses are allocated to the Group's Cash Generating Units (CGUs) identified according to operating segments. A CGU must not be greater than an operating segment and an operating segment represents the lowest level within the Group at which separable identified intangibles are monitored for management purposes.

The aggregate carrying amount of goodwill and business licenses allocated to each operating segment is as follows:

	Consolidated	
	2011	2010
	\$'000	\$'000
Liquid waste	4,972	2,647
Hazardous waste	5,778	5,688
Solid waste	12,196	12,196
Industrial services	6,959	6,959
	<u>29,905</u>	<u>27,490</u>

Key assumptions used for value in use calculations

The recoverable amount of goodwill is based on its value in use. Value in use has been determined by discounting the future cash flows on future budgets approved by management covering a five year period generated from the continuing use of the unit and its potential termination value upon sale.

A growth rate of 5.5% pa has been used to determine future cash flows and a discount rate of 14% has been used to discount those future cash flows.

Impact of possible changes in key assumptions

Management does not believe that a reasonable possible change in a key assumption detailed above would result in a CGU's carrying amount exceeding its recoverable amount.

Note 13 | Trade and Other Payables

	Consolidated	
	2011	2010
	\$'000	\$'000
Trade payables	9,318	6,658
Non-trade payables and accrued expenses	5,568	3,193
	14,886	9,851

Note 14 | Loans and Borrowings

	Consolidated	
	2011	2010
	\$'000	\$'000
Current		
Secured bank loans	1,916	13,850
Asset finance	3,698	3,780
	5,614	17,630
Non-current		
Secured bank loans	9,689	5,784
Asset finance	10,794	7,658
	20,483	13,442
Total loans and borrowings	26,097	31,072

Note 15 | Share Capital

		Number		Amount	
		2011	2010	2011	2010
		shares	shares	\$'000	\$'000
On issue at 1 July		91,574,000	79,152,091	68,113	42,041
Share issues:					
09/07/10	87,500 share options exercised @ \$1.55	87,500	-	136	-
09/08/10	87,500 share options exercised @ \$1.65	87,500	-	144	-
09/08/10	1,500 share options exercised @ \$1.40	1,500	-	3	-
09/08/10	15,000 share options exercised @ \$1.75	15,000	-	26	-
12/11/10	35,000 share options exercised @ \$1.40	35,000	-	50	-
12/11/10	55,000 share options exercised @ \$1.80	55,000	-	99	-
03/02/11	15,000 share options exercised @ \$1.90	15,000	-	28	-
03/02/11	10,000 share options exercised @ \$1.75	10,000	-	18	-
14/02/11	15,000 share options exercised @ 1.90	15,000	-	28	-
14/02/11	10,000 share options exercised @ \$1.75	10,000	-	18	-
28/02/11	50,000 share options exercised @ \$1.55	50,000	-	77	-
28/02/11	60,000 share options exercised @ \$1.65	60,000	-	99	-
28/02/11	90,000 share options exercised @ \$1.80	90,000	-	162	-
28/02/11	70,000 share options exercised @ \$1.75	70,000	-	122	-
28/02/11	95,000 share options exercised @ \$1.90	95,000	-	180	-
01/03/11	20,000 share options exercised @ \$2.20	20,000	-	44	-
01/06/11	339,978 shares issued at \$1.96 each to AGR Science and Technology Pty Ltd as part payment for Intellectual Property	339,978	-	668	-
17/06/11	40,000 share options exercised @ \$1.80	40,000	-	72	-
18/09/09	25,000 share options exercised @ \$1.04	-	25,000	-	26
18/09/09	25,000 share options exercised @ \$1.08	-	25,000	-	27
18/09/09	25,000 share options exercised @ \$1.12	-	25,000	-	28
20/11/09	8,695,653 shares issued @ \$2.30	-	8,695,653	-	20,000
22/12/09	2,173,757 shares placed @ \$2.30	-	2,173,757	-	5,000
31/12/09	10,000 share options exercised @ \$1.40	-	10,000	-	14

		Number		Amount	
		2011	2010	2011	2010
		shares	shares	\$'000	\$'000
Share issues (continued):					
15/01/10	87,500 share options exercised @ \$1.04	-	87,500	-	91
15/01/10	87,500 share options exercised @ \$1.08	-	87,500	-	94
15/01/10	87,500 share options exercised @ \$1.12	-	87,500	-	98
18/02/10	18,750 share options exercised @ \$1.04	-	18,750	-	19
18/02/10	18,750 share options exercised @ \$1.08	-	18,750	-	20
18/02/10	18,750 share options exercised @ \$1.12	-	18,750	-	21
18/02/10	12,500 share options exercised @ \$1.04	-	12,500	-	13
18/02/10	12,500 share options exercised @ \$1.08	-	12,500	-	14
18/02/10	12,500 share options exercised @ \$1.12	-	12,500	-	14
24/02/10	112,500 share options exercised @ \$1.04	-	112,500	-	117
24/02/10	112,500 share options exercised @ \$1.08	-	112,500	-	121
24/02/10	112,500 share options exercised @ \$1.12	-	112,500	-	126
24/02/10	100,000 share options exercised @ \$2.15	-	100,000	-	215
25/02/10	33,333 share options exercised @ \$1.04	-	33,333	-	35
25/02/10	33,333 share options exercised @ \$1.08	-	33,333	-	36
25/02/10	33,333 share options exercised @ \$1.12	-	33,333	-	37
25/02/10	87,500 share options exercised @ \$1.04	-	87,500	-	91
25/02/10	87,500 share options exercised @ \$1.08	-	87,500	-	94
25/02/10	87,500 share options exercised @ \$1.12	-	87,500	-	98
26/02/10	6,250 share options exercised @ \$1.04	-	6,250	-	6
26/02/10	6,250 share options exercised @ \$1.08	-	6,250	-	6
26/02/10	6,250 share options exercised @ \$1.12	-	6,250	-	7
09/03/10	10,000 share options exercised @ \$1.75	-	10,000	-	17
09/03/10	10,000 share options exercised @ \$1.90	-	10,000	-	19
09/03/10	15,000 share options exercised @ \$1.75	-	15,000	-	26
09/03/10	20,000 share options exercised @ \$1.90	-	20,000	-	38
29/03/10	87,500 share options exercised @ \$1.80	-	87,500	-	157
07/04/10	15,000 share options exercised @ \$1.75	-	15,000	-	26
15/04/10	30,000 share options exercised @ \$1.40	-	30,000	-	42

		Number		Amount	
		2011	2010	2011	2010
		shares	shares	\$'000	\$'000
Share issues (continued):					
16/04/10	20,000 share options exercised @ \$1.90	-	20,000	-	38
14/05/10	55,000 shares issued @ \$2.40 as part consideration for the Envirochem acquisition	-	55,000	-	132
30/06/10	30,000 share options exercised @ \$1.40	-	30,000	-	42
	Capital raising costs	-	-	-	(933)
On issue at 30 June		92,670,478	91,574,000	70,087	68,113

Note 16 | Dividends

Ordinary shares

	Parent entity	
	2011	2010
	\$'000	\$'000
Final dividend for the year ended 30 June 2010 of 2 cents per fully paid share on 5 October 2010		
Fully franked based on tax rate @ 30% - 2 cents per share	1,836	-
	<u>1,836</u>	<u>-</u>
Dividends paid in cash during the year ended 30 June 2011 were as follows:		
Cash	1,836	-
	<u>1,836</u>	<u>-</u>

Dividends not recognised at the end of the reporting period

	Parent entity	
	2011	2010
	\$'000	\$'000
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 3 cents per fully paid ordinary share (2010: 2 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid before the end of the 2011 calendar year, but not recognised as a liability at year end, is:		
	<u>2,780</u>	<u>1,836</u>

Note 17 | Other Information

Information on audit

This report is based on accounts which have been audited. Any variations to this report will be reported in a separate note to the full financial report.

Note 18 | Subsequent Events

Acquisition of Waste Solutions (NT) Pty Ltd

The Board of Toxfree is pleased to announce the completion of due diligence and the settlement of the Waste Solutions (NT) Pty Ltd (**Waste Solutions**) acquisition on Friday 1 July 2011.

The purchase price for the Waste Solutions business is \$18 million, comprising \$10 million in cash and 3,832,904 fully paid ordinary shares in Toxfree. Half the shares are subject to 6 month voluntary escrow and the remaining half is subject to 12 months escrow.

Waste Solutions is a leading provider of total waste management services in the Northern Territory, of Australia. Services include solid waste management, liquid waste treatment and industrial and hazardous waste management. The Management team of Waste Solutions will remain in place for a minimum two year commitment.

Toxfree is the dominant waste management provider in the North West Region of Australia, providing industrial services, solid, liquid and hazardous waste management. The acquisition of Waste Solutions strengthens Toxfree's position in the growing resource regions of Australia and Toxfree expects to significantly grow the services offered in the Darwin region in the medium term through its expertise in servicing the resource sector.

Except for the event disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.