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24 Sangiorgio Court
Osborne Park WA 6017

Tox Free Solutions Limited
ABN 27 058 596 124

26 September 2012

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

Dear Sir / Madam

RESULTS FOR ANNOUNCEMENT TO THE MARKET
FULL YEAR STATUTORY REPORT
FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2012

Tox Free Solutions Limited (Toxfree) is pleased to present its Annual Financial Report containing details of Toxfree's financial results for the year ended 30 June 2012.

Yours faithfully
TOX FREE SOLUTIONS LIMITED

DAVID McARTHUR
Company Secretary

Annual Report

30 June 2012

ABN 27 058 596 124

Contents Page

Corporate Directory
30 June 2012

Directors and Company Secretary

Robert McKinnon | *Non-Executive Chairman*

Douglas Wood | *Non-Executive Director*

Richard Allen | *Non-Executive Director*

Michael Humphris | *Non-Executive Director*

Stephen Gostlow | *Managing Director*

David McArthur | *Company Secretary*

Principal place of business

24 Sangiorgio Court
OSBORNE PARK WA 6017
PO Box 1108
OSBORNE PARK WA 6916

Registered office in Australia

55 Carrington St
NEDLANDS WA 6009
PO Box 985
NEDLANDS WA 6909

TEL: +61 8 9423 3200
FAX: +61 8 9389 8327

Share register

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

TEL: +61 8 9323 2000
FAX: +61 8 9323 2033

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Corporate Directory

30 June 2012

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

TEL: +61 8 6382 4600
FAX: +61 8 6382 4601

Bankers

ANZ – Corporate Banking
Level 30, 100 Queen Street
MELBOURNE VIC 3000

Legal advisor

Clayton Utz, Perth
QV1 250 St Georges Terrace
PERTH WA 6000

Securities exchange

Tox Free Solutions Limited's shares are listed on the Australian Securities Exchange (ASX) – code TOX. The home exchange is in Perth.

www.toxfree.com.au

Tox Free Solutions Limited ("Toxfree", the "Company" or "Group") is pleased to present the following operational and financial results for the financial year ended 30 June 2012.

Financial year 2012 has been Toxfree's most successful year to date. Our business continues to expand in line with our vision of being Australia's leading waste management and industrial services Company.

During the year we welcomed an additional 250 employees, increased our net profit after tax (NPAT) by 31%*, commenced operations in three new geographic regions and doubled our hazardous waste services, 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.

Key highlights

Highlight | *Health, Safety and Environment*

- Zero Lost Time Injuries throughout the financial year.
- Awarded the NSCA/GIO National Safety Award of Excellence for the development of Australia's first formal National High Pressure Water (H.P.) jetting qualification.
- Continued with third party accreditation to AS/NZS: 4801, AS/NZS ISO: 9001 and AS/NZS ISO 14001 standards across all of our operations nationally.
- Launched the "Recycling Warriors" school recycling campaign with Rio Tinto in the Pilbara.

Highlight | *Strategy*

- Hazardous Waste
  - → Acquisition of DoloMatrix International Ltd (DMX) subsidiaries comprising Chemsal, BCD Technologies, Entech Industries and Waste Audit to create Australia's leading hazardous waste management company.
- Expansion of services in new geographic regions leveraged to the resource sector
  - → Establishment of waste and industrial services in Gladstone, Queensland and commencement of Asia Pacific LNG (APLNG) waste services contract for Bechtel Australia.
  - → Pilbara expansion with the acquisition of Pilbara Waste in Port Hedland.
  - → Establishment of services in MacKay, Queensland through the acquisition of MMS Enterprises.
  - → Central Queensland expansion in Surat Basin through establishment of services in Roma.
  - → Commencement of services in the Northern Territory with the acquisition of Waste Solutions (NT).
- Long term contracts with Blue Chip clients
  - → Awarded Asia Pacific LNG waste services contract with Bechtel Australia.
  - → Awarded Origin Energy Waste and Industrial Services contract in the Surat Basin.
  - → Commencement of an indigenous joint venture and award of waste services contract with Fortescue Metals Group.

- → Extension of existing Woodside Energy North West Shelf Venture (NWSV) contract and commencement of waste services for Woodside Pluto LNG.
- → Extension of Toll Energy (Gorgon LNG) waste services contract.

- Tender pipeline - $150M tendered and pending as at 1 July 2012.
- Rebranding of all business units across Australia to one brand "Toxfree" to create a unified business and link our diverse range of integrated industrial and waste management services to market our business to a broader client base and build brand equity for our stakeholders.

Highlight | *Financial*

- Revenue of $207.9M up 45% on prior corresponding period (pcp)
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) $45.0M up 37% on pcp*
- Earnings before Interest and Tax (EBIT) $28.9M up 35% on pcp*
- Net Profit after Tax (NPAT) $17.2 M up 31% on pcp*
- Earnings per Share (EPS) 16.3 cents up 15% on pcp*
- Net debt to equity of 30%
- Dividend increased to 4 cents per share
- Cash generated from operations of $38.5M being 86% of EBITDA*

Highlight | *Our People*

- Welcomed 250 new employees to the Group – Toxfree has over 800 employees Australia wide.
- Skills assessment and competency training framework developed and underway.
- Indigenous career development programme in place.
- Commencement of an indigenous joint venture in the Pilbara and award of a waste services contract with Fortescue Metals Group.

Highlight | *Operations*

- Major contracts performing well, meeting customer expectations without major incident.
- Waste services achieved strong earnings growth.
- Industrial services on the east coast performed well with Gold Coast, Central Queensland and Victoria meeting expectations.
- Integration of DoloMatrix subsidiaries has been according to plan with earnings in line with expectations.

**FY2012 excludes DMX acquisition costs of $1.49 M*
FY2011 excludes Grass Valley bad debt write off of $1.2 M NPAT

Financial year 2012 overview

Health, Safety and Environment

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

Our behavioural based safety mantra is 'Harmfree'. It is ingrained in the culture of our business and is focused on the principles of; exceeding customer expectations with no harm to people, no harm to the environment, and no harm to property. These are the values that are built into every activity that we undertake.

We are committed to developing a workplace that is incident and injury free, by working together to send our employees and contractors home safe from work every day.

We have developed a safety culture where "If you see it, you own it", thus promoting a strong "Stop Work Authority".

Toxfree are proud to advise there have been no Lost Time Injuries (LTI's) this financial year and our Lost Time Injury Frequency Rate remains Zero. 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. Approximately two thirds of our operations have 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, including all newly acquired businesses.

Toxfree was awarded 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.

We are extremely pleased with this recognition as it demonstrates to our clients and employees our commitment to improve the health and safety of our workplace.

Strategy

Toxfree's growth strategy is threefold:

1| To be the leading provider of hazardous and industrial waste management services nationally,

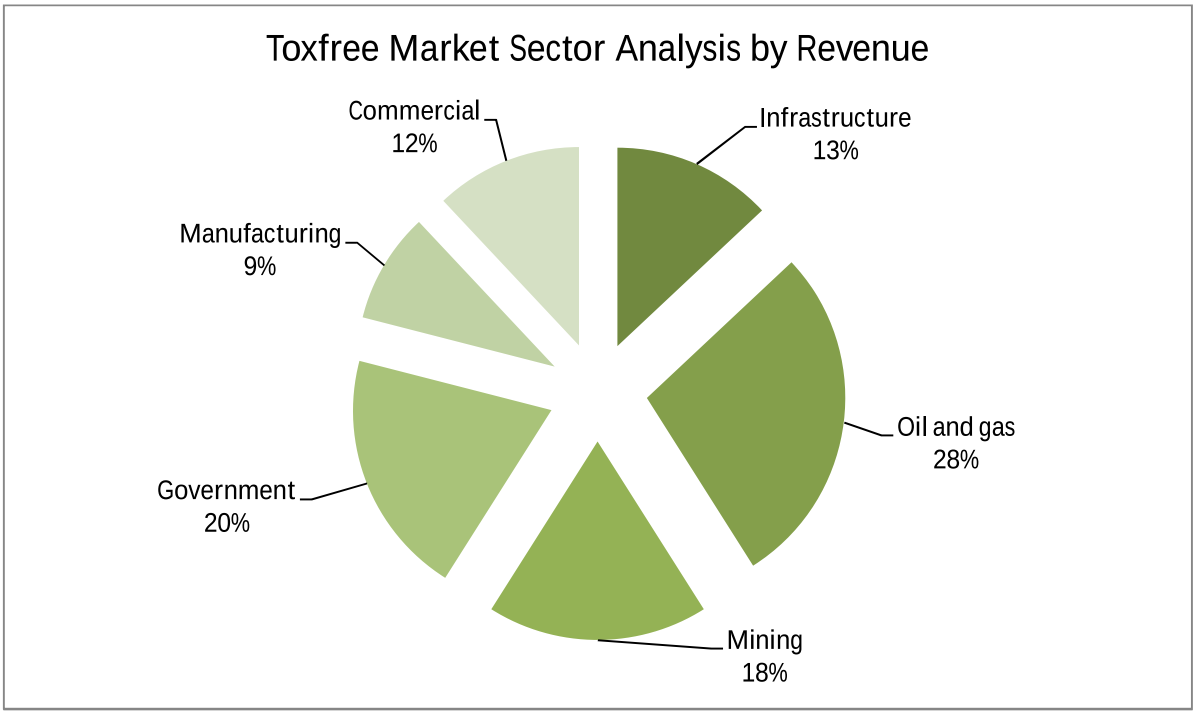
2| To obtain long term industrial service and waste management contracts with Blue Chip clients throughout Australia, and

3| Provide a full range of waste management and industrial services in regional areas primarily linked to the resource sector.

Since 2005 we have built a business that employs over 800 people, operates from 35 different geographic locations across Australia and services over 5,000 customers nationally. This has been achieved through acquiring businesses that complement our strategy, expanding our suite of services and geographic locations, developing new green field operations and organically growing our service lines and client base.

Our strategy is focused on ensuring we have high earnings visibility and lower earnings risk through the provision of multiple services across a broad number of industry sectors. This is reflected in the breakdown of our revenue by industry type.

Approximately 28% of our business services the oil and gas sector, 20% Government, 18% mining, 13% infrastructure, 12% commercial and 9% manufacturing. Of this over 80% of our revenue is derived from customers who require waste management and industrial services on a continuing basis from regular production operations like LNG production, iron ore mining, household hazardous waste collection, waste from municipal services or waste from manufacturing sector, as an example.



Approximately 20% of our revenue is project driven through construction projects like the Gorgon LNG and APLNG projects, remediation of legacy wastes, emergency response services and waste auditing.

Waste management is required through all stages of a business's lifecycle, through construction into production. Our objective when providing services to a construction based project is to ensure we provide safe, reliable and sustainable services through construction stage into the production stage of the facilities lifecycle.

Our clients contract our services because we are safe, reliable and sustainable. We have the ability to manage all of their waste management and industrial services requirements in house, we sustainably manage their wastes streams and provide them with real time waste tracking and reporting using our proprietary waste tracking system, Wastefree.

Over the last few months we have set our three year strategic plan for FY13 – FY15. The Board, Executive and Senior Management have developed a number of strategic initiatives to focus the business on realising our growth strategies and ensuring our business is sustainable.

The five key areas of focus are:

- Customers and Markets
- Health, Safety and Environment
- People and culture
- Systems and processes
- Financial performance

During FY12 we have continued the development of our strategy:

1| to be the leading provider of hazardous and industrial waste management services nationally,

→ Acquisition of DoloMatrix International subsidiaries comprising Chemsal, BCD Technologies, Entech Industries and Waste Audit to create Australia's leading hazardous waste management company
→ We operate a diverse range of hazardous waste treatment technologies including incineration, plasma arc, stabilization and fixation, physiochemical treatment, thermal desorption (indirect and direct)

2| provide a full range of waste management and industrial services in regional areas primarily linked to the resource sector

→ Establishment of services in Gladstone, Queensland and commencement of APLNG waste services contract
→ Central and inland Pilbara expansion with commencement of services with the acquisition of Pilbara Waste in Port Hedland

- → Establishment of services in MacKay, Queensland through the acquisition of MMS Enterprises
- → Central Queensland expansion in Surat Basin through establishment of services in Roma

3| to obtain long term industrial service and waste management contracts with Blue Chip clients throughout Australia

- → Awarded APLNG waste services contract with Bechtel Australia,
- → Awarded Origin Energy contract in the Surat Basin
- → Commencement of an indigenous joint venture and award of waste services contract with Fortescue Metals Group
- → Extension of existing Woodside Energy North West Shelf Venture contract and commencement of waste services for Woodside Pluto LNG
- → Extension of Toll Energy (Gorgon LNG) waste services contract

During the year we also updated our livery and began rebranding all of our operations under the one name "Toxfree". We have over 10,000 mobile assets including trucks, light vehicles and bins located across Australia. By investing in our brand we will create a unified business and more actively promote the linkage of our integrated industrial and waste management services to market our business to a broader client base and build brand equity for our stakeholders. The cost of rebranding in the year was approximately $500,000.

The newly acquired assets of Chemsal, BCD Technologies, Waste Solutions (NT) and Pilbara Waste will also be rebranded over the next 12 months.

Our People

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.

Toxfree is committed to engaging with Indigenous communities, understanding their culture, customs, practices 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. Our Indigenous Liaison Officer continues to pursue the following initiatives:

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

Financial

Revenue for the 2012 financial year was $207.9M an increase of 45% compared to the previous corresponding financial year (2011: $143.5M). EBITDA* increased by 37% to $45.0M (2011: $32.8M) before depreciation and amortisation expense of $16.1M. EBIT* increased by 35% to $28.9M compared to the previous corresponding financial year (2011: $21.3M).

NPAT* of the Group for the financial year ended 30 June 2012 increased by 31% to $17.2M (2011: $13.1M) which includes income tax expense of $7.5M.

The Group's debtor days outstanding are at 64 days at the year end with cash in bank of $18.9M and total debt of $66.6M. The Statement of Financial Position is in good order with net debt of $47.7M and net debt to equity of 30%. Cash generated from operations was 86% of EBITDA*. The Company's Statement of Financial Position and cash position enables Toxfree to pursue further growth opportunities to support our corporate strategy.

Included in the period were the expenses associated with the DoloMatrix acquisition of $1.49 M. These expenses included legal fees, consultancy and advisor fees that were not capitalised and one off in nature.

The Board is also pleased to announce an increase in Company dividend to 4 cents per share, which will be fully franked. The 4 cent per share dividend represents a 27%* return of FY12 net profit and an increase of 33% on the prior year.

**FY2012 excludes DMX acquisition costs of $1.49 M*
FY2011 excludes Grass Valley bad debt write off of $1.2 M NPAT

Summary of results

Table 1 | *Group Results*

	30 June 2012 $'000	30 June 2011 $'000	% change
Revenue	207,963	143,556	45
EBITDA*	45,003	32,842	37
Depreciation and amortisation	(16,121)	(11,510)	40
EBIT*	28,882	21,332	35
Gross interest	(4,171)	(2,521)	65
Profit before tax*	24,711	18,811	31
Income tax expense	(7,503)	(5,717)	31
Profit after tax*	17,208	13,094	31
Earnings per share (cents)*	16.30	14.23	15
Weighted average number of shares on issue (million)	106	92	15

**FY2012 excludes DMX acquisition costs of $1.49 M*
FY2011 excludes Grass Valley bad debt write off of $1.2 M NPAT

Table 2 | *Divisional Revenue*

	30 June 2012 $'000	30 June 2011 $'000	% change
Industrial Services	70,812	70,026	1
Waste Services	94,051	44,343	112
Hazardous Waste Services	43,100	29,187	48
Total consolidated revenue	207,963	143,556	45

Table 3 | *Divisional EBIT*

	30 June 2012 $'000	30 June 2011 $'000	% change
Industrial Services	9,986	11,329	(12)
Waste Services	21,994	11,525	91
Hazardous Waste Services	12,951	11,201	16
Unallocated corporate EBIT*	(16,049)	(12,723)	26
Total consolidated EBIT*	28,882	21,332	35

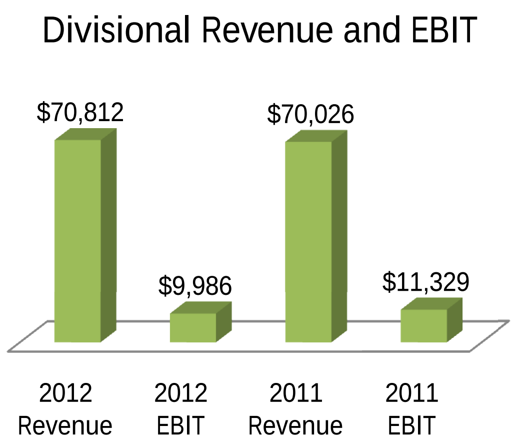
**FY2012 excludes DMX acquisition costs of $1.49 M*
FY2011 excludes Grass Valley bad debt write off of $1.2 M NPAT

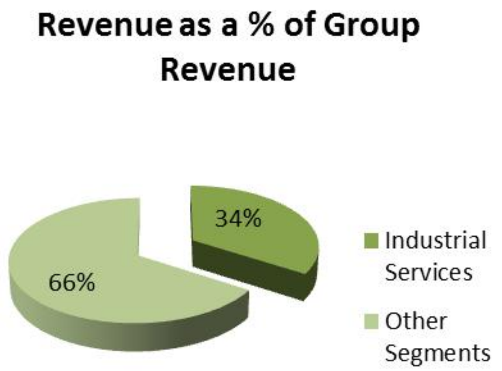
Table 4 | *Divisional Margins*

	30 June 2012 %	30 June 2011 %	% change
Industrial Services	14	16	(2)
Waste Services	23	26	(3)
Hazardous Waste Services	30	38	(8)

Review of operations

Industrial Services





Industrial Services | *Overview*

Toxfree's Industrial Services Division provides onsite industrial cleaning 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*

Toxfree is pleased to advise that it has completed the rebranding of all Barry Bros. fleet and operations to 'Toxfree' during the second half of the financial year. We believe the new brand will market our business to a broader client base and build brand equity for our stakeholders. The cost of Barry Bros. rebranding was approximately $300,000.

Earlier in the year we also consolidated our South West Industrial services into one location at Henderson. Included in the result is the write off of $310,000 through the closure of the Delvex site as a result of the consolidation of our operations.

The operating performance from our Industrial Services division met our expectations with revenue improving slightly to $70.8M, however EBIT decreased due to the costs of rebranding, the Delvex site closure and $250,000 bad debt exposure to Reed Constructions Australia Pty Ltd. We expect margins will return to normal levels in financial year 2013.

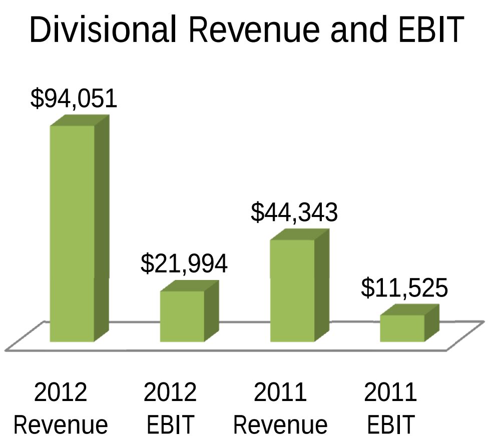
The revenue growth was mainly attributed to the addition of MMS Enterprises in Mackay and from our operations in Central Queensland, Northern New South Wales and our West Coast industrial services through provision of services to the resource sector.

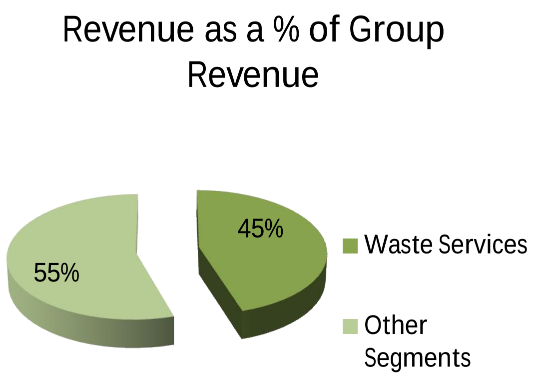
Municipal industrial services provided in the major metropolitan cities on the east coast of Australia were steady with high utilisation of equipment. Gold Coast and Melbourne performed solidly; however Brisbane and Sydney were below expectations.

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 a strong pipeline in excess of $150M of waste and industrial service contracts tendered and pending.

Waste Services





Waste Services | *Overview*

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

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

Waste Services | *Performance*

Waste Services division grew significantly during the period with revenue increasing by 112% to $94.1M and EBIT by 91% to $22.0M. The operating margins within the division reduced slightly to 23% due to mobilisation costs associated with the APLNG and FMG contracts.

In September 2011, Toxfree acquired Pilbara Waste Pty Ltd, which is a leading Pilbara solid waste management company located in Port Hedland. They are known for their strong association with the indigenous community in Port Hedland and are an indigenous employer of choice. The solid waste services of Pilbara Waste complement our existing hazardous waste services in Port Hedland enabling us to offer our clients in the region total waste management solutions.

In July 2011, Toxfree commenced operations in Gladstone and was later awarded a waste services contract with Bechtel Australia for waste generated from the Asia Pacific LNG (APLNG) construction project in Gladstone. Construction is in the early stages of development and hence the contribution from this region was not significant in FY12. Toxfree expect significant growth from this location through the existing industry in the region and the significant investment in the Coal Seam Gas to LNG facilities being built in the region.

Toxfree's contract with Toll Energy to manage waste produced from the Gorgon LNG Project on Barrow Island has performed well and the Company has been granted a 12 month extension to the existing contact until July 2013. Toxfree has embraced an incident and injury free culture throughout its operations and is proud to have achieved over 1200 days lost time injury (LTI) free. Our goal is to support our client Toll Energy and Chevron in their pursuit to build the largest and most successful capital expenditure construction project in Australia's history, safely without major incident and lost time injury.

Operations in the Kimberley region of Western Australia improved their performance during the period with the introduction of new vehicles improving our customer service and earnings. The growing resource sector in the region is also expected to provide growth opportunities in the short to medium term through the development of various LNG related projects in the Browse Basin.

We were pleased with the performance of Waste Solutions in the Northern Territory, which contributed a full year of earnings to this result. The development of the Inpex Ichthys LNG project and expansion of defence services in the region is expected to drive further growth.

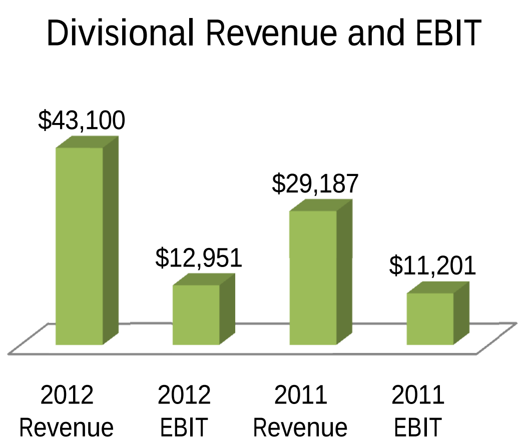
Our Karratha operations performed well with Woodside, Rio Tinto, Mermaid Marine and Apache contracts performing to expectations. Toxfree will continue to focus on our service commitments to our clients in an effort to secure their services for the long term.

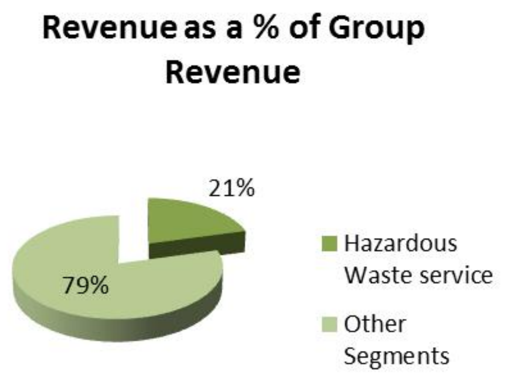
Waste Services | *Outlook*

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.

Toxfree expect to achieve organic growth as the committed capital expenditure in the resource sector continues in the regional resource areas of Australia.

Hazardous Waste Services





Hazardous Waste Services | *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, plasma arc, base catalytic dechlorination, stabilisation and fixation, physiochemical treatment and reuse and recycling.

Hazardous Waste Services| *Performance*

The assets of Chemsal, BCD Technologies, Waste Audit and Entech Industries commenced contribution to this service line on 15 February 2012. Since this time the focus has been the merging of the two businesses operationally in NSW, Victoria, Queensland and Western Australia.

Operational and systems integration has been according to plan. The financial contribution from DMX assets has been in line with our expectations. It is expected that all sites will be operating under Toxfree's systems by the end of financial year 2013. Our operations are now focused on the streamlining of our treatment processes through directing waste to where it is most efficiently treated within the Group.

Revenues increased by 48% to $43.1M mainly though the contribution of DMX assets in the second half.

Margins were impacted because the volumes of waste treated in Brisbane were below expectations and higher processing costs at Port Hedland continued. During March, April and May the Pilbara region was also impacted by cyclones which resulted in unexpected increase in processing costs due to a higher than normal volume of waste water and storm water requiring treatment.

A positive trend was the expansion of services into the Surat and Bowen Basin regions of South West Queensland which are expected to increase Brisbane hazardous waste volumes.

Hazardous waste services at Toxfree's Kwinana and NSW facilities were steady and in line with budget expectations.

Hazardous Waste Services | *Outlook*

The merger of Toxfree's existing hazardous waste facilities with DMX has positioned Toxfree as a leader in the management of hazardous waste in Australia. The Company has a broad range of treatment technologies, intellectual property and licensed hazardous waste facilities throughout Australia.

The focus for financial year 2013 is to build upon this base and fine tune our waste treatment efficiencies by utilising each site to the best of its capacity. There are additional hazardous chemicals listed in the Stockholm convention that are expected to result in new markets for our destruction technologies when these chemicals are removed from the environment. The Carbon Tax is also likely to drive the requirement for the capture and removal of Halon and refrigerants from the environment to reduce industries' carbon footprint.

The upgrade of our Pilbara liquid waste treatment facilities is complete and they now have a greater capacity to manage liquid wastes and contaminated wash waters from the region. This should ensure we have capability to manage volumes of liquid waste generated from extreme cyclone events. The upgrade of the incinerator in Port Hedland is continuing to progress through the regulatory process.

Unallocated Corporate EBIT | *Overview*

Our corporate expenses, as a percentage of revenue were 7.7% which was the same as the previous financial year. The business has the appropriate level of shared service in place to support the growth plans of the business and manage risk appropriately. There is not expected to be any further material change in corporate overhead in FY13. One off expenses of $1.49M, excluded from the normalised result, included; legal and acquisition costs incurred with the acquisition of DoloMatrix International subsidiaries.

The establishment of an Employee Share Trust, for the issue of long term incentives to our key management, will allow a higher portion of share based payments to be tax deductible over time.

We have also commenced a review of our corporate structure in an effort to consolidate the number of subsidiary companies to improve administration efficiencies and ensure the business is structured correctly to accommodate our growth aspirations.

Outlook

Entering financial year 2013 the Company is confident we can again provide a positive outlook for our Shareholders and continue to deliver growth in our profitability.

We provide a diverse range of services across multiple industry sectors mainly to ongoing production based businesses. We have a high level of visibility of our earnings for the medium term. We are also well positioned geographically to benefit from the committed capital expenditure in the resource sector.

Toxfree will endeavour to increase its market share across its divisions, through geographic expansion and potential acquisition of complementary businesses.

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

- Increasing government levies, government regulation, the 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 Company has cash reserves available and a strong Statement of Financial Position to continue its growth strategy.

We are committed to providing safe, reliable and sustainable services to our clients. Through this commitment, Toxfree aims to strengthen our 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*

Directors' Report Contents
30 June 2012

	Page

Your Directors present their report, together with the financial statements of the Group, being Tox Free Solutions Limited and its controlled entities (the "Group"), for the financial year ended 30 June 2012.

The following persons were Directors of Toxfree during the whole of the financial year and up to the date of this report, unless indicated:

Robert McKinnon (Non-Executive Chairman)
Richard (Dick) Allen
Michael Humphris
Douglas Wood (retired 29 August 2012)
Stephen Gostlow

1. General information
   (a) Information on Directors
   The names, qualifications, experience and special responsibilities of each person who has been a Director during the year and to the date of this report are:

Robert McKinnon	Non-Executive Director
Qualifications	Fellow CPA Australia, Fellow Chartered Secretaries Australia
Experience	Robert has been Managing Director of Fleetwood Corporation Limited and Austal Limited. His career spans over 30 years in senior financial and general management positions.
Interest in shares, options and rights	50,000 ordinary shares
Special responsibilities	Chairman of the Board. Member of the Nominations and Remuneration and Audit and Risk Committees.
Other current Directorships in listed entities	Non-Executive Director of Programmed Maintenance Services Limited
Other Directorships in listed entities held in the previous three years	Non-Executive Director of Brierty Limited (resigned 26 September 2011)

Stephen Gostlow	Managing Director
Qualifications	Environmental Scientist
Experience	Stephen has over 16 years' experience in the waste management industry. His background includes experience in waste treatment, waste technologies and regulatory compliance. Steve has been employed by Toxfree since 2002 and was appointed Managing Director in 2005.
Interest in shares, options and rights	1,122,638 ordinary shares and has been granted 990,000 options and rights
Special responsibilities	Nil

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Other current Directorships in listed entities	Nil
Other Directorships in listed entities held in the previous three years	Nil
Douglas Wood	Non-Executive Director
Qualifications	Chartered Accountant, Fellow of the Taxation Institute of Australia.
Experience	Douglas has over 41 years' experience in the accounting and taxation profession and has been actively involved in the management of public companies for a number of years, fulfilling the roles of Chairman and Managing Director. Douglas Wood retired as a Director 29 August 2012.
Interest in shares, options and rights	236,387 ordinary shares
Special responsibilities	Chairman until 13 July 2010, Member of the Audit and Risk Committee, Member of the Nominations and Remuneration Committee.
Other current Directorships in listed entities	Nil
Other Directorships in listed entities held in the previous three years	Nil
Michael Humphris	Non-Executive Director
Qualifications	Chartered Accountant
Experience	Michael has over 30 years' experience in the areas of business advice, corporate recovery and dispute resolution. He has extensive experience in business reconstructions, enhancing value for Shareholders, divestments, mergers and acquisitions.
Interest in shares, options and rights	750,000 ordinary shares
Special responsibilities	Chair of the Audit and Risk Committee, Member of the Nominations and Remuneration Committee.
Other current Directorships in listed entities	Chairman of Virax Holdings Ltd (16 January 2008 to date), Chairman of CNPR Ltd (22 December 2011 to date).
Other Directorships in listed entities held in the previous three years	Non-Executive Director of Murray Irrigation Ltd (20 November 2007, resigned 15 November 2011), Non-Executive Director of CMA Corporation Ltd (24 May 2010, resigned 15 December 2010), Non-Executive Director of Centro Retail Ltd (1 October 2009, resigned 15 December 2011).

Richard Allen	Non-Executive Director
Qualifications	Civil Engineer
Experience	Richard has significant experience in management and leadership of public and private companies, both nationally and internationally. He has operated businesses in the Middle East and Asia, as well as Australia, with the bulk of his experience focussed around upstream oil and gas exploration and development, environmental services, and in more recent years, the renewable energy sector.
Interest in shares, options and rights	162,500 ordinary shares
Special responsibilities	Member of the Audit and Risk Committee, Chair of the Nominations and Remuneration Committee.
Other current Directorships in listed entities	Nil
Other Directorships in listed entities held in the previous three years	Non-Executive Chairman of Mobilarm Limited (13 October 2010, resigned 1 March 2012)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

(b) Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year were:

- Provision of industrial services
- Waste management

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

2. Operating results and review of operations for the year

Information on the operations and financial position of the Group and its strategies and prospects is set out in the Review of operations on pages 5 to 19 of this Annual Report.

3. Other items

(a) Significant changes in state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

i) Over the course of the year the Group acquired 100% interest in Waste Solutions (NT) Pty Ltd, Pilbara Waste Pty Ltd and MMS Enterprises (QLD) Pty Ltd. The Group also acquired the major assets of DoloMatrix International Ltd (DMX), comprising of the Chemsal, BCD Technologies, Entech Industries and Waste Audit Consulting businesses. The purchases were in line with the Group's growth strategy.

ii) To assist funding the acquisition of DMX, the Group raised $27 million dollars through placement to institutional Shareholders and $6.5m through a Share Purchase Plan. The Group also increased its borrowings to raise an additional $40m from its bankers to complete the fundraising for the acquisition.

(b) Dividends paid or recommended

		$ 000's
2011 final franked dividend declared, paid on 5 October 2011	$	2,895
Final ordinary dividend of 4 cents per share declared on 31 August 2012 to be paid on 21 September 2012	$	4,612

All dividends paid were fully franked.

(c) Events after the end of the reporting period

On 29 August 2012, Mr Douglas Wood retired as Director. Mr Wood had been a member of the Board for four years, of which two were as Non-Executive Chairman.

On 31 August 2012, the Directors of Toxfree declared a final dividend on ordinary shares in respect of the 2012 financial year. The total amount of the dividend is $4,612,464 which represents a fully franked dividend of 4.00 cents per share.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

(d) Future developments and expected results

The Group will continue to pursue its strategy of developing Australia's largest industrial services and waste management Group and increasing market share of its major business segments during the next financial year.

(e) Environmental Regulation

The Group's operations are subject to significant environmental regulations and as such hold environmental licences for the operation of its waste facilities throughout Australia. These licences relate to the management of waste including; storage, treatment, transportation and disposal.

There have been no fines or prosecutions commenced or pending against the Group's licences during the period.

National Greenhouse and Energy Reporting Guidelines

The Group has undertaken an assessment of its annual greenhouse gas emissions and energy use and is satisfied that it is not currently subject to the reporting requirements under the National Greenhouse and Energy Reporting Act 2007.

The Company will continue to measure its annual greenhouse gas emissions and energy use to determine if or when it may be required to report in the future.

(f) Company Secretary

Mr McArthur has a Bachelor of Commerce Degree from the University of Western Australia. Mr McArthur is a Chartered Accountant, having spent four years with a major international accounting firm, and has 31 years' experience in the accounting profession. Mr McArthur has been actively involved in the financial and corporate management of a number of public listed companies over the past 28 years.

Mr McArthur has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions by public companies.
Mr McArthur has been Company Secretary for the full financial year.

4. Director Meeting Information

During the financial year, 14 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit and Risk Committee		Nominations and Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robert McKinnon	14	14	2	2	2	2
Stephen Gostlow	14	14	-	-	-	-
Douglas Wood	14	13	2	2	2	2
Michael Humphris	14	12	2	2	2	2
Richard Allen	14	13	2	2	2	2

5. Insurance of officers and indemnification of officers and auditors

During the financial year, Toxfree paid a premium of $18,726 (2011: $16,641) excluding GST, to insure the Directors and Secretary of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against officers in their capacity as officers of the entity and other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Group had paid a premium of $8,045 (2011 - $7,351) excluding GST for income protection insurance for Executive Directors. The Group has agreed to indemnify the Directors of the Group against all liabilities to another person (other than the Group) that may arise from their position as Directors of the Group, except where the liability arises out of conduct involving lack of good faith.
No agreements have been entered into to indemnify the Group's current auditors against any claims by third parties arising from their report on the Annual Financial Report.

6. Shares Under Option

At the date of this report, the unissued ordinary shares of Toxfree under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
23 September 2009	1 November 2012	$2.38	745,000*
23 September 2009	1 November 2013	$2.74	570,000*
23 November 2010	1 November 2014	$2.50	500,000**
23 November 2010	1 November 2015	$2.75	500,000**
23 November 2010	1 November 2016	$3.00	500,000**
26 February 2010	15 January 2014	$1.20	20,000
26 February 2010	15 January 2015	$2.64	20,000
			2,855,000

* Includes Directors options ** Includes KMP options

On 24 November 2011, the Managing Director, the Chief Financial Officer, the Executive General Manager Technical Services and the Executive General Manager of Corporate and Risk were awarded Share Performance Rights and Share Appreciation Rights as part of their annual remuneration, with a vesting date of 30 June 2014. To qualify for these Rights, the company is required to meet certain predetermined milestones. The total number of rights awarded were 124,031 Share Performance Rights and 427,811 Share Appreciation Rights.

Option holders do not have any rights to participate in any issues of shares or other interests in the Group or any other entity.

For details of options issued to Directors and other Key Management Personnel as remuneration, refer to the remuneration report on page 27.

7. Shares Issued on Exercise of Options

During the year ended 30 June 2012, the following ordinary shares of Toxfree were issued on the exercise of options granted. No further shares have been issued since that date. No amounts are unpaid on any of these shares.

	Grant Date	Exercise Price	Number of Shares Issued
Staff options	21 January 2009	$ 1.40	153,500
Staff options	21 January 2009	$ 1.80	355,000
Staff options	21 January 2009	$ 2.07	843,500
Staff options	21 January 2009	$ 2.20	455,000
Staff options	28 October 2009	$ 2.07	240,000
			2,047,000

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

8. Proceedings on behalf of Group

No person has applied for leave of court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.
The Group was not a party to any such proceedings during the year.

9. Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 30 June 2012:

	2012 000's $	2011 000's $
Audit and other assurance services	119	104
Non-audit and assurance services	113	128
Other services	122	32
	354	264

10. Remuneration report (audited)

This remuneration report sets out remuneration information for Non-Executive Directors, Executive Directors and other Key Management Personnel (KMP) of the Group.

Overall the Group believes its remuneration policy and framework is designed to deliver strong alignment of interests between Executives and the Shareholder.

In order to meet the obligations of the Corporations Law Amendments, the Nominations and Remuneration Committee engaged Pricewaterhouse Coopers (PwC) to undertake a review of Executive and Non-Executive remuneration, particularly the valuation of the Share Appreciation Rights and Performance Rights. They also prepared the reasonableness report for the remuneration structure. This information was used to review and amend Toxfree's Remuneration Framework so that the Group can continually improve the linking of Executive and Shareholder interests. Under the terms of the engagement, PwC provided remuneration recommendations as defined in section 9B of the *Corporations Act 2001* and was paid $7,000 for these services.
PwC has confirmed that the above recommendations have been made free from undue influence by members of the Group's Key Management Personnel.

The following arrangements were made to ensure that the remuneration recommendations were free from undue influence by members of the Group's Key Management Personnel:

- PwC was engaged by, and reported directly to, the Chair of the Nominations and Remuneration Committee. The agreement for the provision of remuneration consulting services was executed by the chair of the Nominations and Remuneration Committee under delegated authority on behalf of the Board.
- The report containing the remuneration recommendations was provided by PwC directly to the Chair of the Nominations and Remuneration Committee; and
- PwC was permitted to speak to management throughout the engagement to understand Group processes, practices and other business issues and obtain management perspectives. However, PwC was not permitted to provide any member of management with a copy of their draft or final report that contained the remuneration recommendations.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any members of the Key Management Personnel.

Voting and comments made at the Group's 2011 Annual General Meeting

Toxfree received more than 90% of "yes" votes on its remuneration report for the 2011 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Directors and Key Management Personnel disclosed in this report

Name	Position
Directors	
Robert McKinnon	Non-Executive Chairman
Stephen Gostlow	Managing Director
Douglas Wood	Non-Executive Director
Michael Humphris	Non-Executive Director
Richard Allen	Non-Executive Director
Other Key Management Personnel	
David McArthur	Company Secretary
Michael Constable	Chief Financial Officer
Peter Goodwin	Chief Operating Officer
Jason Dixon	EGM – Corporate & Risk
Neil Armstrong	EGM – Technical Services (until 31/01/12)
Graeme McTaggart	EGM – Human Resources (until 31/12/11)
Sarah Bagshawe	EGM – Human Resources (since 30/11/11)

Service Agreements
On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the Officer or Director.

Remuneration and other forms of employments for the Managing Director, Chief Financial Officer, Chief Operating Officer and other Key Management Personnel are also formalised in service agreements. Each of these agreements provides for performance-related short-term incentives, and other benefits including car allowances and participation, where eligible, in the Employee Share Option Plan (ESOP). Other major provisions of the agreements relating to remuneration are set out below.

All contracts with Executives may be terminated early by either party providing notice, subject to termination payments detailed below.

Name	Term of agreement	Base salary excluding superannuation *	Termination benefit **
Stephen Gostlow	Ongoing commencing November 2010	$410,000	$410,000
Peter Goodwin	Ongoing commencing December 2010	$395,000	$395,000
Michael Constable	Ongoing commencing July 2010	$281,000	$140,500
Jason Dixon	Ongoing commencing October 2010	$265,000	$132,500
Sarah Bagshawe	Ongoing commencing November 2011	$166,000	$12,769

* Base salaries are quoted for the year ended 30 June 2013; they are reviewed annually by the Nominations and Remuneration Committee
** Termination benefits are payable on early termination by the Group, other than for gross misconduct; unless otherwise indicated they are equal to base salary for notice period.

(a) Remuneration policy
The remuneration policy of Toxfree aims to provide remuneration that is fair and equitable in terms of external competitiveness. The policy is determined by the Board and administered by management at its discretion.

The policy relates an individual's remuneration to the individual's performance, the position in the relevant salary market, and the need for the organisation to retain and motivate the particular individual.

To give effect to this policy, the Group reviews available information that measures the remuneration levels in the various labour markets in which it competes.

Toxfree's remuneration policy uses a range of components to deliver market competitive remuneration. The overall philosophy is to adopt, where possible, a 'Total Reward" methodology, which links remuneration to the performance of an individual.
Total Reward methodology is designed to:

- Reward those who deliver the highest relative performance;
- Link employee rewards to the generation of sustainable value for Shareholders;
- Attract, recognise, motivate and retain high performers;
- Provide fair and consistent rewards, benefits and conditions;
- Provide rewards that are competitive within the markets in which Toxfree operates; and
- Align the interests of employees and other Shareholders through employee ownership of Toxfree shares and securities.

Toxfree's Total Reward structure for Executives consists of:

1. Fixed remuneration,
2. Short term incentive, and
3. Long term incentive.

The expectation of the Group is that, for a particular grade of employee, the total fixed compensation will be at the median level of the relevant market.

(b) Role of the Nominations and Remuneration Committee

The Nominations and Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-Executive Director fees;
- Executive remuneration (Directors and other Executives); and
- the overarching Executive remuneration framework and incentive plan policies.

The objective of the Nominations and Remuneration Committee is to ensure that remuneration policies and structures are fair and competitive, and aligned with the long-term interests of the Group. In doing this, the Nominations and Remuneration Committee seeks advice from independent remuneration consultants. PwC has been engaged by the Board as remuneration advisers for the 2012 financial year.

(c) Non-Executive Director Remuneration Framework

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board has also considered the advice of PwC to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of non-Executive Directors, based on comparative roles in the external market. The Chair is not present at any discussions relating to determination of his own remuneration.

(d) Non-Executive Directors' Fees

The current base fees were last reviewed with effect from 1 July 2011. The Chair's remuneration is inclusive of committee fees while other Non-Executive Directors who chair a committee receive an additional yearly fee of $5,000 per annum.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by Shareholders. The maximum currently stands at $700,000 per annum and was approved by Shareholders at the annual general meeting on 24 November 2011.

	Board fees including Superannuation	Committee fees including superannuation
Chair	125,000	5,000
Other Non-Executive Directors	75,000	-

Superannuation contributions required under the Australian superannuation guarantee legislation continue to be made and are deducted from the Directors' overall fee entitlements.

(e) Executive Remuneration Framework

The objective of the Group's Executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework aligns Executive reward with achievement of strategic objectives and the creation of value for Shareholders, and conforms to market practice for delivery of reward. The Board ensures that Executive reward satisfies the following key criteria for good reward governance practices:

- Competitive and reasonableness
- Acceptability to Shareholders
- Performance linkage / alignment of Executive compensation
- Transparency

In consultation with PwC, the Group has structured an Executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives. As Executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The Executive pay and reward framework has three components:

1. Fixed remuneration, inclusive of superannuation and allowances;
2. Short-term performance incentives; and
3. Long-term incentives through participation in Employee Long Term Incentive Plan.

The combination of these comprises an Executive's total remuneration. The Nominations and Remuneration Committee independently consulted the services of PwC in July 2011 to review the Executives' Total Remuneration against other ASX listed industrial services companies with similar market capitalisation. This information has been used to support and develop Executive Remuneration in future financial years to ensure continued alignment with financial and strategic objectives.

Fixed Remuneration

Fixed remuneration is comprised of base pay and benefits, including superannuation and allowances. In determining an employee's fixed remuneration, external benchmarking is performed to ensure that fixed reward is comparable and competitive within the markets in which the Group operates. Individual performance, skills, expertise and experience are also used to determine where the employees fixed remuneration should sit within a market range. External remuneration consultants provide analysis and advice to ensure that base pay is set to reflect the market for a comparable role. Base pay for Executives is reviewed annually to ensure the Executive's pay remains competitive. An Executive's pay is also reviewed on promotion.

There is no guaranteed base pay increase included in any Executive contract.

Executives receive benefits including car allowances. Superannuation contributions required under the Australian superannuation guarantee legislation are made in addition to base pay.

Short-term incentives

Short-term incentives (STI) reward employees for their achievements and contribution to business success and organisation outcomes during the financial year (i.e. 12 month timeframe). STI's are a variable reward and are not guaranteed.

Each year, the Nominations and Remuneration Committee considers the appropriate targets and key performance indicators (KPI's) to link to the STI scheme and the level of payout if targets are met. This includes capping any maximum payout under the STI scheme and determining minimum levels of performance required to trigger payment of the STI (i.e. setting maximum and target STI opportunities). In the 2012 financial year, the maximum incentive available to the Managing Director, Chief Operating Officer and Executives was 100% of base salary.

Each Executive has a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance.

The Nominations and Remuneration Committee has also engaged PWC to review the STI scheme as part of the Company's review of Executives' Total Remuneration package. This review will cover quantitative aspects of the STI scheme, with comparison being made to the Company's peers. The information obtained in this review will be used to assess and improve the STI scheme for future financial years.

Principals used to determine the nature and amount of STI for financial year 2012

For the year ended 30 June 2012, the KPI's linked to the STI scheme were based on Group and individual objectives. Performance is based on a scorecard of "financial", "employee and safety", "customer" and "strategic" metrics which the Company believes are the best measures that link both the individuals' performance with the Company's performance. The scorecard is weighted 60% towards the financial metrics and 40% towards the non-financial metrics. The key financial metric used is profit after tax.

The Nominations and Remuneration Committee is responsible for assessing whether the KPI's are met. To help make this assessment, the Committee receives detailed reports on performance from management which are verified by independent remuneration consultants.
The Nominations and Remuneration Committee has the discretion to adjust STI's downwards in light of unexpected or unintended circumstances.

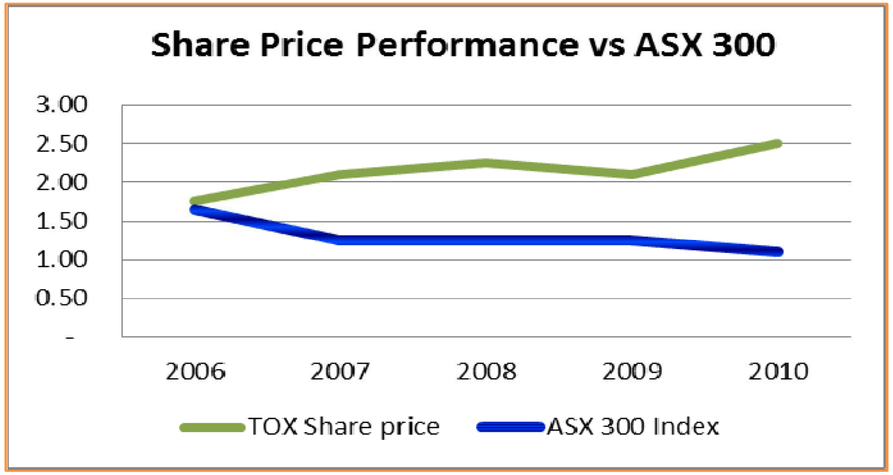
During the 2012 financial year, the Company's performance was classed by the Nominations and Remuneration Committee as exceptional. The following KPI's were used in this assessment:

- Net profit after tax - up 31% to $17.21M** (2011: 13.1M*)
- Earnings per share increased by 15% to 16.30** cents per share (2011: 14.23* cents per share)
- Zero lost time injuries (2011: Zero)

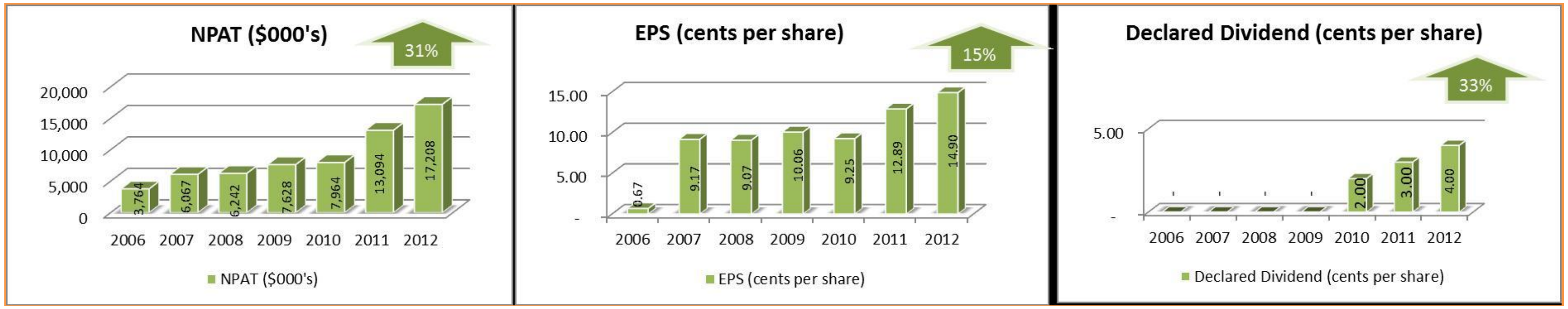
**2011 excludes GVF bad debt write-off of $1.2M NPAT*
***2012 excludes $1.49M Acquisition costs*

Company performance

The chart below demonstrates how the Company's share price has performed relative to the S&P/ASX 300 Index since 2008.



The charts below reflect the Company's Earnings per Share (EPS), Net Profit after Tax (NPAT) and Dividends per Share since 2006. The year-on-year change from 2011 to 2012 is shown in percentage terms in the graph area.



Long-Term Incentive

In October 2011, the Company revisited its Executive Long Term Incentive ("LTI") plan to ensure that it continues to reward, retain and motivate senior Executives in a manner aligned with Shareholders. At the 2011 Annual General Meeting in November, Shareholders approved the adoption of Toxfree's new LTI Plan.

Under the new LTI Plan, senior Executives will be granted Performance Rights and/or Share Appreciation Rights. Vesting of any performance Rights and/or Share Appreciation Rights under the LTI Plan will be subject to the satisfaction of performance hurdles.

Performance Rights are one of the most prevalent equity instruments used by companies in the market. Performance Rights are also simple in nature and are easily understood by employees as well as by Shareholders. By issuing Performance Rights, the Executive and Shareholders are better able to perceive the value obtained from Performance Rights (i.e. conversion of one Performance Right equates to one Share in the Company), resulting in better alignment with Shareholders' interests.

Share Appreciation Rights are growing in popularity due to changes in the Employee Share Scheme taxation rules resulting in taxation of Options becoming potentially problematic. Due to the economic similarity between Share Appreciation Rights and Options (in that they will only reward for Share price growth), issuing Share Appreciations Rights will continue to drive and reward Shareholder value generating behaviour without the downside of the current tax treatment of Options (e.g. employees can end up paying tax on underwater Options).

The LTI quantum to be granted will be determined with reference to market practice and will be subject to approval by the Board. The LTI dollar value that senior Executives will be entitled to receive is set at a fixed percentage of their annual fixed remuneration and ranges from 20% to 50% of fixed remuneration, depending on the participants level and seniority.

Any grants made under the Executive LTI Plan will be subject to the satisfaction of challenging performance hurdles. Relative Total Shareholder Return ("Relative TSR") and Absolute Earnings per Share ("Absolute EPS") targets have been chosen as appropriate performance measures and are commonly used by companies listed on the ASX. Both Relative TSR and Absolute EPS are forward-looking performance measures that drive continued and sustainable growth.

Relative TSR measures the return received by Shareholders from holding shares in the Company over the 3-year performance period. Achievement of the Relative TSR target will reward senior Executives when the Company outperforms its peers.

Absolute EPS measures the operating profit attributable to Shareholders per issued share. Achievement of the Absolute EPS target will reward senior Executives when the Company meets or exceeds the compounded annual growth target set by the Board.

Vesting conditions and performance hurdles for grants made within financial year 2012

The FY12 LTI grant made under the Executive LTI Plan will vest subject to satisfaction of Relative TSR (50% of the grant) and Absolute EPS (50% of the grant) hurdles. These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if the other hurdles are not met.

Relative TSR performance will be assessed against the performance of the ASX 300 excluding companies within the metals and mining, financial services, infrastructure, investment and property sectors.

The Relative TSR portion of the FY12 LTI grant will become performance-qualified as follows:

Relative TSR performance	Vesting outcome (for the Relative TSR portion of the grant)
Less than 50th percentile	Nil
At the 50th percentile	50% of the relevant grant will become performance-qualified
Between the 50th and 75th percentile	For each percentile over the 50th, an additional 2% of the relevant grant will become performance-qualified
At or above the 75th percentile	100% vesting

Absolute EPS performance will be assessed against compound annual growth rate targets set by the Board. The target set for FY12 LTI grant is 10% compound average growth rate.

The Absolute EPS portion of the FY12 LTI grant will become 100% performance-qualified if the compound average growth rate over the 3-year performance period is 10% or greater. Where the compound annual growth rate over the 3-year period does not reach 10% per annum, no vesting will occur under the Absolute EPS portion of the grant.

Performance is tested over the whole 3-year period to ensure that sustainable Shareholder growth has been created. A 3-year performance and vesting period is typical of ASX listed companies.

There will be no retesting of performance. Any Performance Rights and/or Share Appreciation Rights that fail to become exercisable due to a failure to satisfy the vesting conditions and performance hurdles will lapse and be forfeited.

The Board believes that grants made under the Executive LTI Plan will serve a number of purposes, including:

- act as a key retention tool; and
- focus on future Shareholder value generation.

In order to exercise Performance Rights and Share Appreciation Rights an employee must be employed by the Company at the time of vesting. If an employee was to leave the Company all unvested Performance Rights and Share Appreciation Rights will automatically be forfeited and lapse.

(f) Remuneration details for the year ended 30 June 2012

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the Key Management Personnel of the Group:

Table of benefits and payments

2012	Short Term: Cash salary fees $	Bonus $	Non-monetary $	Total $	Post-employment pension and superannuation $	Share based payment: Options $	Share Performance Rights $	Share Appreciation Rights $	Total $	Options as a Percentage of Remuneration
Directors										
Robert McKinnon	118,501	-	-	118,501	10,665	-	-	-	129,166	-
Douglas Wood	68,807	-	-	68,807	6,193	-	-	-	75,000	-
Michael Humphris	72,630	-	-	72,630	6,537	-	-	-	79,167	-
Richard Allen	79,348	-	-	79,348	-	-	-	-	79,348	-
Stephen Gostlow	445,000	205,000	-	650,000	58,500	176,887	27,769	23,636	936,792	19%
KMP										
David McArthur	56,000	-	-	56,000	-	-	-	-	56,000	-
Peter Goodwin	373,687	175,000	-	548,687	49,382	416,208	-	-	1,014,277	41%
Michael Constable	293,731	104,000	3,882	401,613	35,796	31,642	7,565	7,725	484,341	7%
Neil Armstrong	156,014	80,000	-	236,014	21,241	39,492	5,645	5,765	308,157	13%
Jason Dixon	254,000	76,000	-	330,000	29,700	39,492	7,565	7,725	414,482	10%
Graeme McTaggart*	95,609	22,000	-	117,609	9,868	-	-	-	127,477	-
Sarah Bagshawe**	87,385	-	-	87,385	7,865	-	-	-	95,250	-
TOTAL	2,100,712	662,000	3,882	2,766,594	235,747	703,721	48,544	44,851	3,799,457	

*Resigned 31/12/11 **Appointed 30/11/11

2011	Short Term Cash salary fees $	Bonus $	Non-monetary $	Total $	Post-employment pension and superannuation $	Share based payment Options $	Share Performance Rights $	Share Appreciation Rights $	Total $	Options as a Percentage of Remuneration
Directors										
Robert McKinnon	105,122	-	-	105,122	9,461	-	-	-	114,583	-
Douglas Wood	68,807	-	-	68,807	6,193	-	-	-	75,000	-
Michael Humphris	68,807	-	-	68,807	6,193	-	-	-	75,000	-
Richard Allen	68,444	-	-	68,444	6,160	-	-	-	74,604	-
Stephen Gostlow	419,288	110,000	14,568	543,856	47,636	380,865	-	-	972,357	39%
KMP										
David McArthur	49,000	-	-	49,000	-	-	-	-	49,000	-
Peter Goodwin*	351,923	-	30,933	382,856	19,073	578,978	-	-	980,907	59%
Michael Constable	281,422	63,000	6,897	351,319	30,998	47,193	-	-	429,510	5%
Neil Armstrong	230,741	60,000	9,785	300,526	26,167	59,018	-	-	385,711	15%
Jason Dixon	218,715	57,000	4,110	279,825	24,814	59,018	-	-	363,657	16%
Graeme McTaggart*	115,131	-	-	115,131	9,701	-	-	-	124,832	-
TOTAL	1,977,400	290,000	66,293	2,333,693	186,396	1,125,072	-	-	3,645,161	31%

*Appointed December 2010 ^^ Share based payments reflect the value of options to be issued over the period 1 September 2010 to 1 September 2013 *** Includes Motor Vehicle Allowance and sign-on fee for Peter Goodwin

(g) Details of Remuneration, Cash Bonus and Share Based Payment Compensation Benefits
For each cash bonus and grant of options and/or rights included in the table on page 38, the percentage of available bonus or grant that was paid, or vested, in the financial year and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future periods.

The options vest at different stages of their life provided the vesting conditions are met – refer to note 23 for more information. No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

	Bonus		Share-based compensation benefits (Options)				
Name	Paid	Forfeited	Year Granted	Vested	Forfeited	Financial Years in which options may vest	Maximum total value of grant yet to vest
	%	%		%	%		$
Stephen Gostlow	100	-	2010	33	-	2013	32,793
Peter Goodwin	100	-	2010	-	-	2013	35,371
	-	-	2010	-	-	2014	162,943
Michael Constable	100	-	2010	33	-	2013	4,794
Neil Armstrong	100	-	2010	33	-	2013	6,011
Jason Dixon	100	-	2010	33	-	2013	6,011
Graeme McTaggart	100	-	-	-	-	-	-
Sarah Bagshawe	-	-	-	-	-	-	-

The relative portions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At risk – STI*		At risk – LTI**	
Name	2012	2011	2012	2011	2012	2011
Robert McKinnon	100%	100%	-	-	-	-
Stephen Gostlow	55%	50%	23%	11%	22%	39%
Douglas Wood	100%	100%	-	-	-	-
Michael Humphris	100%	100%	-	-	-	-
Richard Allen	100%	100%	-	-	-	-
David McArthur	100%	100%	-	-	-	-
Peter Goodwin	42%	41%	17%	-	41%	59%
Michael Constable	66%	74%	21%	15%	13%	11%
Neil Armstrong	60%	69%	25%	16%	15%	15%
Jason Dixon	66%	68%	18%	16%	16%	16%
Graham McTaggart	83%	100%	17%	-	-	-
Sarah Bagshawe	100%	-	-	-	-	-

*STI – short term incentive **LTI – long term incentive

Details of the share appreciation and Share Performance Rights granted as remuneration to those Key Management Personnel during the year:

Share-based payments	Entitlement $	Number of Performance Rights	Grant date	% vested in period	% forfeited in period	Vesting date	Expiry date	Fair Value at Grant Date - SPR	Fair Value at Grant Date-SAR
Directors									
Stephen Gostlow	205,000	257,694	24/11/2011	-	-	30/06/2014	30/06/2014	1.77	0.51
KMP									
Michael Constable	67,000	84,222	24/11/2011	-	-	30/06/2014	30/06/2014	1.77	0.51
Jason Dixon	67,000	84,222	24/11/2011	-	-	30/06/2014	30/06/2014	1.77	0.51
Neil Armstrong	50,000	62,852	24/11/2011	-	-	30/06/2014	30/06/2014	1.77	0.51

Option values at grant date were determined using the binomial lattice model.
All options were issued by Toxfree and entitle the holder to ordinary shares in Toxfree for each option exercised.

There have not been any alterations to the terms or conditions of any share based payment arrangements since grant date.

(h) Equity instruments granted as a result of exercise of options
Details of ordinary shares in the Group provided as a result of the exercise of remuneration options to each KMP of the Group are set out below:

	No. of shares issued as result of options	Amount paid per share $
Stephen Gostlow	366,000	2.07
Michael Constable	133,000	2.07
Michael Constable	50,000	2.20
Jason Dixon	166,000	2.07
Jason Dixon	50,000	2.20
Jason Dixon	95,000	1.80
Jason Dixon	55,000	1.40
Neil Armstrong	166,000	2.07

Terms and conditions affecting remuneration in the current or a future reporting period are as follows:

Grant date	Number	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date (cents)	Performance achieved	% vested
S Gostlow							
28 October 2009	366,000	1 September 2011	1 November 2012	$2.38	94.50	100%	100%
28 October 2009	368,000	1 September 2012	1 November 2013	$2.74	95.21	TBD	0%
P Goodwin							
23 November 2010	500,000	1 September 2011	1 November 2014	$2.50	77.50	100%	100%
23 November 2010	500,000	1 September 2012	1 November 2015	$2.75	79.50	TBD	0%
23 November 2010	500,000	1 September 2013	1 November 2016	$3.00	81.70	TBD	0%
M Constable							
23 September 2009	133,000	1 September 2011	1 November 2012	$2.38	35.03	100%	100%
23 September 2009	134,000	1 September 2012	1 November 2013	$2.74	48.89	TBD	0%
N Armstrong							
23 September 2009	166,000	1 September 2011	1 November 2012	$2.38	35.03	100%	100%
23 September 2009	168,000	1 September 2012	1 November 2013	$2.74	48.89	TBD	0%
J Dixon							
23 September 2009	166,000	1 September 2011	1 November 2012	$2.38	35.03	100%	100%
23 September 2009	168,000	1 September 2012	1 November 2013	$2.74	48.89	TBD	0%

*TBD – To be determined

Share Appreciation Rights and Share Performance Rights

The LTI Plan for senior management provides for grants of Tox Free Solutions Limited shares. The scheme is explained in the note on Long Term Incentives on page 35.

	2012			
	Share Appreciation Rights		Share Performance Rights	
	Number	Weighted average fair value	Number	Weighted average fair value
Outstanding at the beginning of the year	-	-	-	-
Rights issued during the year	379,085	0.51	109,904	1.77
Rights vested during the year	-		-	
Outstanding at the end of the year	379,085	0.51	109,904	1.77

The fair value of the equity-settled shares granted under the LTI Share Scheme is estimated at the grant date using an externally prepared Monte Carlo Simulation analysis, taking in to account the terms and conditions upon which the shares were granted.

The following table lists the inputs to the Monte Carlo model used to value the Rights:

Input	SAR	SPR
Dividend yield	1.5%	1.5%
Expected volatility	30% to 40%	30% to 40%
Risk-free interest rate	2.46%	3.05%
Expected life	2.0years	2.0 years
Weighted average share price at grant date	$2.50	$2.10

This is the end of the Remuneration Report – Audited

(i) Loans to Directors and Executives

Information on loans to Directors and Executives, including amounts, interest rates and repayment terms are set out in note 28 to the financial statements.

10. Auditor's Independence Declaration

(a) Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2012 has been received and can be found on page 52 of the financial report.

11. ASIC class order 98/100 rounding of amounts

The Group is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

12. Auditor

BDO (Audit) WA Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Director's report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Director – Chairman Robert McKinnon :

Dated this ..25th day of ..September. 2012

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

The Board of Directors

Role of the Board

The primary responsibilities of the Board of Directors are set out in a written policy and include:

- Establishment of long term goals of the Group and strategic plans to achieve those goals
- Monitoring the achievement of these goals
- Review of the management accounts and reports to monitor the progress of the Group
- Review and adoption of budgets for the financial performance of the Group and monitoring the results on a regular basis to assess performance
- Review and approval of the annual and interim financial reports
- Nominating and monitoring the external auditor
- Approving all significant business transactions
- Appointing and monitoring senior management
- All remuneration, development and succession issues
- Ensuring the Group has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities

The Board evaluates this policy on an ongoing basis.

Board Composition

The Directors' Report contains details of the Directors' skills, experience and education. The Board seeks to establish a Board that consists of Directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Group's business with excellence. To maintain this, the Group's policy is that Executive Directors should serve at least 3 years. At the completion of the first 3 years, the position of the Director is reviewed to ascertain if circumstances warrant a further term.

The Board comprises a Non-Executive Chairman, one Executive Director, and three non-Executive independent Directors. Details of the Directors are set out in the Directors' Report.
The Board is primarily responsible for identifying potential new Directors but has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. The selection of the Directors must be approved by the majority of the Shareholders.

Retirement and re-election of Directors

The Constitution of the Group requires one third of Directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken in to account in determining the number of Directors to retire at that Annual General Meeting. Retiring Directors are eligible for re-election by Shareholders.

Independence of Directors

The Board has reviewed the position and association of each of the Directors in the office at the date of this report and considers that four Directors are independent. In considering whether a Director is independent, the Board has regard to the independence criteria in ASX Best Practice Recommendations Principal 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate.

The Board considers that Mr Robert McKinnon, Mr Michael Humphris, Mr Richard Allen and Mr Douglas Wood meet the criteria in Principle 2. They have no material business or contractual relationship with the Group, other than as Directors, and no conflicts which could interfere with the exercise of independent judgement. Accordingly, they are considered to be independent.

Independent Professional Advice

With prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board Performance Review

The performance of all Directors is assessed through review by the Board as a whole of a Director's attendance at and involvement in Board meetings, his performance and other matters identified by the Board or other Directors. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a Director's performance. Subsequent to the year-end an external assessment of Board performance has been undertaken.

The Group has not conducted a performance evaluation of the members of the Board during the reporting period, however the Board conducts a review of the performance of the Group against budgeted targets on an ongoing basis.

Director Remuneration

Details of the Group's remuneration policies are included in the "Directors and Key Management Personnel Emoluments" section of the Directors Report.

Non-Executive Directors will be remunerated by cash benefits alone and will not be provided with retirement benefits (except in exceptional circumstances). Executive Directors may be remunerated by both fixed remuneration and equity performance based remuneration and no termination payments will be agreed other than a reasonable period of notice of termination as detailed in the Executive's employment contract.

Managing Business Risk

The Group maintains policies and practices designed to identify and manage significant risks including:

- regular budgeting and financial reporting
- procedures and controls to manage financial exposures and operational risks
- the Group's business plan

- corporate strategy guidelines and procedures to review and approve the Group's strategic plans
- insurance and risk management programs which are reviewed by the Board

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Group's risk profile is reviewed annually. The Board may consult with the Group's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required.

The Board receives regular reports about the financial condition and operating results of the consolidated Group. The Managing Director (or in his absence the Chairman) and Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- the Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards; and
- the Group's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

Internal Controls

Procedures have been established at the Board and Executive management levels that are designed to safeguard the assets and interests of the Group, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To achieve this, the Executive Directors perform the following procedures:

- ensure appropriate follow-up of significant audit findings and risk areas identified;
- review the scope of the external audit to align it with Board requirements; and
- conduct a detailed review of published accounts.

Audit and Risk Committee

The role of the Audit and Risk Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be Non-Executive Directors. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The members of the Audit and Risk Committee for the Group at the date of this report were:

- Mr M Humphris (Chairman)
- Mr R McKinnon
- Mr R Allen
- Mr D Wood

The Auditors and the Managing Director are invited to the Audit and Risk Committee meetings at the discretion of the Committee. The Committee met two times during the year.

The responsibilities of the Audit and Risk Committee include:

- Reviewing the financial report and other financial information distributed externally;
- Monitoring corporate risk assessment processes;
- Reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- Reviewing audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- Reviewing the nomination and performance of the auditor;
- Liaising with external auditors and ensuring that the annual and half-year statutory audits are conducted in an effective manner;
- Monitoring the establishment of an appropriate internal control framework and considering enhancements;
- Monitoring the establishment of appropriate ethical standards;
- Monitoring the procedures in place to ensure compliance with the Corporations Act 2001 and Australian Stock Exchange Listing Rules and all other regulatory requirements;
- Addressing any matters outstanding with auditors, the Australian Taxation Office, Australian Securities and Investments Commission, the Australian Stock Exchange and financial institutions; and
- Improving the quality of the accounting function.

The Audit and Risk Committee reviews the performance of the external auditors on an annual basis and meets with them during the year.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee consists of the following Non-Executive Directors, all of whom are independent:

- Mr R Allen (Chairman)
- Mr R McKinnon
- Mr M Humphris
- Mr D Wood

Details of Directors' attendance at Nominations and Remuneration Committee meetings are set out in the Directors' Report on page 25.

The Nominations and Remuneration Committee operates in accordance with its Charter. The main responsibilities of the Committee are:

- Review the size and composition of the Board;
- Review and advise the Board on the range of skills available on the Board and appropriate balance of skills for future Board membership;
- Review and consider succession planning for the Managing Director, the Chairman and other Directors and key Executives;
- Develop criteria and procedures for the identification of candidates for appointment as Directors and apply the criteria and procedures to identify prospective candidates for appointment as Director and make recommendations to the Board;

- Make recommendations to the Board regarding any Director who should not continue in office;
- Nomination for approval by the Board, of external experts;
- Determine remuneration policies and remuneration of Directors;
- Determine remuneration and incentive policies of key Executives;
- Determine the Group recruitment, retention and termination policies and procedures for senior management;
- Determine and review incentive schemes;
- Determine and review superannuation arrangements of the Group; and
- Determine and review professional indemnity and liability insurance for Directors and senior management.

Ethical Standards
In pursuit of the highest ethical standards, the Group adopted a Code of Conduct which establishes the standards of behaviour required of Directors and employees in the conduct of the Group's affairs. This code is provided to all Directors and employees. The Board monitors implementation of this Code. Unethical behaviour is to be reported to the Group's Managing Director (or in his absence, the Chairman) as soon as possible.

The Code of Conduct is based on respect for the law, and acting accordingly, dealing with conflicts of interest appropriately, using the consolidated entity's assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences.

Trading in the Company's Securities by Directors and Employees
The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all Directors and employees. Under the policy, Directors are prohibited from short term or "active" trading in the Group's securities and Directors and employees are prohibited from dealing in the Group's securities whilst in the possession of price sensitive information. The Company's Managing Director (or in his place the Chairman) must also be notified of any proposed transactions.

This policy is provided to all Directors and employees. Compliance with it is reviewed on an on-going basis in accordance with the Company's risk management systems.

Continuous Disclosure
The Group has in place a continuous disclosure policy, a copy of which is provided to all Group officers and employees who may from time to time be in possession of undisclosed information that may be material to the price or value of the Group's securities.

The continuous disclosure policy aims to ensure timely compliance with the Group's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and ensure officers and employees of the Group understand these obligations.

The procedure adopted by the Group is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who, in consultation with the Board (where practicable) and any other appropriate personnel will consider the information and whether disclosure is required and prepare an appropriate announcement.

At least once every 12 month period, the Board will review the company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

Shareholders

The Board aims to ensure that Shareholders are kept informed of all major developments affecting the Group. Information is communicated to Shareholders as follows:

- As the Group is a disclosing entity, regular announcements are made to the Australian Stock Exchange in accordance with the Group's disclosure policy, including the half-year review, the year-end audited accounts and an Annual Report;
- The Board ensures the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- Shareholders are advised in writing of key issues affecting the Group by effective use of the Group's share registry or electronically via the website;
- Any proposed major changes in the Group's affairs are submitted to a vote of Shareholders, as required by the Corporations Act 2001;
- The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Group's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Group; and
- The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report.

The Board reviews this policy and compliance with it on an ongoing basis.

Diversity Policy

The Group is committed to workplace diversity and recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improved employee retention, accessing different perspectives and ideas, and benefitting from all available talent. To the extent practicable, the Group will address recommendations and guidance provided in the ASX Corporate Governance Council's June 2010 amendments to the August 2007 "*Corporate Governance Principals and Recommendations (Second Edition)*".

The Group strives to:

- Recruit and manage on the basis of an individual's competence, qualification and performance;
- Create a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- Appreciate and respect the unique aspects that an individual brings to the workplace;
- Where possible and practicable, increase participation and employment opportunities for indigenous people;
- Create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workplace diversity and successful management of diversity, and at all times recognising that employees may have restrictions placed on them by domestic responsibilities

outside the workplace;
- Take action to prevent discrimination; and
- Create awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Board is committed to workplace diversity and has developed measurable objectives and strategies to support the framework and objectives of the Diversity Policy, and the Nominations and Remuneration Committee is responsible for monitoring the progress of the measurable objectives through various monitoring, evaluation and reporting mechanisms. For the 2012 financial year the Boards' objectives were met by the Group. The Nominations and Remuneration Committee reports annually to the Board on the progress and achievement of the objectives and will ensure that the Policy is made publically available on the Group's website.

Pursuant to Recommendations 3.4, the Group policy discloses the following information as at the date of this report:

Percentage of:	Women	Men
Women and Men employed within the Group	15	85
Women and Men at senior management level	20	80
Women and Men employed at Board level	-	100

ASX Corporate Governance principals and recommendations not followed - "if not, why not" approach

Pursuant to the ASX Listing Rule 4.10.3, the Company advises that it follows all of the ASX *"Corporate Governance Principals and Recommendations (Second Edition)"*.

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38 Station Street
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PO Box 700 West Perth WA 6872
Australia

25 September 2012

Tox Free Solutions Limited
The Board of Directors
24 Sangiorgio Court
OSBORNE PARK WA 6017

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 year ended 30 June 2012, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2012

	Note	2012 000's $	2011 000's $
Sales revenue	6	207,963	143,556
Cost of sales		(130,081)	(93,541)
Gross profit		77,882	50,015
Other income		1,229	626
Occupancy costs		(4,327)	(3,084)
Administrative expenses		(23,970)	(14,516)
Finance costs		(4,171)	(2,522)
Other expenses	7	(23,414)	(13,463)
Profit before income taxes		23,229	17,056
Income tax expense	8	(7,503)	(5,191)
Profit from continuing operations		15,726	11,865
Profit for the year		15,726	11,865
Total comprehensive income for the year		15,726	11,865
Earnings per share:			
From continuing operations:			
Basic earnings per share (cents)	31	14.90	12.89
Diluted earnings per share (cents)	31	14.38	12.48

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Financial Position
As at 30 June 2012

	Note	2012 000's $	2011 000's $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	18,924	14,513
Trade and other receivables	10	52,731	35,741
Inventories	12	314	332
Other assets	13	2,265	644
TOTAL CURRENT ASSETS		74,234	51,230
NON-CURRENT ASSETS			
Property, plant and equipment	14	96,673	65,166
Deferred tax assets	11	8,076	2,997
Intangible assets	15	93,826	29,905
TOTAL NON-CURRENT ASSETS		198,575	98,068
TOTAL ASSETS		272,809	149,298
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	28,714	14,886
Borrowings	17	8,569	5,614
Current tax liabilities	11	4,904	1,025
Employee benefits	18	3,648	2,768
Provisions	18a	5,221	-
TOTAL CURRENT LIABILITIES		51,056	24,293
NON-CURRENT LIABILITIES			
Borrowings	17	58,036	20,483
Deferred tax liabilities	11	2,543	2,173
Employee benefits	18	510	110
TOTAL NON-CURRENT LIABILITIES		61,089	22,766
TOTAL LIABILITIES		112,145	47,059
NET ASSETS		160,664	102,239

Consolidated Statement of Financial Position
As at 30 June 2012

	Note	2012 000's $	2011 000's $
EQUITY			
Issued capital	19	114,856	70,087
Reserves	20	6,020	5,195
Retained earnings		39,788	26,957
TOTAL EQUITY		160,664	102,239

The accompanying notes form part of these consolidated financial statements

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2012

	Note	2012 000's $	2011 000's $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		218,933	134,107
Payments to suppliers and employees		(180,402)	(106,049)
Interest received		654	355
Interest paid		(4,171)	(2,521)
Income taxes paid		(6,010)	(3,457)
Net cash provided by (used in) operating activities	22	29,004	22,435
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of property, plant and equipment		5,470	274
Purchase of property, plant and equipment		(27,152)	(19,387)
Acquisition of intangible assets		-	(1,199)
Purchase of controlled entities	5	(73,053)	-
Net cash used by investing activities		(94,735)	(20,312)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of share capital		36,405	1,306
Proceeds from borrowings		54,145	10,980
Repayment of borrowings		(17,513)	(15,955)
Dividends paid by parent entity		(2,895)	(1,835)
Net cash provided/(used) by financing activities		70,142	(5,504)
Net increase/(decrease) in cash and cash equivalents		4,411	(3,381)
Cash and cash equivalents at beginning of year		14,513	17,894
Cash and cash equivalents at end of financial year	9	18,924	14,513

The accompanying notes form part of these consolidated financial statements

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Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2012

2012	Note	Ordinary Shares 000's $	Retained Earnings 000's $	Share based payments reserve 000's $	Total 000's $
Balance at 1 July 2011		70,087	26,957	5,195	102,239
Total comprehensive income for the year		-	15,726	-	15,726
Transactions with owners in their capacity as owners					
Contribution of equity, net of transaction costs and tax		44,769	-	-	44,769
Share based payments		-	-	825	825
Sub-total		44,769	15,726	825	61,320
Dividends paid or provided for	21	-	(2,895)	-	(2,895)
Balance at 30 June 2012		114,856	39,788	6,020	160,664

2011	Note	Ordinary Shares 000's $	Retained Earnings 000's $	Share based payments reserve 000's $	Total 000's $
Balance at 1 July 2010		68,113	16,927	3,604	88,644
Total other comprehensive income for the year		-	11,865	-	11,865
Transactions with owners in their capacity as owners					
Contribution of equity, net of transaction costs and tax		1,974	-	-	1,974
Share based payments		-	-	1,591	1,591
Sub-total		1,974	11,865	1,591	15,430
Dividends paid or provided for	21	-	(1,835)	-	(1,835)
Balance at 30 June 2011		70,087	26,957	5,195	102,239

The accompanying notes form part of these consolidated financial statements

This financial report includes the consolidated financial statements and notes of Tox Free Solutions Limited and its subsidiaries (the 'Group'). The financial statements were authorised for issue by the Board of Directors on 25 September 2012.

Tox Free Solutions Limited is a for profit Group domiciled in Australia.

The separate financial statements and notes of the parent entity, Tox Free Solutions Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Parent entity summary is included in note 25.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

(i) Reporting basis and conventions
The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(ii) Rounding of amounts
The Group is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Tox Free Solutions Limited at the end of the reporting period. A controlled entity is any entity over which Tox Free Solutions Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 27 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Business combinations

A business combination is accounted for by applying the acquisition method, including a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities and the fair value of any pre-existing interest in the subsidiary will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer Note 1(f)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration comprises the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the consolidated statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable.

Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the consolidated statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs when incurred in relation to the business combination are expensed to the consolidated statement of comprehensive income.

Non-controlling interests in the acquiree are recognised either at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The decision is made on an acquisition-by-acquisition basis.

If the Group recognises previously acquired deferred tax assets after the initial acquisition accounting is completed there will no longer be any adjustment to Goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

(d) Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either fair value or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.
Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;
(b) less principal repayments;
(c) less any reduction for impairment.

(i) Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. at the date the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision of impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The amount of the carrying allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form part of an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statement.

Finance income comprises interest income on funds invested. Interest income is recognised as it is accrued in profit and loss, using the effective interest method. Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit and loss using the effective interest method.

(ii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(iii) Impairment of financial assets

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the consolidated statement of comprehensive income.

(e) Property, plant and equipment

(i) General information

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

(ii) Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

(iii) Plant and equipment

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset.

(iv) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset	Useful Life
Buildings	10 years
Plant and Equipment	3 - 10 years
Motor Vehicles	4 - 7 years
Leasehold improvements	5 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(v) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in profit and loss as incurred.

(vi) Depreciation – gains and losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included within "Other Income" in the consolidated statement of comprehensive income.

(f) Intangibles

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. When the excess is negative (negative goodwill), it is recognised immediately in profit and loss. 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 an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's operating segments.

(ii) Business licenses

Business licences acquired as part of a business combination are recognised separately from goodwill. The business licences are carried at their fair value at the date of acquisition less impairment losses. Business licences have an indefinite useful life on the basis that they will continue to be renewed and future cash flows cannot be earned without them.

Business licences are allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Group's operating segments.

(iii) Intellectual property and customer contracts

Both Intellectual property and Customer Contracts have a finite useful life and are carried at cost plus future royalty payments less accumulated amortisation and impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the intangible asset, from the date that they are available for use, which can vary anywhere up to 20 years.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories comprise consumables and fuels paid for and on-hand at year end and are not for resale, rather for consumption in providing services.

(h) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill and business licences acquired in a business combination, for the purpose of impairment testing, are allocated to cash generating units that are expected to benefit from the synergies of combination.

An impairment loss is recognised if the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.
Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(i) Employee benefits

(i) Employee benefits
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(ii) Defined contribution schemes
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(iii) Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to

encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer is accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and personal leave represent present obligations resulting from employee's services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation, insurance and payroll tax.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. This liability is included in the provisions in the statement of financial position.

(v) Other long term benefits

The Group's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. This discount rate is the yield at the reporting date on AA credit terms or Government Bonds that have maturity dates approximating the terms of the Group's obligation. The calculation is performed using the projected unit credit method. These obligations are included in provisions in the statement of financial position.

(vi) Share based payment transactions

The Group provides benefits to senior management personnel with a combination of options, shares and Performance and Appreciation rights in exchange for them rendering their services. Details of the Long Term Incentive are set out on page 35.

The grant date fair value of options and Performance rights granted to employees is valued by a Binomial Lattice model and is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. No ongoing adjustment is made to the expense except where an employee leaves the business.

For Share Appreciation Rights, the cost is measured by reference to the fair value of the instruments at the date of the grant using an externally prepared Monte Carlo simulation model and brought to account via a liability. At each balance date, the share based payment expense and associated liability are adjusted using an updated externally prepared Monte Carlo simulation which takes in to account updated market conditions.

(j) Revenue and other income

(i) Services
The Group recognises service revenue in the following three categories:
- Waste services
- Industrial services
- Hazardous Waste Services (incorporating liquid waste)

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is generally recognised upon delivery of the waste treatment service to the customer.

(ii) Interest revenue
Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

(iii) Revenue – net of tax
All revenue is stated net of the amount of goods and services tax (GST).

(k) Income tax

(i) Current income tax expense
The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(ii) Accounting for deferred tax
Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

(iii) Deferred tax calculation
Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(iv) Benefit brought to account

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(v) Tax consolidation

Tox Free Solutions Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The head entity, Tox Free Solutions Limited, and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Tox Free Solutions Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax credits assumed from controlled entities in the tax consolidated Group.

Assets or liabilities arising under the tax funding arrangement with the tax consolidated entities are recognised as accounts receivable from or payable to other entities in the Group.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to owners of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share adjusts the 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(n) Adoption of new and revised accounting standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of Tox Free Solutions Limited.

Standard Name	Impact
AASB 124 Related Party Disclosures and amending standard AASB 2009-12	No significant changes on adoption of this standard.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	No significant changes on adoption of this standard.
AASB 2010-4 / 2010-5 Amendments and further amendments to Australian Accounting Standards arising from the Annual Improvements Project	No significant changes on adoption of this standard.
AASB 2010-6 Amendment to Australian Accounting Standards – Disclosures on transfers of financial assets	No significant changes on adoption of this standard.
AASB 2010-9 / 2010-10 Amendment to Australian Accounting Standards – Severe hyperinflation and removal of fixed dates for first-time adopters	No impact since the entity is not a first-time adopter of IFRS.
AASB 1054 Additional Australian disclosures / AASB 2011-1 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence	Minimal impact since most of the disclosures required by AASB 1054 are already included within the financial statements.
AASB 2011 – 5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131]	The group does not have any not-for-profit entities and therefore there is no impact from the adoption of this standard.

(o) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

Standard name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2009-11 / AASB 2010-7	30 June 2016	- Changes to the classification and measurement requirements for financial assets and financial liabilities. - New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released
AASB 2010-8 Amendment to Australian Accounting Standards – Deferred tax: Recovery of underlying assets	30 June 2013	Adds a presumption to AASB 112 that the recovery of the carrying amount of an investment property at fair value will be through sale.	No impact expected.
AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman convergence – Reduced Disclosure Requirements	30 June 2014	Highlights the disclosures not required in AASB 1054 for entities applying the RDR.	The entity is not adopting the RDR and therefore this standard is not relevant.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to ABS GFS Manual and Related Amendments	30 June 2013	Standard is applicable for whole of government and general government financial statements only. AASB 2011 provides details of changes in accounting treatment due to the Government Finance Statistics manual.	Standard is not applicable and therefore there will be no impact on adoption.

Standard name	Effective date for entity	Requirements	Impact
AASB 10 Consolidated Financial Statements / AASB 11 Joint Arrangements / AASB 12 Disclosures of Interests in Other Entities, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates.	30 June 2014	AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess. AASB 11 focuses on the rights and obligations of a joint venture arrangement, rather than its legal form (as is currently the case). IFRS 11 requires equity accounting for joint ventures, eliminating proportionate consolidation as an accounting choice. AASB 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated. All joint ventures of the group are equity accounted and therefore minimal impact is expected due to the adoption of AASB 11. Additional disclosures will be required under AASB 12 but there will be no changes to reported position and performance.

Standard name	Effective date for entity	Requirements	Impact
AASB 13 Fair Value Measurement. AASB 2011-8 - Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	30 June 2014	AASB 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Accounting Standards but does not change when fair value is required or permitted. There are a number of additional disclosure requirements.	Fair value estimates currently made by the entity will be revised and potential changes to reported values may be required. The entity has not yet determined the magnitude of any changes which may be needed. Some additional disclosures will be needed.
AASB 2011 – 4 - Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	30 June 2014	Remove individual Key Management Personnel disclosure requirements (i.e. components of remuneration) for disclosing entities.	Since the entity is a disclosing entity, the KMP remuneration note in the financial statements will not include individual components of remuneration.

Standard name	Effective date for entity	Requirements	Impact
AASB 2011 – 6 – Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]	30 June 2014	This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements.	Since the entity does not comply with the Reduced Disclosure Regime there is no impact on the adoption of this standard.
AASB 2011-7 – Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	30 June 2014	This standard provides many consequential changes due to the release of the new consolidation and joint venture standards.	The impact of this standard is expected to be minimal.

Standard name	Effective date for entity	Requirements	Impact
AASB 2011-9 - Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income.	30 June 2013	Entities will be required to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).	The items shown in other comprehensive income will be separated into two categories.
AASB 119 Employee Benefits (September 2011) AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	30 June 2014	The main changes in this standard relate to the accounting for defined benefit plans and are as follows: - elimination of the option to defer the recognition of gains and losses (the 'corridor method'); - requiring re-measurements to be presented in other comprehensive income; and - enhancing the disclosure requirements.	Since the entity does not have a defined benefit plan, the adoption of these standards will not have any impact.
AASB 1053	30 June 2014	This standard allows certain entities to reduce disclosures.	Tox Free Solutions Limited is not able to apply this standard or the impact of this standard has not yet been determined as the entity has a choice on whether to apply

Standard name	Effective date for entity	Requirements	Impact
AASB 2010-10	30 June 2014	Makes amendments to AASB 1	No impact since the entity is not a first-time adopter of IFRS.

(p) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as an unsecured current liability with the amounts normally paid within 30 days of recognition of the liability.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

(s) Provisions
Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of comprehensive income.

(t) Leases

(i) Finance leases
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

(ii) Operating leases - expense on straight-line basis over lease life
Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(u) Critical accounting estimates and judgements
The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(i) Key estimates – impairment of goodwill
The recoverable amount of goodwill has been calculated using a number of assumptions as discussed in Note 15. No impairment has been recognised in respect of goodwill at the end of the reporting period.

(ii) Key estimates – provision for impairment of receivables
The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

(iii) Key estimates – other areas of judgement

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 5 – Business Combinations
- Note 8 – Income Tax expense
- Note 15 – Intangible Assets
- Note 18a – Provisions
- Note 24 – Share Based Payments
- Note 26 – Capital and Leasing Commitments
- Note 29 – Contingent Liabilities and Contingent Assets

2 Functional and Presentation Currency and Rounding

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

3 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 000's $	2011 000's $
Financial Assets			
Cash and cash equivalents		18,924	14,512
Loans and receivables		52,731	35,741
Total financial assets		71,655	50,253
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables		28,714	14,886
Borrowings		66,605	26,097
Total financial liabilities		95,319	40,983

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

The Group Audit and Risk Committee overseas how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Tox Free Solutions Limited does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

There have been no changes from the way financial risk was managed in the prior financial year.

Mitigation strategies for specific risks faced are described below:

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential failure by a customer to meet contractual obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables from customers. The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. The demographics of the Group's customer base has little influence on credit risk. There is no concentration of risk with one particular debtor within the Group and there is no concentration of risk geographically.

It is the Group's policy that all customers who wish to trade on credit terms undergo a credit assessment process which takes into account the customer's financial position, past experience and other factors. Credit limits are then set based on ratings in accordance with the limits set by the Board of Directors, these limits are reviewed on a regular basis.
Key customers have been transacting with the Group for a long period of time and losses have occurred infrequently.

The Group has established an allowance for impairment that represents the estimate of potential incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. Refer to the Financial Instruments note 1(d) .

Exposure to credit risk
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at reporting date was:

Current	Consolidated 2012 $ 000's	2011 $ 000's
Loans and receivables	52,731	35,741
Cash and cash equivalents	18,924	14,513
Other financial assets	-	-
	71,655	50,254

The Group's maximum exposure to credit risk for trade receivables at the reporting date was all attributable to Australian customers. No collateral risk is held as security for this credit risk. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(b) Liquidity risk
Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses and servicing financial obligations for a period of 30 days. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The contractual maturities of financial liabilities are shown in Note 26.

The available funds to the Group are discussed in note 22.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities including estimated interest payments and excluding the impact of netting agreements. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability maturity analysis - Non-derivative

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2012 000's $	2011 000's $	2012 000's $	2011 000's $	2012 000's $	2011 000's $	2012 000's $	2011 000's $
Financial liabilities due for payment								
Interest bearing loans	3,093	2,544	43,641	10,048	-	-	46,734	12,592
Trade and other payables (excluding estimated annual leave)	28,714	14,886	-	-	-	-	28,714	14,886
Finance lease liabilities	6,912	4,260	13,524	11,165	1,872	-	22,308	15,425
Total contractual outflows	38,719	21,690	57,165	21,213	1,872	-	97,756	42,903

The timing of expected outflows is not expected to be materially different from contracted cash flows.

Financial assets pledged as collateral
Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

(c) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on

floating rate instruments.

Interest rate risk is managed by maintaining a portion of borrowings at fixed interest rates through the use of interest rate swaps. At 30 June 2012, approximately 100% of the Group secured bank loan debt is at a fixed rate.

(d) Interest rate swaps

Interest rate swap contracts

Bank loans of the group currently bear an average variable interest rate of 3.6% before applicable line fees. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover 100% (2011 – 86%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 4.37% and 5.57% (2011 – 5.57%) and the variable rates are 3.56% and 3.64% (2011 – 5.06%).

The contracts require settlement of net interest receivable or payable ranging from 30 to 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

As at 30 June 2012, the fair value of the interest rate swap derivative was not material and has not been recognised in the financial statements.

Sensitivity analysis

The Groups financial instruments are non-derivative financial instruments and 100% of the value is at a fixed interest rate for a term of 1 – 2 years. The following sensitivity analysis has been prepared for the total debt despite the fact that 100% (2011 – 86%) of the debt is not sensitive to interest rate change.

An increase of 100 basis points or a decrease of 50 basis points would have increased profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit	
	100 basis points increase	100 basis points decrease
2012	(143,652)	143,652
2011	(286,616)	143,308

The movements in profit are due to higher interest costs from variable rate debt and cash balances. The net exposure at the end of the reporting period is representative of what the Group would have been exposed to if the rate had not been fixed.

The sensitivity analysis is performed on the same basis as in 2011.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Consolidated	2012 Carrying Amount	2012 Fair Value	2011 Carrying Amount	2011 Fair Value
Loans and receivables	52,731	52,731	35,741	35,741
Cash and cash equivalents	18,924	18,924	14,513	14,513
Secured bank loans	(48,611)	(48,611)	(11,605)	(11,605)
Finance lease liabilities	(17,994)	(17,994)	(14,492)	(14,492)
Trade and other payables	(28,714)	(28,714)	(14,886)	(14,886)
	(23,664)	(23,664)	9,271	9,271

(e) Price risk

The Group is not exposed to any material price risk.

4 Operating Segments

Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments. In 2011, the Group based its segment reports on four services, namely Liquid Waste, Hazardous Waste, Solid Waste and Industrial Services. In 2012 the same segment split has been maintained except Hazardous Waste and Liquid Waste have now been consolidated in to one segment named Hazardous Waste Services.

The processes of Hazardous Waste and Liquid Waste were similar and the business was better served reporting them together. The Managing Director considers the business strategically and operationally from a service perspective and has identified the three reportable segments as being:

- Industrial Services
- Waste Services (previously Solid Waste)
- Hazardous Waste Services (incorporating the Liquid Waste segment previously reported separately).

These services are currently provided in Australia only.

Performance is measured based on segment earnings before interest and tax (EBIT) as included in the internal financial reports. 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.

Types of services by reportable segment

(i) Waste services

Waste Services are provided in regional areas of Australia as part of Toxfree's total waste management service offering. Services are currently provided throughout the Kimberley, Pilbara and South West regions of Western Australia and Gladstone and Roma in Queensland.

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

(ii) Industrial services

Toxfree's Industrial Services Division provides onsite industrial cleaning 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.

(iii) Hazardous waste services

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, plasma arc, base catalytic dechlorination, stabilisation and fixation, physiochemical treatment and reuse and recycling.

(a) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(b) Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(c) Segment performance

	Waste Services		Industrial Services		Hazardous Waste Services		Total	
	2012 000's $	2011 000's $	2012 000's $	2011 000's $	2012 000's $	2011 000's $	2012 000's $	2011 000's $
REVENUE								
Revenue from external customers	102,309	47,202	73,585	74,691	53,988	34,775	229,882	156,668
Inter-segment revenue	(8,258)	(2,859)	(2,773)	(4,665)	(10,888)	(5,589)	(21,919)	(13,113)
Total segment revenue	94,051	44,343	70,812	70,026	43,100	29,186	207,963	143,555
Depreciation and amortisation	6,255	2,627	5,685	5,354	3,540	3,168	15,480	11,149
Segment EBIT	21,994	11,525	9,986	11,329	12,951	11,201	44,931	34,055

(d) Segment assets

	Waste Services		Industrial Services		Hazardous Waste Services		Total	
	2012 000's $	2011 000's $	2012 000's $	2011 000's $	2012 000's $	2011 000's $	2012 000's $	2011 000's $
Segment assets	89,415	41,051	51,570	47,185	90,627	36,316	231,612	124,552
Capital Expenditure	11,200	7,051	8,256	6,290	1,654	6,027	21,110	19,368

(e) Segment liabilities

	Waste Services		Industrial Services		Hazardous Waste Services		Total	
	2012 000's $	2011 000's $	2012 000's $	2011 000's $	2012 000's $	2011 000's $	2012 000's $	2011 000's $
Segment liabilities	(13,352)	(6,811)	(12,708)	(15,984)	(8,981)	(3,480)	(35,041)	(26,275)

(f) Reconciliations

Reconciliation of segment EBIT to operating profit before income tax

	2012 000's $	2011 000's $
Segment EBIT	44,931	34,055
Share options granted to Directors and employees	(876)	(1,591)
Finance costs (net)	(4,171)	(2,522)
Employee expenses	(10,312)	(6,771)
Business combination costs	(1,483)	(159)
Plant and equipment impairment losses	-	(827)
Expected recovery of impairment losses recognised as income	-	470
Bad debts written off	(147)	(1,755)
Other corporate costs	(4,713)	(3,844)
Total net profit before tax	23,229	17,056

Reconciliation of segment assets to total assets per the consolidated statement of financial position

	2012 000's $	2011 000's $
Segment operating assets	231,612	124,552
Cash and cash equivalents	18,924	14,513
Other receivables	3,289	2,230
Inventories	314	332
Prepayments	2,265	644
Deferred tax assets	8,077	2,997
Property, plant and equipment	8,328	4,030
Total assets per the consolidated statement of financial position	272,809	149,298

Reconciliation of segment liabilities to the total liabilities per the consolidated statement of financial position

	2012 000's $	2011 000's $
Segment liabilities	35,041	26,275
Other payables	8,461	3,104
Loans and borrowings	57,039	11,605
Employee benefits	4,157	2,877
Current tax payable	4,904	1,025
Deferred tax liability	2,543	2,173
Total liabilities per the consolidated statement of financial position	112,145	47,059

5 Business Combinations

(a) Acquisition of controlled entities

On 4 July 2011, the parent company acquired a 100% interest of Waste Solutions (NT) Pty Ltd. The goodwill is attributable to Waste Solutions being a leading provider of total waste management services in the Northern Territory, particularly Darwin. The company has a number of long term contracts serving the Defence Industry and the Territory's largest private enterprises. Over half of Waste Solutions revenue is secured by annual or long term contracts. None of the goodwill is expected to be deductible for tax purposes.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	000's $
Purchase consideration:	
- Cash	8,094
- Equity instruments (3,832,904 shares at $2.09 per share)	8,000
Total purchase consideration	16,094

	Fair Value $'000s
Assets or liabilities acquired:	
Cash	216
Trade receivables	488
Prepayments	40
Plant and equipment	3,393
Intangible assets	1,729
Trade payables	(313)
Loans and borrowings	(2,321)
Provisions	(44)
Current tax payable	(7)
Total net identifiable assets	3,181
Identifiable assets acquired and liabilities assumed	3,181
Consideration	16,094
Less: Identifiable assets acquired	3,181
Goodwill	12,913

Revenue of Waste Solutions (NT) Pty Ltd included in the consolidated revenue of the Group since the acquisition date on 4 July 2011 amounted to $ 6,621 with a profit of $ 1,046.

On 29 September 2011, the parent company acquired a 100% interest of Pilbara Waste Pty Ltd, a leading solid waste management company servicing the Port Hedland region in the north west of Western Australia. The goodwill is attributable to Pilbara Waste Pty Ltd's strong position in the Pilbara market and synergies expected to arise in the medium term after the Group's acquisition.

None of the goodwill is expected to be deductible for tax purposes.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	000's $
Purchase consideration:	
- Cash	4,540
- Equity instruments	-
Total purchase consideration	4,540

	Fair Value $'000s
Assets or liabilities acquired:	
Cash	465
Trade receivables	543
Prepayments	48
Plant and equipment	1,882
Other assets	-
Trade payables	(508)
Loans and borrowings	(917)
Current tax payable	(111)
Total net identifiable assets	1,402
Identifiable assets acquired and liabilities assumed	1,402
Consideration	4,540
Less: Identifiable assets acquired	1,402
Goodwill	3,138

Revenue of Pilbara Waste Pty Ltd included in the consolidated revenue of the Group since the acquisition date on 29 September 2011 amounted to $ 3,618 with a profit of $221.

On 14 December 2011, the parent company acquired a 100% interest of MMS Enterprises (QLD) Pty Ltd, a leading provider of Industrial Services to the resource sector in the Bowen Basin, Queensland. The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	000's $
Purchase consideration:	
- Cash	2,881
- Contingent consideration	3,272
Total purchase consideration	6,153

	Fair Value $'000's
Assets or liabilities acquired:	
Cash	4
Trade receivables	812
Inventories	220
Plant and equipment	2,010
Intangible assets	674
Trade payables	(589)
Loans and borrowings	(733)
Employee benefits	(25)
Current tax payable	(100)
Total net identifiable assets	2,273
Identifiable assets acquired and liabilities assumed	2,273
Consideration	6,153
Less: Identifiable assets acquired	2,273
Goodwill	3,880

Revenue of MMS Enterprises (QLD) Pty Ltd included in the consolidated revenue of the Group since the acquisition date on 14 December 2011 amounted to $3,521 with a profit of $385.

Contingent consideration
In the event certain Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) targets are achieved by 31 December 2012 by MMS Enterprises (QLD) Pty Limited, an additional consideration of up to $3,272,000 may be payable in cash.

The potential EBITDA payable must exceed a predetermined figure based on anticipated growth of the business by Management, with a minimum hurdle rate to be achieved before any consideration is payable. The consideration payable is based on 4 times the projected EBITDA less the predetermined hurdle rate.

At 30 June 2012 the business was on track to exceed management targets and as such a contingent consideration has been brought to account. The fair value of the contingent consideration of $3,272,000 was estimated based on a discount rate of 14%.

On 15 February 2012, the parent company acquired the major assets of DoloMatrix International Ltd (DMX). This comprised acquiring Chemsal, BCD Technologies, Entech Industries and Waste Audit Consulting businesses.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	000's $
Purchase consideration:	
- Cash	58,250
Total purchase consideration	58,250

	Fair Value $'000's
Assets or liabilities acquired:	
Cash	27
Trade receivables	5,155
Inventories	65
Plant and equipment	18,637
Intangible assets	4,592
Investments	-
Trade payables	(3,497)
Provisions	(6,873)
Deferred tax assets	2,541
Employee benefits	(378)
Total net identifiable assets	20,269
Identifiable assets acquired and liabilities assumed	20,269
Consideration	58,250
Less: Identifiable assets acquired	20,269
Goodwill	37,981

Revenue of the assets purchased from DMX Ltd included in the consolidated revenue of the Group since the acquisition date on 15 February 2012 amounted to $14,444 with a profit of $782. Had the results of all the acquisitions been consolidated from 1 July 2011, revenue of the Group would have been $230,989 and consolidated profit would have been $19,315 for the year ended 30 June 2012.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2011.

Included within Administration Expenses in the consolidated statement of comprehensive income are acquisition related costs totalling $ 1,480. The costs include legal and due diligence fees.

6 Revenue and Other Income

Revenue from continuing operations

	Note	2012 000's $	2011 000's $
Sales revenue			
- provision of services		207,963	143,556
Total Service Revenue		207,963	143,556
Other revenue recognised in profit and loss			
- interest received		654	354
		654	354

7 Result for the Year

(a) The results for the year include the following items

	2012 000's $	2011 000's $
Interest expense on financial liabilities at amortised cost		
- external	4,171	2,522
Total finance costs	4,171	2,522
Other expenses:		
Share based payment expense	825	1,591
Amortisation	987	-
Depreciation charged to cost of sales	15,121	11,510
Impairment loss on non-financial assets	-	827
Impairment loss on non-financial assets	-	357
Superannuation contributions	812	525
Bad and doubtful debts:		
- Bad debts	147	1,755
- Insurances	1,967	845

8 Income tax expense

(a) The components of tax expense comprise:

	Note	2012 000's $	2011 000's $
Current tax expense			
Current tax		9,381	5,045
Deferred tax		(1,804)	912
Adjustment to current tax expense		100	-
Under/(over) provision in prior years		(174)	(766)
Total income tax expense from continuing operations		7,503	5,191

Deferred income tax expense/(revenue) included in income tax expense comprises:

Deferred income tax expense/(revenue) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(2,202)	(1,205)
(Decrease)/increase in deferred tax liabilities	398)	2,117
	(1,804)	912

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2012 000's $	2011 000's $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)		
- consolidated group	6,969	5,116
	6,969	5,116

	2012 000's $	2011 000's $
Add:		
Tax effect of:		
- entertainment	42	19
- share based payments	128	462
- other	14	1
- previously unrecognised timing differences now recouped to increase current tax expenses	-	1,842
- investment allowance	(30)	-
- previously unrecognised deferred tax asset	667	-
	7,790	7,440
Less:		
Tax effect of:		
- Adjustment for current tax of prior period	174	765
- previously unrecognised deferred tax asset	-	1,484
- previously unrecognised timing differences now recouped to (decrease)/increase current tax expense	113	-
Income tax expense	7,503	5,191
The applicable weighted average effective tax rates are as follows:	32%	30%

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.

	2012 000's $	2011 000's $
Current tax	-	-
Net deferred tax	365	-
	365	-

9 Cash and Cash Equivalents

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:

	2012 000's $	2011 000's $
Cash and cash equivalents	18,924	14,513
Balance as per consolidated statement of cash flows	18,924	14,513

10 Trade and Other Receivables

	Note	2012 000's $	2011 000's $
CURRENT			
Trade receivables		49,442	31,726
Provision for impairment of receivables	(a)	(93)	(372)
		49,349	31,354
Other receivables		3,382	4,387
Total current trade and other receivables		52,731	35,741

(a) Provision for impairment of receivables

Movement in provision for impairment of receivables is as follows:

	2012 000's $	2011 000's $
Balance at beginning of the year	(372)	(699)
Provision for impairment	279	(2,206)
Receivables written off during the year as uncollectible	-	2,533
Balance at end of the year	(93)	(372)

(b) Credit risk – trade and other receivables

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount 000's $	Past due and impaired 000's $	< 30 000's $	31-60 000's $	61-90 000's $	> 90 000's $
2012						
Trade and term receivables	49,349	(93)	25,214	17,785	3,791	2,652
Other receivables	3,382	-	3,382	-	-	-
Total	52,731	(93)	28,596	17,785	3,791	2,652
2011						
Trade and term receivables	31,354	(372)	13,809	12,265	2,840	2,812
Other receivables	4,387	-	4,387	-	-	-
Total	35,741	(372)	18,196	12,265	2,840	2,812

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Impairment losses

Based on historic default rates the Group believes that no general impairment allowance is necessary in respect of trade receivables not past due or past due up to 90 days. Amounts due from customers which are past due 91 days and over generally relate to customers who are traditional late payers but not an impairment risk. Where there is a specific customer related impairment risk then an impairment allowance is made against that customer receivable.

The credit quality of financial assets that are neither past due nor impaired are considered robust and all amounts deemed recoverable with no impairment issues noted by management.

The other classes of receivables do not contain impaired assets.

11 Tax Liabilities

(a) Current tax liability

	2012 000's $	2011 000's $
Income tax	4,904	1,025
Current tax liabilities	4,904	1,025
Deferred tax liabilities	2,543	2,173

(b) Recognised deferred tax assets and liabilities

		2012 000's $	2011 000's $
Deferred tax assets	11(d)	8,076	2,997
Deferred tax assets to be recovered within 12 months		6,586	2,469
Deferred tax assets after 12 months		1,490	528

(c) Recognised deferred tax liabilities

		2012 000's $	2011 000's $
Deferred tax liabilities	11(d)	2,543	2,173
Deferred tax liabilities to be recovered within 12 months		3	-
Deferred tax liabilities after 12 months		2,540	2,172

(d) Deferred tax assets – consolidated

		Opening Balance 000's $	Charged to Income 000's $	Charged directly to Equity 000's $	Closing Balance 000's $
Property, plant and equipment					
- Timing differences		319	387	-	706
Provisions - employee benefits		1,342	932	-	2,274
Transaction costs on equity issue		206	(5)	219	420
Borrowing costs		2	54	-	56
Other		1,128	3,492	-	4,620
Balance at 30 June 2012	11(b)	2,997	4,860	219	8,076
Deferred tax assets					
Property, plant and equipment					
- Timing differences		536	(217)	-	319
Provisions - employee benefits		752	590	-	1,342
Transaction costs on equity issue		232	(26)	-	206
Borrowing costs		18	(16)	-	2
Other		253	875	-	1,128
Balance at 30 June 2011		1,791	1,206	-	2,997

		Opening Balance 000's $	Charged to Income 000's $	Charged directly to Equity 000's $	Closing Balance 000's $
Deferred tax liability					
Property, plant and equipment		2,172	360	-	2,532
Other – recognised on acquisition		-	11	-	11
30 June 2012	11(c)	2,172	371	-	2,543
Property, plant and equipment		55	2,117	-	2,172
30 June 2011		55	2,117	-	2,172

12 Inventories

	2012 000's $	2011 000's $
CURRENT		
At cost:		
Raw materials and consumables	314	332
	314	332

13 Other Assets

	2012 000's $	2011 000's $
CURRENT		
Prepayments	2,265	644
	2,265	644

14 Property, Plant and Equipment

	2012 000's $	2011 000's $
Plant and equipment		
At cost	145,268	100,560
Accumulated depreciation	(61,298)	(44,048)
Total plant and equipment	83,970	56,512
Leasehold Improvements		
At cost	692	131
Accumulated depreciation	(128)	(39)
Total leasehold improvements	564	92
Land and buildings		
At cost	14,108	9,937
Accumulated depreciation	(1,969)	(1,375)
Total land and buildings	12,139	8,562
Total property, plant and equipment	96,673	65,166

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment 000's $	Leasehold Improvements 000's $	Land and buildings 000's $	Total 000's $
Balance at 30 June 2012				
Balance at the beginning of year	56,512	92	8,562	65,166
Additions	26,025	55	1,072	27,152
Additions through acquisition of entity	22,268	412	3,242	25,922
Disposals - written down value	(6,361)	-	(85)	(6,446)
Transfers and reclassifications	-	41	(41)	-
Depreciation expense	(14,474)	(36)	(611)	(15,121)
Balance at 30 June 2012	83,970	564	12,139	96,673
Balance at 30 June 2011				
Balance at the beginning of year	50,745	104	7,779	58,628
Additions	17,876	27	1,483	19,386
Disposals - written down value	(271)	(26)	(214)	(511)
Depreciation expense	(11,011)	(13)	(486)	(11,510)
Impairment	(827)	-	-	(827)
Balance at 30 June 2011	56,512	92	8,562	65,166

(b) Leased assets

The Group leases some vehicles under a number of finance lease agreements and some leases provide the Group with the option to purchase the equipment at a beneficial price at the end of the lease term. The leased vehicles secure the lease obligations.

(c) Security

At 30 June 2012 all of the property, plant and equipment is subject to a fixed and floating charge to secure bank debt.

(d) Assets in the course of construction

The carrying amount of the assets disclosed above include $4,011k (2011: $2,687k) in relation to property, plant and equipment which is in the course of construction.

15 Intangible Assets

	2012 000's $	2011 000's $
Goodwill		
Cost	82,916	25,001
Net carrying value	82,916	25,001
Intellectual property		
Cost	3,325	2,325
Accumulated amortisation	(146)	-
Net carrying value	3,179	2,325
Business licenses		
Cost	3,876	2,579
Net carrying value	3,876	2,579
Customer contracts		
Cost	4,696	-
Accumulated amortisation and impairment	(841)	-
Net carrying value	3,855	-
Total Intangibles	93,826	29,905

	Intellectual property 000's $	Customer contracts 000's $	Business licenses 000's $	Goodwill 000's $	Total 000's $
Year ended 30 June 2012					
Balance at the beginning of the year	2,325	-	2,579	25,001	29,905
Additions through business combinations	1,000	4,696	1,300	57,912	64,908
Reclassification			(3)	3	-
Amortisation	(146)	(841)	-	-	(987)
Closing value at 30 June 2012	3,179	3,855	3,876	82,916	93,826

	Intellectual property 000's $	Customer contracts 000's $	Business licenses 000's $	Goodwill 000's $	Total 000's $
Year ended 30 June 2011					
Balance at the beginning of the year	-	-	2,489	25,001	27,490
Additions	2,325	-	-	-	2,325
Other changes, movements	-	-	90	-	90
Closing value at 30 June 2011	2,325	-	2,579	25,001	29,905

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the consolidated statement of comprehensive income. Goodwill and Business Licenses have an indefinite life and is not amortised. Rather they are tested for indications of impairment on an annual basis. No impairment losses were recognised against intangibles during the financial year (2011: Nil).

(a) Impairment disclosures

For the purpose of impairment testing for intangibles with indefinite useful lives, Goodwill and Business Licenses is allocated to cash-generating units which are based on the Group's reportable segments. The aggregate carrying amount of goodwill allocated to each CGU is:

	2012 000's $	2011 000's $
Waste Services	29,395	6,959
Industrial Services	12,188	12,174
Hazardous Waste Services	52,243	10,772
Total	93,826	29,905

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond three years cash flow forecast extrapolated using an estimated growth rate which does not exceed the long-term growth rate for the industry. The cash flows are discounted using a discount rate of 14%.

(b) Value in use assumptions

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate.

Sensitivity to change of assumptions

With regard to the assessment of the value-in-use of the above CGU's, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

With regard to the assessment, management recognises that the actual time value of money may vary from the estimated and the discount rate used. Management note the discount rate would have to increase by 13% for the recoverable amount to fall below its carrying amount.

16 Trade and Other Payables

	Note	2012 000's $	2011 000's $
CURRENT			
Unsecured liabilities			
Trade payables		9,280	9,318
Non-trade payables and accrued expenses		19,434	5,568
		28,714	14,886

The Group's exposure to liquidity risk related to trade payables is disclosed in Note 3.

17 Borrowings

	Note	2012 000's $	2011 000's $
CURRENT			
Secured liabilities:			
Bills of exchange		3,000	1,916
Lease liability secured	26	5,569	3,698
Total current borrowings		8,569	5,614

	Note	2012 000's $	2011 000's $
NON-CURRENT			
Secured liabilities:			
Bills of exchange		45,611	9,689
Lease liability secured	26	12,425	10,794
Total non-current borrowings		58,036	20,483
Total borrowings		66,605	26,097

(a) Collateral provided

The bank debt is secured by a first registered mortgage over certain freehold properties owned by the Group. The Group is required to operate within certain covenant ratios, namely a Debt to EBITDA Ratio and a Fixed Charge Cover ratio.

Lease liabilities are secured by the underlying leased assets.

(b) Interest rate swap agreements

Bills payable have been drawn as a source of long-term finance. They have a rolling maturity period within the facility which is due to be renegotiated before on 28 February 2014. The Commercial bills bear variable interest at 3.63% payable in advance when the bill is drawn (2011: 5.06%), before applicable line fees.

It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. Swaps currently in place cover 100% (2011: 68%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rates range between 4.37% and 5.57% (2011: 5.57%) and the variable rates are 3.56% and 3.64% (2011: 5.06%).

The contracts require settlement of net interest receivable or payable ranging from 30 to 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

As at 30 June 2012, the fair value of the interest rate swap derivative was not material and has not been recognised in the financial statements.

The Group's exposure to interest rate and liquidity risk is detailed in note 3.

(c) Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

9(d) Fair Value

The carrying amounts and fair values of borrowings at the end of the reporting period are shown in the Financial Risk Management Policies note, under (b) Liquidity Risk, on page 79.

18 Employee Benefits

	2012 000's $	2011 000's $
CURRENT		
Annual and long service leave	3,648	2,768
Total current employee benefits	3,648	2,768
NON-CURRENT		
Long service leave	510	110
Total non-current employee benefits	510	110

18a Provisions

CURRENT	2012 000's $	2011 000's $
Site testing and remediation	625	-
Waste destruction	4,596	-
	5,221	-

	Site Remediation $000's	Waste Destruction $000's	Total $000's
CURRENT			
Additions at acquisition	1,608	5,265	6,873
Provisions used in the year	(983)	(669)	(1,652)
Balance at 30 June 2012	625	4,596	5,221

Site Testing and Remediation

During the due diligence process involved in the acquisition of DMX assets, it was identified that the freehold sites being acquired could potentially be contaminated due to the historical use of the sites. Detailed testing was not possible pre-acquisition and to date no specific contamination has been identified. However Tox Free Solutions Limited has estimated that approximately $650,000 of costs would be required to:

- Conduct comprehensive soil, water and emissions testing at the acquired sites, and
- Remediate sites assuming some base levels of contamination normally associated with sites of their history.

Waste Destruction

Management have provided for estimated costs to manage, transport, treat and dispose of various legacy waste streams associated with the acquisition of the DMX assets.

19 Issued Capital

	2012 000's $	2011 000's $
115,311,608 (2011: 92,670,478) ordinary shares	114,856	70,087
Total	114,856	70,087

(a) Ordinary shares

Share Capital		2012 Number	2011 Number	2012 $000's	2011 $000's
	On issue at 1 July	92,670,478	91,574,000	70,087	68,113
	Share issues:				
04/07/11	3,832,904 shares issued WSNT acquisition at $2.09	3,832,904	-	8,000	-
01/11/11	240,000 share options exercised at $2.07	240,000	-	497	-
01/11/11	40,000 share options exercised at $1.80	40,000	-	72	-
01/11/11	831,000 share options exercised at $2.07	831,000	-	1,720	-
02/11/11	12,500 share options exercised at $2.07	12,500	-	26	-
21/12/11	13,503,726 shares issued institutional investors at $2.00	13,503,726	-	27,007	-
20/02/12	5,000 share options exercised at $1.40	5,000	-	7	-
20/02/12	15,000 share options exercised at $1.80	15,000		27	
20/02/12	25,000 share options exercised at $2.20	25,000	-	55	-
22/02/12	20,000 share options exercised at $1.80	20,000	-	36	-
27/02/12	3,257,500 share raising capital at $2.00	3,257,500	-	6,515	-
29/02/12	20,000 share options exercised at $2.20	20,000	-	44	-
06/03/12	40,000 share options exercised at $2.20	40,000	-	88	-

Share Capital		2012 Number	2011 Number	2012 $000's	2011 $000's
06/03/12	20,000 share options exercised at $1.40	20,000	-	28	-
06/03/12	30,000 share options exercised at $1.80	30,000	-	54	-
21/03/12	5,000 share options exercised at $1.40	5,000	-	7	-
21/03/12	25,000 share options exercised at $2.07	25,000	-	55	-
22/03/12	10,000 share options exercised at $1.40	10,000	-	14	-
22/03/12	20,000 share options exercised at $1.80	20,000	-	36	-
22/03/12	30,000 share options exercised at $2.20	30,000	-	66	-
27/03/12	15,000 share options exercised at $1.80	15,000	-	27	-
17/04/12	30,000 share options exercised at $1.40	30,000	-	42	-
17/04/12	40,000 share options exercised at $1.80	40,000	-	72	-
17/04/12	50,000 share options exercised at $2.20	50,000	-	110	-
17/04/12	50,000 share options exercised at $2.20	50,000	-	110	-
25/05/12	10,000 share options exercised at $1.40	10,000	-	14	-

Share Capital		2012 Number	2011 Number	2012 $000's	2011 $000's
25/05/12	20,000 share options exercised at $1.80	20,000	-	36	-
25/05/12	30,000 share options exercised at $2.20	30,000	-	66	-
30/05/12	50,000 share options exercised at $2.20	50,000	-	110	-
18/06/12	5,000 share options exercised at $1.40	5,000	-	7	-
18/06/12	15,000 share options exercised at $1.80	15,000	-	27	-
18/06/12	25,000 share options exercised at $2.20	25,000	-	55	-
20/06/12	3,500 share options exercised at $1.40	3,500	-	5	-
20/06/12	15,000 share options exercised at $1.80	15,000	-	27	-
20/06/12	25,000 share options exercised at $2.20	25,000	-	55	-
26/06/12	95,000 share options exercised at $1.80	95,000	-	171	-
26/06/12	55,000 share options exercised at $1.40	55,000	-	77	-
26/06/12	30,000 share options exercised at $2.20	30,000	-	66	-
27/06/12	30,000 share options exercised at $2.20	30,000	-	66	-
28/06/12	5,000 share options exercised at $1.40	5,000	-	7	-
28/06/12	15,000 share options exercised at $1.80	15,000	-	27	-

Share Capital		2012 Number	2011 Number	2012 $000's	2011 $000's
28/06/12	5,000 share options exercised @ $1.40	5,000	-	7	-
28/06/12	15,000 share options exercised at $1.80	15,000	-	27	-
28/06/12	25,000 share options exercised at $2.20	25,000	-	55	-
30/06/12	Capital raising costs during the year	-	-	(1,215)	-
30/06/12	Deferred tax asset on transaction costs	-	-	364	-
09/07/10	87,500 share options exercised at $1.55	-	87,500	-	136
09/08/10	87,500 share options exercised at $1.65	-	87,500	-	144
09/08/10	1,500 share options exercised at $1.40	-	1,500	-	3
09/08/10	15,000 share options exercised at $1.75	-	15,000	-	26
12/11/10	35,000 share options exercised at $1.40	-	35,000	-	50
12/11/10	55,000 share options exercised at $1.80	-	55,000	-	99
03/02/11	15,000 share options exercised at $1.90	-	15,000	-	28
03/02/11	10,000 share options exercised at $1.75	-	10,000	-	18
14/02/11	15,000 share options exercised at $1.90	-	15,000	-	28
14/02/11	10,000 share options exercised at $1.75	-	10,000	-	18

Share Capital		2012 Number	2011 Number	2012 $000's	2011 $000's
28/02/11	50,000 share options exercised at $1.55	-	50,000	-	77
28/02/11	60,000 share options exercised at $1.65	-	60,000	-	99
28/02/11	90,000 share options exercised at $1.80	-	90,000	-	162
28/02/11	70,000 share options exercised at $1.75	-	70,000	-	122
28/02/11	95,000 share options exercised at $1.90	-	95,000	-	180
01/03/11	20,000 share options exercised at $2.20	-	20,000	-	44
01/06/11	339,978 shares issued at $1.96 to AGR Science and Technology Pty Ltd as part payment for intellectual property	-	339,978	-	668
17/06/11	40,000 share options exercised at $1.80	-	40,000	-	72
	On issue at 30 June	115,311,608	92,670,478	114,856	70,087

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Group does not have authorised capital or par value in respect of its shares.

(b) Options

(i) For information relating to the Tox Free Solutions Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 24 Share-based payments.

(ii) For information relating to share options issued to Key Management Personnel during the financial year, refer to Note 24.

(c) Capital Management

Management controls the capital of the Group in order to ensure the entity continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital through the gearing ratio. This ratio is calculated as finance debt divided by EBITDA for the previous 12 months. During 2012, the Group's strategy was to maintain a gearing ratio of no greater than 2.5 times EBIT.

		Consolidated	
		2012	2011
	Notes	$000's	$000's
Finance debt	17	66,605	26,097
EBIT		27,402	21,332
Gearing ratio		2.43 times	1.22 times

There have been no changes in the strategy adopted by management during the year.

20 Reserves

(a) Share Based Payment Reserve

The Share Based Payment reserve relates to the amount expensed in relation to share options and rights issued to employees as determined by the option valuation model.

	2012	2011
	000's	000's
	$	$
Share Based Payment Reserve		
Opening balance	5,195	3,604
Transfers in	825	1,591
Total Reserve	6,020	5,195

21 Dividends

	2012 000's $	2011 000's $
(a) The following dividends were declared and paid:		
Final franked ordinary dividend of 3 cents (2010: 2 cents) per share	2,895	1,835
Total	2,895	1,835

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Proposed dividends

	2012 000's $	2011 000's $
(b) Proposed final 2012 fully franked ordinary dividend of 4 cents (2011: 3 cents) per share to be paid 21 September 2012	4,612	2,895
Total	4,612	2,895

The proposed final dividend for 2012 was declared after the end of the reporting period and therefore has not been provided for in the financial statements. There are no income tax consequences arising from this dividend at 30 June 2012.

Franking account

	2012 000's $	2011 000's $
The franking credits available for subsequent financial years at a tax rate of 30%	18,095	15,163

The above available balance is based on the dividend franking account at year-end adjusted for:

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

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

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

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by $1,977 (2011: $1,241).

The ability to use the franking credits is dependent upon the entity's future ability to declare dividends.

22 Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

	2012 000's $	2011 000's $
Profit for the year	15,726	11,865
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	987	-
- depreciation	15,121	11,510
- net gain on disposal of property, plant and equipment	(483)	239
- equity settled share based payment transactions	825	1,591
- impairment loss	-	827
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(9,997)	(10,429)
- (increase)/decrease in prepayments	(1,533)	(315)
- (increase)/decrease in inventories	18	102
- increase/(decrease) in trade and other payables	7,820	5,311
- increase/(decrease) in tax assets and liabilities	520	1,734
Cash flow from operations	29,004	22,435

(b) Non-cash investing and Financing Activities

	2012 000's $	2011 000's $
Acquisition of assets by means of finance lease	11,470	7,044
Share capital issued as part consideration in acquisition of WSNT Pty Ltd	8,000	-
Share capital issued to AGR as part consideration for intellectual property	-	668
	19,470	7,712

(c) Loan facilities

	2012 000's $	2011 000's $
Loan facilities	66,250	29,000
Amount utilised	(47,250)	(11,689)
	19,000	17,311

The major facilities are summarised as follows:

Balance used at reporting date was $47,250 (2011: 11,690).

Balance unused at reporting date was $19,000 (2011: 17,311).

The Group has access to an interchangeable facility from its bankers. The purpose of the facility is to assist with leasing and purchasing of assets for general operating requirements. The facility is secured by a fixed and floating charge against all present and future assets of the Group, and unpaid/uncalled capital

Finance will be provided under all facilities provided the Group and the Group have not breached any borrowing requirements and the required financial ratios are met.

23 Interests of Key Management Personnel

(a) Totals of remuneration paid

The totals of remuneration paid to Key Management Personnel of the Group during the year are as follows:

	2012 000's $	2011 000's $
Short-term employee benefits	2,766	2,334
Post-employment benefits	236	186
Share-based payments	797	1,125
	3,799	3,645

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's Key Management Personnel for the year ended 30 June 2012.

(b) Key Management Personnel options and right holdings

Details of options provided as remuneration and shares issued on the exercise of such options together with terms and conditions of the options can be found in the Remuneration Report within the Director's Report.

Options

30 June 2012	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	1,098	-	(366)	-	732	366	366
Other KMP							
Peter Goodwin	1,500	-	-	-	1,500	500	500
Michael Constable	450	-	(183)	-	267	133	133
Neil Armstrong*	590	-	(256)	(166)	168	166	`-
Jason Dixon	700	-	(366)	-	334	166	166
	4,338	-	(1,171)	(166)	3,001	1,331	1,165

* Neil Armstrong ceased to part of Key Management Personnel from 1 February 2012.

30 June 2011	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and exercisable 000's
Directors							
Stephen Gostlow	1,098	-	-	-	1,098	366	366
Other KMP							
Peter Goodwin	-	1,500	-	-	1,500	-	-
Michael Constable	520	-	(70)	-	450	133	183
Neil Armstrong*	690	-	(100)	-	590	166	256
Jason Dixon	700	-	-	-	700	251	366
	3,008	1,500	(170)	-	4,338	916	1,171

No options were granted to Key Management Personnel as remuneration during the reporting period (2011: 1,500)

There have been no changes in Key Management Personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue.

Rights

30 June 2012	Balance at beginning of year 000's	Granted as remuneration 000's	Exercised 000's	Other changes 000's	Balance at the end of year 000's	Vested during the year 000's	Vested and Exercisable 000's
Directors							
Stephen Gostlow	-	258	-	-	258	-	-
Other KMP							
Peter Goodwin	-	-	-	-	-	-	-
Michael Constable	-	84	-	-	84	-	-
Neil Armstrong	-	63	-	-	63	-	-
Jason Dixon	-	84	-	-	84	-	-
	-	489	-	-	489	-	-

There were no rights issued in 2011

(c) Key Management Personnel shareholdings

The number of ordinary shares in Tox Free Solutions Limited held by each Key Management Person of the Group during the financial year is as follows:

30 June 2012	Balance at beginning of year 000's	On exercise of options 000's	Other changes during the year 000's	Balance at end of year 000's
Directors				
Robert McKinnon	-	-	50	50
Douglas Wood	231	-	5	236
Michael Humphris	2,050	-	(1,050)	1,000
Richard Allen	160	-	3	163
Stephen Gostlow	1,120	366	(363)	1,123
Other KMP				
Peter Goodwin*	21	-	3	24
Michael Constable	59	183	(193)	49
Neil Armstrong	98	166	-	264
Jason Dixon	-	366	(216)	150
	3,739	1,081	(1,761)	3,059

*Held by a related party of Peter Goodwin

30 June 2011	Balance at beginning of year 000's	On exercise of options 000's	Other changes during the year 000's	Balance at end of year 000's
Directors				
Douglas Wood	231	-	-	231
Michael Humphris	2,200	-	(150)	2,050
Richard Allen	169	-	(9)	160
Stephen Gostlow	1,120	-	-	1,120
Other KMP				
Peter Goodwin*	-	-	21	21
Michael Constable	-	70	(11)	59
Neil Armstrong	77	100	(79)	98
Jason Dixon	-	-	-	-
	3,797	170	(228)	3,739

Other Key Management Personnel transactions
For details of other transactions with Key Management Personnel, refer to Note 28: Related Party Transactions.

24 Share-based Payments

In the year ended 30 June 2012 the Group has the following share-based payment schemes:

The Tox Free Solutions Limited Employee Share Option Program (ESOP) is designed as an incentive for senior employees to deliver long term Shareholder returns. Under the plan, senior managers and above (including Executive Directors) are entitled to purchase shares in the Company. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The options vest on a time scale as specified in the ESOP and are granted under the ESOP for no consideration. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and options are settled in cash.

The Plan was revised in 2012 to allow the grant of Performance Rights and/or Share appreciation rights. Vesting of any Performance Rights and/or Share Appreciation Rights will be subject to the satisfaction of performance hurdles that impact Total Shareholder Return (TSR) and Absolute Earnings per Share (Absolute EPS) and their performance against selected companies in the ASX 300.

The FY12 LTI grant will vest subject to satisfaction of TSR (50% of the grant) and Absolute EPS (50% of the grant). These performance hurdles are mutually exclusive so that if only one of the hurdles is satisfied, vesting will still occur for that portion of the grant but not the other if the other hurdles are not met.

Absolute EPS performance will be assessed against compound annual growth rate targets set by the Board. The target set for FY12 LTI grant is 10% compound average growth rate. If the compound average growth rate over the 3-year performance period is 10% or greater, the grant will become 100% performance qualified.

The Relative TSR portion of the FY12 LTI grant becomes performance qualified subject to how the Group performs when measured against the selected Companies on the ASX 300. The minimum award is at 50th percentile and it increments up to the 75th percentile, at which point, or above, 100% vests.

There is no retesting of performance. If any of the Rights fail to become exercisable due to failure to satisfy the vesting conditions, performance hurdles will lapse and the grant forfeited.

A summary of the Group options issued and not exercised are as follows. Options are settled by physical delivery of shares:

2012 Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
21 January 2009	1 July 2012	$1.40	163,500	-	(153,500)	-	10,000	10,000
21 January 2009	1 July 2012	$1.80	375,000	-	(355,000)	-	20,000	200,000
21 January 2009	1 July 2012	$2.20	670,000	-	(455,000)	-	215,000	215,000
28 October 2009	1 November 2011	$2.07	566,000	-	(566,000)	-	-	-
28 October 2009	1 November 2012	$2.38	566,000	-	-	-	566,000	566,000
28 October 2009	1 November 2013	$2.74	568,000	-	-	-	568,000	378,667
23 September 2009	1 November 2011	$2.07	542,500	-	(517,500)	(25,000)	-	180,833
23 September 2009	1 November 2012	$2.38	590,000	-	-	-	590,000	590,000
23 September 2009	1 November 2013	$2.74	635,000	-	-	-	635,000	423,334

2012 Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
26 February 2010	15 January 2014	$1.20	20,000	-	-	-	20,000	20,000
26 February 2010	15 January 2015	$2.64	20,000	-	-	-	20,000	20,000
23 November 2010	1 November 2014	$2.50	500,000	-	-	-	500,000	-
23 November 2010	1 November 2015	$2.75	500,000	-	-	-	500,000	-
23 November 2010	1 November 2016	$3.00	500,000	-	-	-	500,000	-
Weighted Average Exercise Price			$2.40		$2.00	$2.07	$2.60	

(a) Options outstanding

As at the date of exercise, the weighted average share price of options exercised during the year was $2.38 (2011: $1.73).

The weighted average remaining contractual life of options outstanding at year end was 1.27 years (2011: 3 years). The weighted average exercise price of outstanding shares at the end of the reporting period was $2.51 (2011: $2.40).

(b) Weighted average fair value of options granted

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of the options issued and those granted during the year was $Nil (2011: $ 2.40). These values were calculated by using a binomial lattice model applying the following inputs:

	2012 000's	2011 000's
Dividend yield (%):	1.20%	1.20%
Weighted average exercise price (cents):	238	226
Weighted average life of the option (years):	3	3
Expected share price volatility (%):	40.00%	40.00%
Risk-free interest rate (%):	4.00%	4.94%

Summary of the Group's Share Appreciation Rights and Share Performance Rights are as follows:

2012 Grant Date	Expiry Date	Start of year	Granted during year	Exercised during year	Forfeited during the year	Balance at end of year	Vested and exercisable at the end of the year
Share Appreciation Rights							
24 November 2011	30 June 2014	-	427,811	-	-	427,811	-
Share Performance Rights							
24 November 2011	30 June 2014	-	124,031	-	-	124,031	-

(a) Rights outstanding

The remaining contractual life of rights outstanding at year end was 2 years. The weighted average value of rights outstanding at year end was $1.77 (2011: Nil). The rights were valued using a Monte Carlo Simulation model applying the following inputs:

Input	Share Appreciation Rights	Share Performance Rights
Dividend yield	1.5%	1.5%
Expected volatility	30% to 40%	30% to 40%
Risk-free interest rate	2.46%	3.05%
Expected life	2.0years	2.0 years
Weighted average share price at grant date	$2.50	$2.10

25 Parent entity

The following information has been extracted from the books and records of the parent, Tox Free Solutions Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Tox Free Solutions Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation
Tox Free Solutions Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.
Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

	2012 000's $	2011 000's $
Current assets	29,297	21,899
Non-current assets	129,537	46,441
Total assets	158,834	68,340
Current liabilities	21,725	9,198
Non-current liabilities	56,253	16,427
Total liabilities	77,978	25,625
Contributed equity	114,492	70,087
Accumulated losses	(39,929)	(32,475)
Share based payment reserve	6,293	5,103
Total Equity	80,856	42,715
Loss for the year	(4,565)	(3,708)
Total comprehensive loss for the year	(4,565)	(3,708)

26 Capital and Leasing Commitments

(a) Finance lease commitments

	Note	2012 000's $	2011 000's $
Payable - minimum lease payments:			
- no later than 1 year		6,216	4,260
- between 1 year and 5 years		12,734	11,165
- greater than 5 years		1,872	-
Minimum lease payments		20,822	15,425
Less: finance changes		(2,828)	933
Present value of minimum lease payments		17,994	16,358

Finance leases are in place for fleet acquisitions (truck and car) and normally have a term between 5 and 7 years. At the end of the lease period there will be no residual value.

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	Note	2012 000's $	2011 000's $
Payable - minimum lease payments:			
- no later than 1 year		10,384	3,277
- between 1 year and 5 years		31,998	9,074
- greater than 5 years		8,483	-
		50,865	12,351

Operating leases have been have been taken out for a number of warehouse and office facilities under operating lease as well as crown land from the Department for Planning and Infrastructure. The Group also leases some light and heavy motor vehicles. Leases typically run for a period of between 3 and 7 years with an option to renew the lease after that date. Lease payments are generally increased on an annual basis in line with CPI, or as and when required. During the year ended 30 June 2012, $7,027K was recognised as an expense in the Group Statement of Comprehensive Income (2011 - $4,038K).

(c) Capital expenditure commitments

	Note	2012 000's $	2011 000's $
Capital expenditure commitments contracted for:			
Capital		7,588	371
Total Capital contracted for		7,588	371
Payable:			
- no later than 1 year		7,588	371
Total Capital Contracted for		7,588	371

27 Controlled entities

(a) Parent and ultimate controlling entity

The parent and ultimate controlling entity is Tox Free Solutions limited, incorporated in Australia.

(b) Controlled entities

	Country of Incorporation	Percentage Owned (%)* 2012	Percentage Owned (%)* 2011
Subsidiaries:			
Tox Free (Kwinana) Pty Ltd	Australia	100	100
Oil Energy Corporation Pty Ltd	Australia	100	100
Tox Free Industrial Solutions Pty Ltd*	Australia	100	100
Tox Free (Henderson) Pty Ltd ATF The Specialized Tank Cleaning Unit Trust	Australia	100	100
Specialized Investments Pty Ltd*	Australia	100	100
Grimefighters Fluidclean Pty Ltd	Australia	100	100
Waste Services Australia Pty Ltd	Australia	100	100
Tox Free (Queensland) Pty Ltd	Australia	100	100
Tox Free (Karratha) Pty Ltd	Australia	100	100
Tox Free (New South Wales) Pty Ltd	Australia	100	100
Barry Bros Specialised Services Pty Ltd	Australia	100	100
Tox Free (Victoria) Pty Ltd	Australia	100	100
Waste Solutions (NT) Pty Ltd	Australia	100	0
Pilbara Waste Pty Ltd	Australia	100	0
MMS Enterprises (QLD) Pty Ltd	Australia	100	0
Aframe Investments Pty Ltd	Australia	100	0
DoloMatrix Australia Pty Ltd	Australia	100	0
Dolocrete WA Pty Ltd	Australia	100	0
Dolocorp Pty Ltd	Australia	100	0
MD Environmental Solutions Pty Ltd	Australia	100	0
DoloMatrix Environmental Solutions Pty Ltd	Australia	100	0
BCD Technologies Pty Ltd	Australia	100	0
Thermal Treatment Solutions Pty Ltd	Australia	100	0
SRL Plasma Pty Ltd	Australia	100	0
Entech Industries Pty Ltd	Australia	100	0
Waste Audit Consultancy Services (Aus.) Pty Ltd	Australia	100	0
Hazwaste Pty Ltd	Australia	100	0

*Dormant

In the financial statements of the parent, investments in subsidiaries are measured at cost.

28 Related Party Transactions

Related parties

(a) The Group's main related parties are as follows

(i) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity are considered Key Management Personnel.

For details of remuneration disclosures relating to Key Management Personnel, refer to Note 23: Interests of Key Management Personnel (KMP) and the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

(ii) Subsidiaries

The consolidated financial statements include the financial statements of Tox Free Solutions Limited and the controlled entities listed under 'Subsidiaries' above.

(b) Balances from related parties

	2012 000's $	2011 000's $
NON-CURRENT		
Amounts receivable from:		
- wholly-owned subsidiaries	69,237	10,505

(c) Balances to related parties

	Note	2012 000's $	2011 000's $
NON-CURRENT			
Amount payable to:			
- wholly-owned subsidiaries		36,920	34,493

Intragroup transactions have been eliminated and are not disclosed as related party transactions in the consolidated financial statements, as are all loan balances. Sales made between subsidiaries during the year amounted to approximately $11,678 (2011: $13,100) and have been eliminated on consolidation.

(d) Loans to Key Management Personnel – temporary loans

Temporary loans advanced and repaid during the year incur interest at 0% per annum. There are currently no loans outstanding.

During the year the company advanced monies to certain Key Management Personnel, namely Mr Stephen Gostlow ($758k), Mr Michael Constable ($275k), Mr Jason Dixon ($344k) and Mr Neil Armstrong ($344k). The total of the loans amounted to $1.721m. The purpose of the loans was to enable these Key Management Personnel to exercise previously awarded options that were expiring during a blackout period. These loans were repaid once the blackout period was lifted.

29 Contingent Liabilities and Contingent Assets

Contingent liabilities

The Group had the following contingent liabilities at the end of the reporting period:

Contingent Instruments

Bank Guarantees to the value of $7,309M (2011:$5,503M), all of which are expected to be recovered without claim. Bank guarantees are provided in certain customer contracts and property rental agreements as a percentage of the contract sum. Generally, bank guarantees are provided to guarantee the performance of contractual terms until practical completion.
There is no liability that should be recognised in relation to these guarantees.

Contingent Liabilities

In April 2001 the Group acquired ELI Eco Logic Australia Pty Ltd (now known as Tox Free (Kwinana) Pty Ltd). Pursuant to the agreement upon acquisition, the group has an obligation to remediate contaminated soil on the Kwinana site to decontaminate equipment and to treat and dispose of accumulated waste product by the vendor of the business. This must be done before Tox Free (Kwinana) Pty Ltd vacates the site.

Most of the site has now been remediated; however the estimated cost to the Group to treat the known remaining contaminated soil, decontaminate equipment and treat accumulated waste cannot be reliably measured.

There is no set time frame for treatment of this soil.

The Directors are of the opinion that a provision is not required for this amount as the amount is not capable of reliable measurement.

In prior years BCD Technologies Pty Ltd, a company acquired by the Group during the financial year, was given notice by the EPA to test, rectify and remediate aspects of its Narangba premises which showed up low levels of environmental contamination. This remediation and rectification work has been completed. The site remains on the Queensland Department of Environmental Resource Management Environmental Management Register (EMR) but is not listed on the Contaminated Land Register (CLR).The Directors do not believe that there are any additional liabilities, contingent or otherwise, in relation to this matter.

The company leases premises in Port Hedland which are registered with the Department of Environment and Conservation as a "Suspected Contaminated" site. A detailed site investigation and risk assessment is being undertaken to confirm the levels of contamination and whether any remediation (if any) is required. The Directors are of the opinion that a provision is not required for this amount as the amount is not capable of reliable measurement.

Apart from those contingencies detailed above, there are no further contingent assets and/or liabilities at the reporting date.

30 Auditors' Remuneration

	2012 000's $	2011 000's $
Remuneration of the auditor of the parent entity, BDO Audit (WA) Pty Ltd, for:		
- auditing or reviewing the financial statements	119	104
- taxation services (BDO Corporate Tax (WA) Pty Ltd)	113	128
- strategic planning and other consultancy services	122	32

Other services were provided for strategic planning and consultancy services primarily associated with the new acquisitions.

31 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	2012 000's $	2011 000's $
From continuing operations attributable to ordinary equity holders of the company	15,726	11,865
Add: Potential interest earned on proceeds from conversion of share options	125	216
Profit attributable to the ordinary equity holders of the Group used in calculating diluted earnings per share	15,851	12,081

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2012 No.	2011 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	105,561,974	91,985,108
Weighted average number of dilutive options outstanding	4,695,841	4,716,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	110,257,815	96,701,108

32 Deed of Cross-Guarantee

Tox Free Solutions Ltd and each of the subsidiaries listed in note 27 are parties to a deed of cross guarantee under which each company guarantees the debt of others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investment Commission.

33 Events after the end of the Reporting Period

On 29 August 2012, Mr Douglas Wood retired as Director. Mr Wood had been a member of the Board for four years, of which two were as Non-Executive Chairman.

On 31 August 2012, the Directors of Tox Free Solutions Limited declared a final dividend on ordinary shares in respect of the 2012 financial year. The total amount of the dividend is $4,612,464 which represents a fully franked dividend of 4.00 cents per share.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

34 Company Details

The registered office of the Group is:

Tox Free Solutions Limited
55 Carrington Street
NEDLANDS WA 6009

The principal place of business is:

24 Sangiorgio Court
Osborne Park
WA 6017
Australia

Director's Declaration

For the Year Ended 30 June 2012

The Directors of the Group declare that:

1. The financial statements and notes, as set out on pages 53 to 133, are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the Group;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

   a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Group and its wholly-owned subsidiaries, have entered into a deed of cross guarantee under which the Group and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

Director .- Chairman ..Robert McKinnon

Director ...Steve Gostlow

Dated : 25 September 2012

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Australia

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

Report on the Financial Report

We have audited the accompanying financial report of Tox Free Solutions Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Tox Free Solutions Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion, the Remuneration Report of Tox Free Solutions Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien
Director

Perth, Western Australia
Dated this 25th day of September 2012

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 August 2012.

Substantial Shareholders

The number of substantial Shareholders and their associates are set out below:

Shareholders	Number of shares
National Nominees	15,240,227
J P Morgan Nominees Australia Limited	12,569,317
Australia Foundation Investment Company Limited	9,381,200
Aust Executor Trustees SA Ltd (TEA Custodians Limited)	8,583,949
BNP Paribas Noms Pty Ltd (Master Cust DRP)	6,082,508

Voting rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options

No voting rights.

Distribution of equity security holders

	Ordinary shares
Holding	
1 - 1,000	366,580
1,001 - 5,000	3,859,982
5,001 - 10,000	4,527,898
10,001 - 100,000	14,611,709
100,000 and over	91,955,439

There were 160 holders of less than a marketable parcel of ordinary shares.

Options on issue

Grant date	Number	No. of holders	Expiry date	Exercise price
21/01/09	10,000	1	01/07/12	$1.40
21/01/09	20,000	1	01/07/12	$1.80
21/01/09	215,000	1	01/07/12	$2.20
28/10/09	566,000	2	01/11/12	$2.38

Grant date	Number	No. of holders	Expiry date	Exercise price
28/10/09	568,000	2	01/11/13	$2.74
23/09/09	590,000	13	01/11/12	$2.38
23/09/09	635,000	13	01/11/13	$2.74
26/02/10	20,000	1	15/01/14	$1.20
26/02/10	20,000	1	15/01/15	$2.65
24/09/10	500,000	1	01/11/14	$2.50
24/09/10	500,000	1	01/11/15	$2.75
24/09/10	500,000	1	01/11/16	$3.00

Twenty largest Shareholders

	Ordinary shares	
	Number held	% of issued shares
National Nominees Limited	15,240,227	13.22
J P Morgan Nominees Australia Limited	12,569,317	10.90
Australian Foundation Investment Company Limited	9,381,200	8.13
Australian Executor Trustees SA Ltd	8,583,949	7.44
BNP Paribas Nominees Pty Ltd	6,082,508	5.27
HSBC Custody Nominees (Australia) Ltd	5,885,003	5.10
Mirrabooka Investments Ltd	4,648,258	4.03
RBC Investor Services Australia Nominees Pty Ltd	3,394,514	2.94
J P Morgan Nominees Australia Limited (Cash Income A/c)	3,329,141	2.89
Amcil Limited	2,650,992	2.30
Citicorp Nominees Pty Ltd	2,083,468	1.81
South Sea (NT) Pty Ltd (Zamic Family A/c)	1,918,952	1.66
Horizon Equity Consulting Pty Ltd	1,000,000	0.87
Glide Point Pty Ltd	958,226	0.83
The Australian National University	824,910	0.72
RBC Investor Services Australia Nominees Pty Limited	759,827	0.66
UBS Nominees	737,706	0.64
Mr S J Gostlow	726,387	0.63
Australian Executor Trustees Limited (Charitable Foundation)	679,396	0.59
QIC Limited	657,832	0.57

Twenty largest option holders

	Options	
	Number held	% of issued options
Directors and staff	2,644,000	100.00

Unissued equity securities
Options issued 2,644,000.

Securities exchange
The Company is listed on the Australian Securities Exchange.