



23 February 2011

ASX Limited

Dear Sir / Madam

Appendix 4D and Interim Financial Report for the half year ended 31 December 2010

Tox Free Solutions Limited (Tox Free) is pleased to present the Appendix 4D and Interim Financial Report for the half year ended 31 December 2010.

Yours faithfully

DAVID McARTHUR
Company Secretary



TOX FREE SOLUTIONS LIMITED
INTERIM REPORT | FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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KEY POINTS

- Revenue up 40% to \$65.2M (1H FY10 = \$46.7M)
- EBITDA up 18% to \$14.2M* (1H FY10 = \$12.0M*)
- EBIT up 13% to \$8.7M* (1H FY10 = \$7.7M*)
- NPAT up 18% to \$5.4M* (1H FY10 = \$4.6M*)
- Zero Lost Time Injuries (LTI)
- Interest cover = 6 times (EBIT)
- Debt to equity = 33% (H1 FY10 = 35%)
- Commenced operations under long term contract for Rio Tinto Iron Ore, Minara Resources (Murrin Murrin), Boral Cement and Apache Energy
- New banking facilities in place to support business plan
- \$140 million of tendered contracts pending

**before share based accruals (\$802K, 2009: \$576K) and Grass Valley Formulators (GVF) debt write off (\$1,755K gross, net of tax is \$1,228K)*

SUMMARY OF RESULTS

Tox Free Solutions (Tox Free) is pleased to announce revenue for the half year was \$65.2M an increase of 40% compared to the previous corresponding half year (2010: \$46.7M). Earnings (EBITDA) increased by 18% to \$14.2M* compared to the previous corresponding half year (2010: \$12.0M) before depreciation expense of \$5.5M and net financial expenses of \$1.1M. EBIT increased by 13% to \$8.7M* compared to the previous corresponding half year (2010: \$7.7M).

The net profit after tax of the Group for the six months ended 31 December 2010 increased by 18% to \$5.4M* (2010: \$4.6M) which includes income tax expense of \$2.1M*. The results reported above exclude share based accruals and the write off of the Grass Valley Formulators (GVF) debt. The reported NPAT of \$3.4M includes the write off of GVF and share based accruals.

As announced to the market on 23 November, the Company is very disappointed to advise Grass Valley Formulators Pty Ltd (GVF) has gone into liquidation owing Tox Free a debt of \$1.755 M (gross). This debt relates to the provision of emergency response and waste disposal services provided to GVF in March 2009. Tox Free undertook all necessary credit checks and had all contractual agreements in place with GVF prior to undertaking this task and as such Tox Free expected payment for services rendered.

Tox Free has been pursuing GVF for payment which finally resulted in Tox Free taking GVF to the Supreme Court of Western Australia. In October 2010 GVF went into liquidation. The Company remains in discussions with the liquidator of GVF as well as the Western Australian Department of Environment and Conservation (DEC) who were actively involved in the incident. Tox Free provided a benefit to the community and environment through this cleanup which threatened to contaminate the Avon River and surrounding environment.

Despite the matter being unresolved, Tox Free has decided to take a conservative position regarding the debt owed by GVF and decided to write off the full amount in this half year period. This is a one off event from financial year 2009 and does not impact Tox Free's ongoing revenue or earnings.

Operationally the Company performed very well with the majority of our business units achieving or exceeding their financial targets. The most pleasing results are the operational and financial performance of the major contracts awarded in mid 2010. The Murrin Murrin, Rio Tinto Iron Ore, Apache Energy and Toll Energy (Gorgon) contracts have all performed to both the Company and our customer expectations. This has generated improvement in earnings in both the industrial services and solid waste divisions.

The Central Queensland, Kimberley, Pilbara and South West WA were the best performing regional areas for the group.

Our East Coast Industrial Services in Melbourne performed solidly during the period, however the Sydney, Brisbane and the Gold Coast industrial services experienced softer earnings as a result of the persistent rainfall sustained in the region throughout the first half of FY2011. Consistent rainfall affects the productivity of civil infrastructure and as a result earnings were weaker than initially forecast in these business units.

The flooding in Queensland and Carnarvon, Western Australia during December also negatively impacted our operations in Brisbane, Rockhampton and Carnarvon however the resulting cleanup and rebuilding of infrastructure is expected to have a positive impact on Company operations over the second half of FY2011.

The exceptional growth of Tox Free since 2005 has seen a twenty times increase in revenue and 10 times increase in earnings (EBIT). Employee numbers have increased from 20 to 490 with 26 operations around Australia. The Company is in the unique position of having a significant number of growth opportunities available. The Company's vision "*to provide safe and reliable industrial and waste management services*" focused on the resource sector requires a significant amount of planning and investment to ensure our growth is sustainable, and the Company is managing risk appropriately.

The Company continues to invest in human capital and systems required to support and grow the business. Corporate overheads including legal expenses, consultancy expenses and recruitment expenses increased during the period as a result. However, of these costs, approximately \$800,000 are one off expenses, that will not be repeated in the second half, relating to litigation, recruitment and employee expenses, including redundancies.

The Company is extremely pleased to have attracted Mr. Peter Goodwin to the role of Chief Operating Officer (COO) in December 2010. Peter has significant industry experience obtained over the last 15 years through his employment as a senior executive with Veolia Environmental Services. His appointment has significantly strengthened both our Executive and Operational teams.

The Board strongly believes in aligning the interests of our shareholders with our Executive and Senior Management Team through equity based long term incentive strategies. As a result Share Based Accruals have increased in the short term due to options issued to the new COO and Senior Management Team.

On a positive note, Tox Free has received written confirmation from the Liquidator of PCT Engineers (PCT) that the claim by Tox Free against PCT has been adjudicated in the favour of Tox Free and as a result Tox Free will be reimbursed \$825,000 to offset capital costs incurred. PCT were the engineers responsible for the design of the failed upgrade of the High Temperature Incinerator in Port Hedland in 2007. Tox Free has been pursuing PCT since this time and is satisfied that once payment is made this matter is now resolved.

The Company continues to focus on growth through the award of further total waste management and industrial service contracts and has tenders of approximately \$140 million currently pending. Acquisitions of complementary businesses remain a significant part of our corporate strategy.

The Company paid its maiden dividend of \$1.8M in the period which represented a major milestone for the business.

The first half financial year results are a significant outcome for a rapidly developing company. The Company's strategy, and sustainable growth model of provision of safe and reliable waste and industrial services to our customers, will continue to generate shareholder wealth.

**before share based accruals (\$802K, 2009: \$576K) and GVF debt write off (\$1,755K gross, net of tax is \$1,228K)*

Table 1 | Group Results

Group results	H1 ended 31 Dec 2010 \$'000	H1 ended 31 Dec 2009 \$'000	change
Revenue	65,287	46,703	40%
EBITDA*	14,221	12,080	18%
Depreciation	(5,523)	(4,370)	26%
EBIT*	8,698	7,710	13%
Net interest	(1,111)	(1,349)	-18%
Profit before tax*	7,587	6,361	19%
Income tax expense*	(2,148)	(1,738)	24%
Profit after tax*	5,439	4,623	18%
Earnings per share (cents)*	5.93	5.13	16%
Number of shares on issue at balance date (million)	91.6	90.1	2%

*before share based accruals (\$802K, 2009: \$576K) and GVF debt write off (\$1,755K gross, net of tax is \$1,228K)

Table 2 | Divisional Revenue

Divisional revenue	H1 ended 31 Dec 2010 \$'000	H1 ended 31 Dec 2009 \$'000	% change
Liquid waste	5,772	5,146	12%
Hazardous waste	8,014	6,701	20%
Solid waste	18,346	7,504	144%
Industrial services	33,155	27,352	21%
Total consolidated revenue	65,287	46,703	40%

Table 3 | Divisional EBIT

Divisional EBIT	H1 ended 31 Dec 2010 \$'000	H1 ended 31 Dec 2009 \$'000	% change
Liquid waste	1,992	1,928	3%
Hazardous waste	3,501	3,059	14%
Solid waste	4,402	2,443	80%
Industrial services	4,542	3,859	18%
Unallocated corporate EBIT*	(5,739)	(3,579)	60%
Total consolidated EBIT*	8,698	7,710	13%

*before share based accruals (\$802K, 2009: \$576K) and GVF debt write off (\$1,755K gross, net of tax is \$1,228K)

REVIEW OF OPERATIONS

Health and safety

The Company continues to develop our Harmfree culture within the business, and through the efforts of all employees Tox Free finished calendar year 2010 without major incident, or Lost Time Injury (LTI).

Our Lost Time Injury Frequency Rate (Lost time injuries per million hours worked) remains zero, which is an excellent achievement. Considering the increases in our workforce and our locations that are remotely spread across Australia this is an outstanding achievement and I thank our employees for embracing safety as part of what we do – *safety is not a priority, it is an absolute given in everything we do.*

During the year we welcomed more than 50 new employees to the company bringing the total number of employees to 490 throughout Australia.

Continued areas of focus include competency based training of our front line personnel and implementation of our QUEST system at all sites. Over the coming year, Tox Free aims to achieve third party confirmation that all of our operations are fully compliant with AS/NZS 4801 – Occupational Health and Safety Management, AS/NZS ISO 9001 – Quality Management, and AS/NZS ISO 14001 – Environmental Management.

The Eastern Region is scheduled to undergo third party compliance audit of the QUEST system, by SAI Global, to these three key standards in February/March, to be followed by the Western Region - commencing with Karratha.

The appointment of our National HSE&Q Manager and HSE&Q Advisors in the Eastern and Western regions in August, further strengthens the level of assistance and support available to our site teams, and underpins our commitment to achieving our aim of *“Meeting Customer Expectations with No Incidents, No Harm to people or the Environment, and No Damage to property”*.

Industrial services | Description

Tox Free’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 sector. Services include; tank and drain cleaning, high pressure water jetting, vacuum loading, sweeping and liquid and industrial waste collection.

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

Tox Free 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 and equipment and mobile fleet.

Industrial services | Operational update

Table 4 | Industrial services – margin analysis

Division	H1 FY10 Margin	H2 FY10 Margin	FY10 Margin	H1 FY11 Margin
Industrial services	14%	12%	13%	14%

Growth in industrial services continued during the period with an increase of 21% in revenue compared to the previous corresponding period. EBIT margins also increased to 14%. The Rio Tinto, Murrin Murrin and Boral Cement contracts provided for the majority of the revenue and earnings increases. All of these contracts are performing to customer and company expectations.

Industrial Services on the east coast, provided through Barry Bros., is performing solidly, however the businesses in Brisbane and Sydney have performed below budget expectations. This is a result of the persistent rain on the east coast which has affected the civil infrastructure sector.

Our operations in Brisbane and Rockhampton were negatively impacted by the flooding during the period which resulted in decreased earnings. Thanks to the efforts of our employees in the region all of our employees and Company assets were not materially affected by the floods and the division is now performing to expectations.

Significant inroads have been made to broaden the industry sectors serviced by our industrial services on the east coast. Rockhampton was a highlight where the appointment of an experienced Manager is resulting in significant growth of the business unit through a focus on services to the resource sector.

Tox Free estimate the market for industrial services within Australia is estimated at approximately \$2 billion. A number of industrial services tenders have recently been submitted by Tox Free and further growth from this division is expected.

Solid waste management | Description

Solid waste services are provided throughout the South West, Kimberley and Pilbara regions of Western Australia.

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

Solid waste management | Operational update

Table 5 | Solid waste – margin analysis

Division	H1 FY10 Margin	H2 FY10 Margin	FY10 Margin	H1 FY11 Margin
Solid waste	33%	27%	29%	24%

This division grew significantly during the period with revenue increasing by 144% and earnings (EBIT) by 80% compared to the corresponding period (2009).

The South West WA, Kimberley and Pilbara where the strongest performing regions mainly through the provision of services to Apache, which commenced in October 2010 and to Toll Energy (Gorgon LNG) from the Barrow Island contract. Tox Free expects further growth from this division as the company succeeds in further total waste management contracts throughout Australia.

Our operations in Carnarvon, Western Australia were negatively impacted by the floods during December which resulted in decreasing earnings. Thanks to the efforts of our employees in the region all of our employees and Company assets were not materially affected and the division is now performing to expectations.

Margins decreased slightly reflecting the greater mix of contracted revenues now contributing to group revenues.

Tox Free's solid waste management strategy is centered on regional areas within the major resource hubs of Australia.

Hazardous and liquid waste management | Description

Tox Free's liquid and hazardous waste services are provided from our Kwinana, Henderson, Karratha, Port Hedland, Kalgoorlie, Sydney, Brisbane and Melbourne facilities. Tox Free uses a number of technologies to manage this waste stream including, thermal desorption, incineration, stabilisation and fixation, physiochemical treatment and subsequent reuse and recycling.

Hazardous and liquid waste management | Operational update

Table 6 | Hazardous and liquid waste – margin analysis

Division	H1 FY10 Margin	H2 FY10 Margin	FY10 Margin	H1 FY11 Margin
Hazardous waste	46%	44%	45%	44%
Liquid waste	37%	35%	36%	35%

A key differentiator of Tox Free from our competitors is our expertise in the management of industrial waste. This unique feature enables Tox Free to provide our clients with Total Waste Management Services, for all wastes streams produced from their operations, no matter what they are.

The integration of Envirochem is now complete with the business operating under Tox Free's systems and performing well.

It is pleasing to see liquid waste volumes increase again throughout the business as the industrial sector gains momentum.

Tox Free's Brisbane and Kwinana facilities remain the standout performers during the period. St Marys has continued to improve its contribution to the group. It is envisaged growth will continue throughout Australia, particularly in Queensland due to further market penetration in the resource sector, commissioning of the approved site upgrades in Brisbane as well as the cleanup of materials from the recent floods in Queensland.

After significant research by the Company's Technical Services division, Tox Free is proud to announce the Board has approved the upgrade of the High Temperature Incinerator at Port Hedland. The upgrade is expected to improve the operational and environmental performance of the Incinerator and is expected to be completed in financial year 2012.

CASH FLOW AND BALANCE SHEET

The Group continues to have a strong balance sheet with debt to equity levels reducing to 33% (June 2010 35%). Significant investment was made into the Group's property plant & equipment with net expenditure of \$11.2M of which approximately 65% was growth capex and funded from existing cash reserves. This growth based capex includes ongoing site based upgrades in Karratha, Queensland and Port Hedland facilities as well as expenditure associated with Rio Tinto, Apache Energy, Toll Energy (Gorgon) and Minara Resources contracts. Operating cash reserves of \$4.4m were on hand at December together with \$2m of prepaid debt which was available for redraw if required.

The Group has also successfully negotiated a new banking facility with ANZ Banking Group Limited. A two year rolling facility has been established with suitable headroom to facilitate future growth.

Receipts from customers for the period increased by 16% compared to a revenue growth of 40%. Some major contract payments were not received until post half year end which given their scale, significantly affected this periods collections. This represents a timing issue as the Group has had strong collections in January and February.

Inventories and work in progress increased by 167% as longer term jobs spanning period end are awarded within the Resources sector.

Reduction of working capital is a key focus point for all levels within the business and the business is extremely confident that significant improvements will be made going forward.

Table 4 | Group Cash Flow

Group cash flow	H1 ended 31 Dec 2010 \$'000	H1 ended 31 Dec 2009 \$'000	% change
Gross operating cash flow	3,727	10,232	-64%
Net interest paid	(1,111)	(1,349)	-18%
Income taxes paid	(2,680)	(2,470)	9%
Net operating cash flows	(64)	6,413	-101%
Net purchases of property, plant and equipment	(11,272)	(6,082)	85%
Net investing cash flows	(11,272)	(6,082)	85%
Net proceeds from borrowings/(repayment of borrowings)	(748)	(3,003)	75%
Dividends paid	(1,836)	-	-
Proceeds from the issue of share capital (net of capital raising costs)	456	24,271	-98%
Net financing cash flows	(2,128)	21,268	-110%
Net increase/(decrease) in cash	(13,464)	21,598	-162%
Cash at the beginning of the half year	17,894	4,577	291%
Cash at the end of the half year	4,430	26,175	-83%

Table 5 | Group Balance Sheet

Balance sheet	31 Dec 2010 \$'000	30 June 2010 \$'000	% change
Cash	4,430	17,893	-75%
Trade and other receivables	34,701	25,313	37%
Inventories and work in progress	1,159	434	167%
Prepayments	605	331	84%
Tax assets	2,297	1,791	28%
Property, plant and equipment	63,881	58,628	9%
Intangibles	27,580	27,490	-
Total assets	134,653	131,880	2%
Trade and other payables	10,517	9,851	7%
Loans and borrowings	30,324	31,072	-2%
Employee benefits	2,509	2,054	22%
Tax liabilities	(171)	259	-166%
Total liabilities	43,179	43,236	-
Total equity	91,475	88,644	3%
Gross debt to equity	33%	35%	-6%

OUTLOOK

The outlook for the second half of financial year 2011 and financial year 2012 is very positive. Operationally the business continues to expand organically through the award of new business including long term industrial service and waste management contracts.

Tox Free estimates the market for onsite industrial and waste management services within the resource sector exceeds \$4 billion within Australia alone. Tender activity within our business development team continues at an all time high, with over \$140 million in tenders pending.

Thanks to the actions of our Queensland employees, none of our staff or Company assets were severely affected by the Queensland flood crisis. The resulting cleanup and rebuilding of infrastructure is expected to make a positive contribution to our central and south east Queensland operations.

Developments continuing to provide earnings growth for Tox Free include:

- Toll Energy (Barrow Island) waste management contract,
- Apache Waste Management contract (awarded October 2010),
- Commencement of Woodside Pluto LNG Total Waste Management Contract (expected August 2011),
- Recent commencement of a new hazardous waste treatment methodology,
- Commissioning of Brisbane waste treatment facility upgrade,
- Upgrade of the High Temperature Incinerator,
- Further improvement in operational performance of the east coast industrial services targeted at the resources sector,
- Award of further contracts currently pending, and
- Organic growth in all divisions.

As a result of the above, Tox Free are forecasting a strong second half.

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



STEVE GOSTLOW
Managing Director

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTING PERIOD: **HALF YEAR ENDED 31 DECEMBER 2010**
 PREVIOUS CORRESPONDING REPORTING PERIOD: **HALF YEAR ENDED 31 DECEMBER 2009**

		%		\$'000
Revenue from ordinary activities	up	40	to	65,287
Profit/(loss) from ordinary activities after tax attributable to members	Down	16	to	3,408
Net profit/(loss) for the period attributable to members	Down	16	to	3,408

Dividends

It is not proposed to pay an interim dividend (2010: a final dividend of \$1,835K was paid in October 2010).

	31 December 2010 cents	31 December 2009 cents
Net tangible assets per security	69.63	64.08

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

None

Audit status

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

Your directors present their report on the consolidated entity consisting of Tox Free Solutions Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2010.

DIRECTORS

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

Robert McKinnon	<i>Independent Non-Executive Chairman</i>
Steve Gostlow	<i>Managing Director</i>
Douglas Wood	<i>Independent Non-Executive Director</i>
Richard (Dick) Allen	<i>Independent Non-Executive Director</i>
Michael Humphris	<i>Independent Non-Executive Director</i>

REVIEW OF OPERATIONS

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

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

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

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



ROBERT MCKINNON
Chairman

Perth
23 February 2011

23rd February 2011

Tox Free Solutions Limited
The Board of Directors
Suite 1A
1050 Hay Street
WEST PERTH WA 6005

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF
TOX FREE SOLUTIONS LIMITED**

As lead auditor of Tox Free Solutions Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- No contraventions of any applicable code of professional conduct in relation to the review.

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



Glyn O'Brien
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	Half year	
		2010 \$'000	2009 \$'000
Revenue from continuing operations		65,287	46,703
Cost of sales	3	(44,844)	(30,699)
Gross profit		20,444	16,004
Other income		278	314
Finance income		159	148
Occupancy expenses		(1,471)	(1,166)
Administrative expenses	3	(13,109)	(8,018)
Finance expenses		(1,271)	(1,498)
Profit before income tax		5,029	5,785
Income tax expense		(1,622)	(1,737)
Profit from continuing operations		3,408	4,047
Profit for the half year		3,408	4,047
Total comprehensive income for the half year		3,408	4,047
Profit is attributable to:			
Owners of Tox Free Solutions Limited		3,408	4,047
Total comprehensive income for the half year is attributable to:			
Owners of Tox Free Solutions Limited		3,408	4,047
Earnings per share for profit attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share		3.72	4.98
Diluted earnings per share		3.69	4.93

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Current assets			
Cash and cash equivalents		4,430	17,893
Trade and other receivables		34,701	25,313
Inventories and work in progress		1,159	434
Prepayments		605	331
Deferred tax assets		-	-
Total current assets		40,895	43,971
Non-current assets			
Property, plant and equipment		63,881	58,628
Intangible assets		27,580	27,490
Deferred tax assets		2,297	1,791
Total non-current assets		93,758	87,909
Total assets		134,653	131,880
Current liabilities			
Trade and other payables		10,517	9,851
Loans and borrowings	10	14,804	17,630
Employee benefits		2,417	1,961
Current tax liabilities		(1,754)	204
Total current liabilities		25,984	29,646
Non-current liabilities			
Loans and borrowings	10	15,520	13,442
Employee benefits		92	93
Deferred tax liabilities		1,583	55
Total non-current liabilities		17,195	13,590
Total liabilities		43,178	43,236
Net assets		91,475	88,644
Equity			
Contributed equity	5	68,569	68,113
Reserves		4,406	3,604
Retained profits		18,500	16,927
Total equity		91,475	88,644

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Consolidated	Notes	Contributed equity \$'000	Share based payments reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2009		42,027	2,297	9,544	53,867
Profit for the half year		-	-	4,047	4,047
Total comprehensive income for the half year		-	-	4,047	4,047
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	5	24,176	-	-	24,176
Employee share options	5	95	-	-	95
Share based payments		-	576	-	576
Balance at 31 December 2009		66,299	2,873	13,592	82,764
Balance at 1 July 2010		68,113	3,604	16,927	88,644
Profit for the half year		-	-	3,408	3,408
Total comprehensive income for the half year		-	-	3,408	3,408
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		-	-	-	-
Employee share options	5	456	-	-	456
Share based payments		-	802	-	802
Dividends paid		-	-	(1,835)	(1,835)
Balance at 31 December 2010		68,569	4,406	18,500	91,475

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Notes	Half year	
		2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts from customers		54,837	47,087
Payments to suppliers and employees		(51,110)	(36,854)
Cash generated from operations		3,727	10,232
Interest received		159	149
Interest paid		(1,271)	(1,498)
Income taxes paid		(2,680)	(2,470)
Net cash inflow (outflow) from operating activities		(64)	6,413
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		151	-
Acquisition of property, plant and equipment (gross)		(11,423)	(6,083)
Net cash inflow (outflow) from investing activities		(11,272)	(6,083)
Cash flows from financing activities			
Proceeds from the issue of shares and other securities		456	24,272
Proceeds from borrowings		3,862	-
Repayment of borrowings		(4,610)	(3,003)
Dividends paid		(1,836)	-
Net cash inflow (outflow) from financing activities		(2,127)	21,268
Net increase (decrease) in cash and cash equivalents		(13,464)	21,598
Cash and cash equivalents at the beginning of the half year		17,894	4,577
Cash and cash equivalents at the end of the half year		4,430	26,175

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

1 | BASIS OF PREPARATION OF HALF YEAR REPORT

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by Tox Free Solutions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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. This measure excludes the effects of equity settled share based payment transactions. Interest income and expenditure are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

	Liquid waste	Hazardous waste	Solid waste	Industrial services	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Half year 2010					
Total segment revenue	5,772	8,014	18,346	33,156	65,287
Inter segment revenue	-	-	-	-	-
Revenue from external customers	5,772	8,014	18,346	33,156	65,287
EBIT	1,992	3,501	4,402	4,542	14,437
Half year 2009					
Total segment revenue	5,146	6,700	7,504	27,353	46,703
Inter segment revenue	-	-	-	-	-
Revenue from external customers	5,146	6,700	7,504	27,353	46,703
EBIT	1,928	3,059	2,443	3,859	11,289
Total segment assets					
31 December 2010	17,878	17,286	34,967	52,834	122,966
Unallocated assets	-	-	-	-	-
Total segment assets	17,878	17,286	34,967	52,834	122,966
30 June 2010	15,009	17,753	31,670	43,410	107,843
Unallocated assets	-	-	-	-	-
Total segment assets	15,009	17,753	31,670	43,410	107,843

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

	Consolidated	
	2010	2009
	\$'000	\$'000
EBIT	14,437	11,289
Finance costs	(712)	(1,498)
Share options granted to directors and employees	(802)	(576)
Employee expenses	(3,433)	(1,594)
Other corporate costs	(2,518)	(1,836)
Business combination costs	(10)	-
Bad debt written off	(1,930)	-
Profit before income tax from continuing operations	5,030	5,785

3 | PROFIT FOR THE HALF YEAR

Gross profit for the half year includes the following items:

	Consolidated	
	2010	2009
	\$'000	\$'000
Gross profit for the half year includes the following items:		
Depreciation of non-current assets	5,221	4,124
Share based payment expense	-	26
Administrative expenses for the half year includes the following items:		
Depreciation of non-current assets	302	246
Share based payment expense*	802	550
Bad debt write off	1,755	-
Employee expenses	6,106	4,552

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

4 | DIVIDENDS

A final dividend of \$1,835K was paid during the half year (2009: none).

5 | EQUITY SECURITIES ISSUED

	2010 Shares	2009 Shares	2010 \$'000	2009 \$'000
Issue of ordinary shares during the half year				
Exercise of share options issued under the Tox Free Solutions Ltd Employee Share Option Plan (ESOP)	281,500	85,000	456	95
Issue of ordinary shares under the institutional placement	-	8,695,653	-	19,200
Issue of ordinary shares under the share purchase plan	-	2,183,757	-	4,976
	281,500	10,964,410	456	24,271

6 | BUSINESS COMBINATIONS
Current period

There has been no business combinations during the half year ended 31 December 2010.

7 | CONTINGENCIES

There has been no change in the contingent assets or contingent liabilities of the Group since 30 June 2010.

8 | EVENTS OCCURRING AFTER THE BALANCE SHEET DATE
Banking facilities

The Group has successfully negotiated a new banking facility with ANZ Banking Group Limited. A two year rolling facility has been established with suitable headroom to facilitate future growth.

There has not been any other matter or circumstance that has arisen since the end of the interim financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

9 | RELATED PARTY TRANSACTIONS

An expense of \$227K was recognized in the Consolidated Statement of Comprehensive Income for share options issued to Directors in prior periods (2009: \$194K).

10 | LOANS AND BORROWINGS

	Consolidated	
	31 Dec 10 \$'000	30 Jun 10 \$'000
Current		
Asset finance	3,454	3,780
Commercial bills	11,350	13,850
	14,804	17,630
Non-current		
Asset finance	10,235	7,658
Commercial bills	5,284	5,784
	15,520	13,442
Total loans and borrowings	30,324	31,072

In the directors' opinion:

- a) The financial statements and notes set out on pages 19 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date, and
- b) There are reasonable grounds to believe that Tox Free Solutions Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



ROBERT MCKINNON
Chairman

Perth
23 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TOX FREE SOLUTIONS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tox Free Solutions Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tox Free Solutions Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', with the word 'BDO' written above it.

Glyn O'Brien
Director

Signed in Perth, Western Australia

Dated this 23rd day of February 2011.