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Osborne Park WA 6017

Tox Free Solutions Limited
ABN 27 058 596 124

26 February 2013

ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam,

RESULTS FOR ANNOUNCEMENT TO THE MARKET
HALF YEAR STATUTORY REPORT
INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2012

Tox Free Solutions Limited (Toxfree) is pleased to present its Interim Financial Report containing details of Toxfree's financial results for the six month period ended 31 December 2012.

Yours faithfully
TOX FREE SOLUTIONS LIMITED

DAVID McARTHUR
Company Secretary

TOX FREE SOLUTIONS LIMITED

INTERIM REPORT | FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

CONTENT DETAILS	PAGE

Results Commentary | *31 December 2012*

KEY HIGHLIGHTS

Highlight | *Strategic*

- Expansion of Industrial Services in central Queensland (Surat Basin) with acquisition of Absolute Liquid Waste in Toowoomba and Racelog Waste Services in Roma
- Expansion of Hazardous Waste Services with the commencement of services in Tasmania
- Divestment of Entech International including Entech China (DMX subsidiary) to focus on our strategy within Australia
- Expanded our business development team to focus on organic growth through award of long term industrial service and total waste management contracts with blue chip companies
- Integration of recent acquisitions continues to plan

Highlight | *Financial*

- Revenue up 43% to $131.6M (1H FY12: $92.2M)
- Earnings before interest, tax, depreciation and amortisation (EBITDA)* up 39% to $28.0M (1H FY12: $20.1M)
- Earnings before interest and tax (EBIT)* up 38% to $17.9M (1H FY12: $12.9M)
- Underlying net profit after tax (NPAT)* up 37% to $10.8M (1H FY12: $7.9M)
- Statutory net profit after tax up 33% to $10.5M (1H FY12: $7.9M)
- Net debt to equity at 33% (FY12: 30%)
- Gross cashflows generated from operations of $25.7M were 93% (1H FY 12: 74%) of EBITDA

Highlight | *Sustainability and Our People*

- Ongoing commitment to the Company's Harmfree culture with a zero tolerance to unsafe work practices, reinforcing every employees "stop work authority" and "if you see it you own it" mentality
- A reduction in the All Injury Frequency Rate (AIFR) of 8% over the period
- Continued with third party triple accreditation of systems on our sites

Highlight | *Operations*

- Chemsal, BCD Technologies and Waste Audit integration running to schedule
- Major contracts and operations linked to the resource sector were the best performing areas within the period
- Industrial services in Western Australia and Central Queensland performed well

*(*Normalised for non-operational adjustments – refer table 1 page 7 for further detail)*

1H FY 13 OVERVIEW

The Company is pleased with the first half performance of financial year 2013. Revenue for the first half was $131.6M an increase of 43% compared to the previous corresponding period (2012: $92.2M). Earnings (EBITDA) increased by 39% to $28.0M* (2012: $20.1M) before depreciation and amortisation expense of $10.1M (2012: $7.2M). EBIT increased by 38% to $17.9M* compared to the previous corresponding period (2012: $12.9M).

The net profit after tax of the Group for the first half of financial year ending 30 June 2013 increased by 37% to $10.8M* (2012: $7.9M) which includes income tax expense of $4.4M (2012: $3.6M) and share-based payment expense of $0.5M (2012: $0.5M).

During the half our focus was on the integration of acquisitions completed during the 2012 financial year, sustaining and improving the operational performance of our existing business and expansion of services in line with our strategy. The best performing areas during the period were from our divisions linked to the resource sector.

Central Queensland, the Pilbara, South West WA, Kimberley and Darwin regions all performed solidly as did the major contracts with Toll Energy, Rio Tinto and Origin Energy.

The contribution from Chemsal Victoria, BCD Technologies and Waste Audit was in line with our budget expectations. We are pleased to announce the sale of Entech Industries and Entech China during the period. Entech is an environmental consulting company which was acquired as part of the DMX asset purchase in February 2012. The businesses had been making losses for some time and were not core to Toxfree's strategy within Australia.

During the period we expanded our services to the resource sector with the award of contracts with Rio Tinto (Pacific Minerals) for the Boyne Aluminium Smelter in Gladstone. The Company also expanded its operations in central Queensland (Surat Basin) with the acquisition of Absolute Liquid Waste in Toowoomba in December 2012, and Racelog Waste Services in Roma in February 2013.

The acquisition of Absolute provides Toxfree with access to Absolute's blue chip client base throughout the Coal Seam Gas (CSG) sector in the Surat Basin, Queensland. Absolute has a long term contract with QGC to provide waste services for their upstream drilling campaign services which includes the transport and disposal of liquid waste.

*(*Normalised for non-operational adjustments – refer table 1 page 7 for further details)*

Racelog is a solid waste management company based in Roma. Their services complement our existing industrial services in Roma for the Origin Energy contract. We can now service this contract in-house offering both integrated industrial and waste management services to clients in the region. Racelog also diversifies our client base across a greater number of market sectors and a number of additional clients within the oil and gas sector in the region.

Toxfree has a positive outlook on the resource sector in Queensland with in-excess of $60 billion of capital investment in the CSG sector expected over the next four years. The acquisition will assist Toxfree in realising its strategy to provide total waste management and industrial services for the oil and gas and mining sector throughout Australia.

The manufacturing and infrastructure sectors in the major east coast cities remain challenging and this resulted in our East Coast Industrial and Hazardous Waste Services in Brisbane and Sydney performing below expectations.

Hazardous Waste volumes in Sydney and Queensland were down on the previous period. Our business has varying degrees of exposure to specific niche markets within the manufacturing sector. One particular sector that has seen a significant reduction in waste volumes is the galvanising industry. Due to the high Australian dollar and influx of imported materials we have seen some of our clients reduce their manufacturing operations or cease their operations all together as was the case with One Steel in Brisbane. The lack of galvanising waste, which is the raw material for the production of Sodic Soil Amendment Agent (SSAA), along with a number of other factors has forced the Company to cease with the production of SSAA in Queensland.

Because of the closure of SSAA production, the Company has decided to write off the remaining carrying value of $1.59M of the patents used to manufacture SSAA. The company took a conservative view not knowing when, or if, the galvanising market will recover. In 2008 when Toxfree commenced production of SSAA, galvanising volumes were five times higher than what they are today and the production of SSAA provided Toxfree with a competitive advantage in the market at the time.

The other services provided at our Coopers Plains site (where SSAA was manufactured) continue to trade profitably and in the period our packaged chemical business saw an increase in profitability.

The acquisition of MMS Enterprises in December 2011 comprised an earn out based on the performance of the subsequent 12 months of trading. The objective was to incentivise the vendors to improve the operational performance of the business over that period. At acquisition, a forward estimate of the second payment payable to the vendors of MMS was made of approximately $3.2M based on an approximate 4 times EBITDA multiple. Actual trading and capital invested resulted in the add back to the income statement of $1.27M which we have excluded from the underlying operational result and commentary together with the SSAA patent write off.

The Group's debtor days sales outstanding (DSO) are at 77 days at the end of the period with cash in bank of $18M and total borrowings of $73.7M. The Company Statement of Financial Position is in good order with net debt of $55.7M and net debt to equity of 33%. Our debtor collections by number during the period, were good, however the late payment from some of our major contracted clients resulted in a higher DSO. We view those delays as temporary in nature. Gross Cashflows from Operation were 93% of EBITDA which improved substantially from December 2011 at 74%.

Net capital investment in the business was $12.9M during the period. Capital continues to be invested in those areas of the business that achieve the Company's return criteria.

Toxfree's tender book remains at an all-time high with a number of tender's submitted pending award. Further resources have been introduced into our business development team to focus on organic growth opportunities through the award of total waste management and industrial service contracts throughout Australia. At a recent business development strategy workshop the team identified a market of over $600 million per annum in this area.

SUMMARY OF RESULTS

Table 1 | Group Results

Group results	H1 ended 31 Dec 2012 $'000	H1 ended 31 Dec 2011 $'000	% Change
Revenue	131,623	92,188	43%
EBITDA *	28,006	20,136	39%
Depreciation and amortisation	(10,124)	(7,190)	41%
EBIT *	17,882	12,946	38%
Finance expenses	(2,675)	(1,470)	82%
Profit before tax *	15,207	11,476	33%
Income tax expense	(4,426)	(3,612)	23%
Underlying Profit after tax *	10,781	7,864	37%
Statutory Profit after tax	10,463	7,864	33%
Earnings per share (cents) *	9.34	8.06	16%
Number of shares on issue at balance date (million)	116.0	111.1	4%

**Excludes the SSAA impairment of $1.59M and the reduction in the contingent consideration for the acquisition of MMS of $1.27M.*

Table 2 | Divisional Revenue

The Company has three segments. The three reportable segments are:

1. Hazardous Waste Services
2. Waste Services
3. Industrial Services

Divisional revenue	**H1 ended 31 Dec 2012 $'000**	**H1 ended 31 Dec 2011 $'000**	**% Change**
Hazardous waste	30,802	15,758	95%
Industrial services	35,440	34,168	4%
Waste services	65,381	42,262	55%
Total consolidated revenue	**131,623**	**92,188**	**43%**

Table 3 | Divisional EBIT

Divisional EBIT	**H1 ended 31 Dec 2012 $'000**	**H1 ended 31 Dec 2011 $'000**	**% Change**
Hazardous waste	8,753	5,204	68%
Industrial services	4,831	5,773	(16%)
Waste services	14,788	10,255	44%
Unallocated corporate EBIT *	(10,490)	(8,286)	27%
Total consolidated EBIT *	**17,882**	**12,946**	**38%**

**Normalised for non-operational adjustments – refer table 1 page 7 for further details.*

Table 4 | *Divisional Margins*

	HY1 2013 %	HY2 2012 %	HY1 2012 %
Hazardous waste	28%	28%	33%
Industrial services	14%	12%	17%
Waste services	23%	23%	24%

REVIEW OF OPERATIONS

harmfree

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

Health and Safety

Sustainability and Our People

Toxfree is an equal opportunity employer whose employee relations strategy is to develop a workforce where safe work practices, excellent technical skills, teamwork, job satisfaction, pride in achievement, professional and personal development and community and environmental responsibility are the key ingredients to establishing a productive, stable and incident free workplace.

Whilst we continue to remain vigilant about safety and environmental performance throughout our business, during the period the Company sustained our first lost time injuries for some time. We have taken this very seriously and reiterated our zero tolerance for incidents throughout the business. We have actively promoted a back-to-basics programme through focus on our "step back 5 X 5 programme" and the right of all employees to stop any work they deem unsafe.

A key part of our development has been the implementation of a safety leadership program that includes:

- Skills assessments
- Competency verification
- Waste Management Certificate III
- Frontline Certificate IV and Diploma qualifications

Engaging local communities and Indigenous groups is an important objective of Toxfree and one that identifies with our corporate responsibility for supporting the growth and development of the communities we operate within. Toxfree has established a number of pathways to engage in a meaningful way, such as supporting communities to move into private enterprise and self-employment or, full time employment with Toxfree or an affiliated business.

Industrial Services | *Performance*

Performance from our Industrial Services division was slightly down on budgeted expectations due to softer trading in Sydney and Brisbane. The result was underpinned by solid performance in Western Australia, Roma and Victoria. Revenue was $35.4M and EBIT was $4.8M. An operating margin of 14% was an improvement from the 12% margin achieved during the second half of the 2012 financial year.

We experienced difficult trading conditions in the Brisbane and Sydney infrastructure market and while we haven't lost market share the market overall has diminished. Over the last 9 months we downsized the Sydney operations and mobilised resources and assets to regional areas in an effort to improve profitability. Unfortunately this has not met expectations and the Sydney metropolitan business in Milperra has now closed. We have transferred some of the services to our operations at St Marys and the Hunter Valley in NSW. The relocation to the Hunter Valley is in line with our strategy to focus on regional areas exposed to the resource sector.

In Victoria our services are diversified across a greater number of market sectors and the operations have performed well in a challenging market. On the West Coast our Industrial Services have experienced their best trading to date and whilst they are coming from a smaller base the market opportunities particularly to existing clients in the oil and gas and mining sector remain attractive opportunities.

Queensland Industrial Services in Gladstone, Roma (Surat basin) and Mackay also performed well. We have a positive outlook on the Surat basin with a further increase in drilling activity expected to continue as the upstream development and downstream gas facilities continue construction.

Waste Services | *Performance*

The Waste Services division grew significantly during the period with revenue increasing by 55% to $65.4M and earnings (EBIT) by 44% to $14.8M.

Toxfree's contract with Toll Energy to manage waste produced from the Gorgon LNG Project on Barrow Island has continued to perform strongly and has possibly reached its busiest time. Toxfree has embraced an incident and injury free culture throughout its operations and is proud to have achieved over 1,000 days Lost Time Injury (LTI) free.

Our Kimberley, Karratha, Port Hedland and Darwin operations performed well with Woodside, Rio Tinto, Mermaid Marine and Apache contracts performing to expectations.

Our services to Fortescue Metals Group (FMG) provided by our Joint Venture partnership in the Pilbara has performed strongly with the scope of services provided to FMG having expanded considerably since being awarded this contract in February 2012.

Our contract to Bechtel for the APLNG contract is starting to see an improvement in waste volumes as the construction continues however this is still below expectations.

Tender activity for this division is at an all-time high with a number of tenders submitted pending award or being developed.

Hazardous Waste Services | *Performance*

With a full year contribution from the addition of Chemsal, BCD Technologies and Waste Audit during this financial year the performance from this division was considerably higher than the previous corresponding period with revenue increasing by 95% to $30.8M with EBIT of $8.8M. All of our operations performed well in a challenging market. Our exposure to the resource, government and household sector has helped counteract the downturn in volumes of waste received from the manufacturing sector.

The integration of Chemsal, BCD Technologies and Waste Audit continues to plan. The contribution from these business units has enabled Toxfree to treat a greater variety of waste from all industry sectors across Australia. During the period our operations in New South Wales and Victoria were consolidated under one management structure. Our Management, Administration and Sales are now coordinated on a regional basis in each state.

In Queensland we have seen a significant downturn in volumes of waste produced by the galvanising market. A number of galvanising businesses scaled back their operations and One Steel closed its operations completely. This has impacted the company's ability to produce Sodic Soil Amendment Agent (SSAA) on a commercial basis. In 2008, Toxfree commenced production of SSAA in Queensland. At the time the volumes of galvanising waste (which is the raw ingredient of SSAA) were 5 times higher and the technology provided Toxfree with an environmentally sustainable competitive advantage in the market. It was Toxfree's objective to commercialise this technology in other States of Australia, however the downturn in the galvanising market as well as a number of other factors has made this technology commercially unviable. It is difficult to predict when or if the galvanising market in Australia will improve and because of this we have taken a conservative approach and decided to write-off the value of the patent during this half. Toxfree still owns the patent and if the market improves in Australia we may be able to resume production.

Unallocated Corporate EBIT | *Overview*

Unallocated Corporate Expenses increased by 27% to $10.5M*. Of these expenses, $2.7M related to regional overheads and the provision of health, safety and environmental services to our operations.

One-off expenses during the period included the SSAA patent write-off of $1.59M and a $1.27M reduction in the MMS contingent consideration. These transactions have been excluded from the operational commentary but are included in the statutory results.

Legal and acquisition costs of $0.2M were incurred in the period whilst insurance costs increased by $0.4M as insurance coverage was improved within the Group. Employee expenses increased by $0.7M which was associated with a larger regional management structure associated with the larger business. Corporate travel costs increased by $0.3M.

Overall unallocated corporate expenses of $10.5M* were 8% of revenue down from 9% on the prior comparable period.

*(*Normalised for non-operational adjustments – refer table 1 page 7 for further details)*

CASH FLOW AND STATEMENT OF FINANCIAL POSITION

Table 5 | Group Cash Flow

Group cash flow	**H1 ended 31 Dec 2012 $'000**	**H1 ended 31 Dec 2011 $'000**	**% change**
Gross operating cash flow	25,655	14,946	72%
Net interest paid	(2,462)	(1,234)	100%
Income taxes paid	(8,801)	(2,718)	224%
Net operating cash flows	**14,392**	**10,994**	**31%**
Payments for acquisition of businesses and intangibles	(4,892)	(15,106)	(68%)
Payments for held for sale investments	-	(806)	(100%)
Net purchases of property, plant and equipment	(12,862)	(5,487)	134%
Net investing cash flows	**(17,754)**	**(21,399)**	**(17%)**
Net proceeds from borrowings/(repayment of borrowings)	7,074	8,314	(15%)
Dividends paid	(4,613)	(2,895)	59%
Proceeds from the issue of share capital (net of capital raising costs)	36	28,375	(100%)
Net financing cash flows	**2,497**	**33,794**	**(93%)**
Net (decrease) / increase in cash	**(865)**	**23,389**	**(104%)**
Cash at the beginning of the half year	18,924	14,513	30%
Cash at the end of the half year	**18,059**	**37,902**	**(52%)**

Table 6 | Group Statement of Financial Position

Balance sheet	31 Dec 2012 $'000	30 June 2012 $'000	% change
Cash	18,059	18,924	(5%)
Trade and other receivables	61,497	52,731	17%
Inventories and work in progress	269	314	(14%)
Prepayments	2,284	2,265	1%
Tax assets	9,149	8,076	13%
Property, plant and equipment	102,445	96,673	6%
Intangibles	93,350	93,826	(1%)
Total assets	**287,053**	**272,809**	**5%**
Trade and other payables	29,979	28,714	4%
Loans and borrowings	73,679	66,605	11%
Employee benefits	5,803	4,158	40%
Tax liabilities	4,314	7,447	(42%)
Provisions	4,889	5,221	(6%)
Total liabilities	**118,664**	**112,145**	**6%**
Total equity	**168,389**	**160,664**	**5%**
Gross debt to equity	44%	41%	7%
Net debt to equity	33%	30%	10%

STRATEGY AND OUTLOOK

Toxfree's growth strategy is threefold:

1| **Hazardous Waste Services** - To be the leading provider of Hazardous and Industrial Waste Management Services in Australia,

2| **Industrial Services** - To be the leading provider of Industrial Services in Australia and obtain long term contracts with Blue Chip clients throughout Australia, and

3| **Waste Services** - Provide a full range of waste management services in regional areas primarily linked to the resource sector

During the period we have committed further resources into our business development team to focus on organic growth opportunities through award of total waste management and industrial service contracts. Our tender book remains at an all-time high and whilst all tenders are highly competitive we hope the Company's experience and commitment to providing our clients with the safest, most reliable and sustainable services result in some positive news in the near future.

The Company also remains focussed on assessing acquisitions that complement our strategy and provide an immediate base on which to integrate and expand our operations from. The acquisition of Absolute Liquid Waste and Racelog in Roma, the latter subsequent to 31 December 2012, are examples of this strategy.

The first half of financial year 2013 has started well and the Company is confident we can continue this performance into the remainder of financial year 2013.

We are committed to ensuring we provide safe, reliable and sustainable services to our clients and through this commitment, Toxfree will strengthen long term relationships with clients.

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

STEVE GOSTLOW
Managing Director

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTING PERIOD:	**HALF YEAR ENDED 31 DECEMBER 2012**
PREVIOUS CORRESPONDING REPORTING PERIOD:	**HALF YEAR ENDED 31 DECEMBER 2011**

		%		$'000
Revenue from ordinary activities	Up	43	to	131,623
Profit/(loss) from ordinary activities after tax attributable to members	Up	33	to	10,463
Net profit/(loss) for the period attributable to members	Up	33	to	10,463

Dividends

It is not proposed to pay an interim dividend (2012: a final dividend of $4,613K was paid in September 2012).

	31 December 2012 cents	31 December 2011 cents
Net tangible assets per security	64.69	86.80

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

Nil

Audit status

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

Your directors present their report on the consolidated entity consisting of Tox Free Solutions Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2012.

DIRECTORS

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

Robert McKinnon	*Independent Non-Executive Chairman*
Steve Gostlow	*Managing Director*
Douglas Wood	*Independent Non-Executive Director (resigned 28 August 2012)*
Richard (Dick) Allen	*Independent Non-Executive Director*
Michael Humphris	*Independent Non-Executive Director*
Katherine Hirschfeld	*Independent Non-Executive Director (appointed 11 January 2013)*

REVIEW OF OPERATIONS

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

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

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

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

ROBERT McKINNON
Chairman

Perth
26 February 2013

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

26 February 2013

The Board of Directors
Tox Free Solutions Limited
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 for the review of Tox Free Solutions Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	Half year 2012 $'000	Half year 2011 $'000
Revenue from continuing operations		131,623	92,188
Cost of sales	4	(90,870)	(63,782)
Gross profit		40,753	28,406
Other income	3	1,717	672
Finance income		213	234
Occupancy expenses		(2,760)	(1,910)
Administrative expenses	4	(22,359)	(14,457)
Finance expenses	4	(2,675)	(1,469)
Profit before income tax		14,889	11,476
Income tax expense		(4,426)	(3,612)
Profit after tax from continuing operations		10,463	7,864
Profit for the half year		10,463	7,864
Total comprehensive income for the half year		10,463	7,864
Profit is attributable to:			
Owners of Tox Free Solutions Limited		10,463	7,864
Total comprehensive income for the half year is attributable to:			
Owners of Tox Free Solutions Limited		10,463	7,864
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic earnings per share		9.06	8.06
Diluted earnings per share		8.96	7.74

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

	Notes	31 Dec 2012 $'000	30 Jun 2012 $'000
Current assets			
Cash and cash equivalents		18,059	18,924
Trade and other receivables		61,497	52,731
Inventories and work in progress		269	314
Prepayments		2,284	2,265
Total current assets		82,109	74,234
Non-current assets			
Property, plant and equipment		102,445	96,673
Intangible assets	11	93,350	93,826
Deferred tax assets		9,149	8,076
Total non-current assets		204,944	198,575
Total assets		287,053	272,809
Current liabilities			
Trade and other payables		29,979	28,714
Loans and borrowings	12	8,298	8,569
Employee benefits		5,711	3,648
Current tax liabilities		1,325	4,904
Provisions		4,889	5,221
Total current liabilities		50,202	51,056
Non-current liabilities			
Loans and borrowings	12	65,381	58,036
Employee benefits		92	510
Deferred tax liabilities		2,989	2,543
Total non-current liabilities		68,462	61,089
Total liabilities		118,664	112,145
Net assets		168,389	160,664
Equity			
Contributed equity	6	116,499	114,856
Reserves		6,252	6,020
Retained profits		45,638	39,788
Total equity		168,389	160,664

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

Consolidated	Notes	Contributed equity $'000	Share-based payments reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2011		70,087	5,195	26,957	102,239
Profit for the half year		-	-	7,864	7,864
Total comprehensive income for the half year		-	-	7,864	7,864
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	6	33,894	-	-	33,894
Employee share options	6	2,315	-	-	2,315
Share-based payments		-	456	-	456
Dividends paid	5	-	-	(2,895)	(2,895)
Balance at 31 December 2011		106,296	5,651	31,926	143,873
Balance at 1 July 2012		114,856	6,020	39,788	160,664
Profit for the half year		-	-	10,463	10,463
Total comprehensive income for the half year		-	-	10,463	10,463
Transactions with owners in their capacity as owners:					
Employee share options	6	1,643	(24)	-	1,619
Share-based payments		-	256	-	256
Dividends paid	5	-	-	(4,613)	(4,613)
Balance at 31 December 2012		116,499	6,252	45,638	168,389

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

Consolidated Statement of Cash Flows
For the half year ended 31 December 2012

	Notes	Half year 2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		138,771	84,609
Payments to suppliers and employees		(113,116)	(69,663)
Cash generated from operations		25,655	14,946
Interest received		213	219
Interest paid		(2,675)	(1,453)
Income taxes paid		(8,801)	(2,718)
Net cash inflow from operating activities		14,392	10,994
Cash flows from investing activities			
Payments for acquisition of businesses and intangibles	7	(4,892)	(15,106)
Payments for held-for-sale investments		-	(806)
Proceeds from the sale of property, plant and equipment		822	477
Acquisition of property, plant and equipment (gross)		(13,684)	(5,964)
Net cash (outflow) from investing activities		(17,754)	(21,399)
Cash flows from financing activities			
Proceeds from the issue of shares and other securities		36	28,375
Proceeds from borrowings		20,355	12,063
Repayment of borrowings		(13,281)	(3,749)
Dividends paid		(4,613)	(2,895)
Net cash inflow from financing activities		2,497	33,794
Net (decrease) increase in cash and cash equivalents		(865)	23,389
Cash and cash equivalents at the beginning of the half year		18,924	14,513
Cash and cash equivalents at the end of the half year		18,059	37,902

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

1 | BASIS OF PREPARATION OF HALF YEAR REPORT

Statement of Compliance
This general purpose financial report for the interim half year reporting period ended 31 December 2012 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting.*

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Tox Free Solutions Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Significant accounting judgements and estimates
The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2012.

2 | SEGMENT INFORMATION

(a) Description of segments
The Company has three segments. The three reportable segments are:

1. Hazardous Waste Services
2. Waste Services
3. Industrial Services

These services are currently provided only in Australia.

The Managing Director/Executive Team assess the performance of the operating segments based on a measure of EBIT. This measure excludes the effects of equity settled share-based payment transactions. Interest income and expenditure are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

Half year 2012	**Hazardous waste $'000**	**Industrial services $'000**	**Waste services $'000**	**Total $'000**
Total segment revenue	30,802	35,440	65,381	131,623
Inter segment revenue	-	-	-	-
Revenue from external customers	**30,802**	**35,440**	**65,381**	**131,623**
EBIT	**8,753**	**4,831**	**14,788**	**28,372**
Half year 2011				
Total segment revenue	15,758	34,168	42,262	92,188
Inter segment revenue	-	-	-	-
Revenue from external customers	**15,758**	**34,168**	**42,262**	**92,188**
EBIT	**5,204**	**5,773**	**10,255**	**21,232**
Total segment assets				
31 December 2012	91,001	56,522	103,427	250,950
Unallocated assets	-	-	-	-
Total segment assets	**91,001**	**56,522**	**103,427**	**250,950**
30 June 2012	90,627	51,570	89,415	231,612
Unallocated assets	-	-	-	-
Total segment assets	90,627	51,570	89,415	231,612

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

	Consolidated 2012 $'000	2011 $'000
EBIT	28,372	21,232
Finance costs	(2,675)	(1,469)
Share-based payment expense	(502)	(456)
Employee expenses	(5,890)	(5,183)
Insurance (costs) / over recovery	(146)	219
Travel costs	(854)	(554)
Other corporate costs	(2,936)	(2,300)
Business combination costs	(161)	(298)
Reduction to contingent consideration	1,267	-
Impairment losses	(2,131)	-
Write back of written down patent liabilities	545	-
Unrealised gain on listed shares	-	285
Profit before income tax from continuing operations	14,889	11,476

3 | OTHER INCOME

	Consolidated 2012 $'000	2011 $'000
Reduction to contingent consideration	1,267	-
Rental income	167	159
Net gain on disposal of property, plant and equipment	212	73
Unrealised gain on unlisted shares	-	285
Other	71	155
	1,717	672

4 | EXPENSES

Profit before income tax includes the following specific expenses:

	Consolidated	
	2012 $'000	2011 $'000
Depreciation and amortisation	10,124	7,190
Impairment loss – intangible assets*	2,131	-
Insurances	1,560	658
Labour costs	43,354	33,329
Motor vehicle expenses	8,377	6,265
Share-based payment expense**	502	456
Superannuation contributions	2,982	1,996
Travel expenses	2,849	1,654
Finance expenses includes:		
Interest paid	2,675	1,469

*The lack of waste volumes in the galvanising industry, which is the raw material for the production of Sodic Soil Amendment Agent (SSAA), along with a number of other factors forced the Company to cease production of SSAA and therefore the Company decided to write off the remaining carrying value of the patents used to manufacture SSAA.

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

5 | DIVIDENDS

A final dividend of $4,613K was paid during the half year (2011: $2,895K).

6 | EQUITY SECURITIES ISSUED

	2012 Shares	2011 Shares	2012 $'000	2011 $'000
Issue of ordinary shares during the half year				
Exercise of share options issued under the Tox Free Solutions Ltd Employee Share Option Plan (ESOP)	688,250	1,123,500	1,643	2,315
Issue of ordinary shares for business combination	-	3,832,904	-	8,000
Issue of ordinary shares under the institutional placement	-	13,503,726	-	25,894
	688,250	18,460,130	1,643	36,209

7 | BUSINESS COMBINATIONS

Current period

On 10 December 2012 Toxfree announced it had successfully completed the acquisition of Absolute Liquid Waste Services (Absolute) based in Toowoomba, Queensland. The acquisition of Absolute provides Toxfree with a new geographic presence to complement the existing services in Roma, and it also provides access to Absolute's blue chip client base throughout the CSG sector in the Surat Basin, Queensland. It will also assist Toxfree in realising its strategy to provide total waste management and industrial services for the oil and gas and mining sector throughout Australia.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	4,915
Liabilities taken over	(23)
Total Purchase consideration	4,892

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $'000
Plant and equipment	2,453
Intangible assets: Customer contracts	472
Employee Entitlements	(33)
Provision for income tax	10
Net identifiable assets acquired	2,902
Add: Goodwill	1,990
	4,892

The goodwill is attributable to the blue chip client base in the area and the potential growth expected for the region through the introduction of further industrial and waste services, as well as the synergies with the Group's other operations in Roma. None of the goodwill is expected to be deductible for tax purposes.

The Group has reported provisional amounts for goodwill, customer contracts and plant and equipment acquired as part of the purchase of Absolute.

(i) *Acquisition-related costs*
Acquisition-related costs for the acquisition of Absolute of $0.02M are included in administrative expenses in profit or loss.

(ii) *Revenue and profit contribution*
The acquired businesses contributed revenues of $0.25M and net profit of $0.03M to the Group from the date of acquisition to 31 December 2012.

8 | CONTINGENCIES

There has been no change in the contingent assets or contingent liabilities of the Group since 30 June 2012.

9 | EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Acquisition of the business assets of Racelog Pty Ltd

On 1 February 2013, the Board of Toxfree completed the due diligence and the settlement for the assets of Racelog Pty Ltd. Toxfree will acquire all assets of the company by way of Sale Deed. The assets will include plant and equipment, goodwill, business names, licenses, permit approvals and registration necessary for the business, and all intellectual property.

The purchase price for the business assets of Racelog is $3.25 million.

Racelog is a local solid waste services provider in Roma in central Queensland. It services the local commercial sector, coal seam gas sector, drilling companies and the local market.

The determined fair values of the assets and liabilities as at the date of acquisition are as follows:

Assets	**Fair Value $'000**
Plant and equipment	1,600
Net identifiable assets	1,600
Intangible asset	1,650
Total purchase price	3,250

Components of purchase consideration

Cash paid and total consideration	3,250

Contingent Consideration

There is no contingent consideration to be paid.

Appointment of Director

On 11 January 2013, Katherine Hirschfeld was appointed a Non-Executive Director replacing Douglas Wood who had resigned on 28 August 2012.

No other matters or circumstances have arisen in the interval between the 31 December 2012 and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

10 | RELATED PARTY TRANSACTIONS

Funding

At 31 December 2012, the Company had $1,583K owed to it by key management personnel to fund the conversion of share options awarded as part of the Long Term Incentive (2011: $1,720K for the funding of share options during a blackout period issued to Key Management Personnel). Interest of 6.12% per annum is payable on these loans. The loans are expected to be repaid within 12 months.

Rights

On 3 October 2012, 110,969 performance rights and 436,917 share appreciation rights were granted to Key Management Personnel under the Executive LTI Plan. The rights vest on 30 June 2015. Additionally, on 14 November 2012, 55,809 performance rights and 219,734 share appreciation rights were granted to the Managing Director Mr S Gostlow under the Executive LTI Plan. The rights vest on 30 June 2015. The grant was approved by the shareholders at the Annual General Meeting which was held on 14 November 2012.

The above grants made under the Executive LTI Plan will vest subject to the satisfaction of Relative Total Shareholder Return (TSR) (50% of the grant) and Absolute Earnings Per Share (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 that other hurdle is not met.

The valuation of the Rights is based on an adjusted form of the Black Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation model to value the TSR right. The Monte Carlo model has been modified to incorporate an estimate of the probability of achieving the TSR hurdle and the number of associated Rights vesting.

Key Assumptions made at Grant date and at 31 December 2012 are summarised below:

Key Assumption	**At Grant Date for New Issues**		**At 31 December 2012 – Valuation Date**		
Date of Grant	3 Oct 12	14 Nov 12	24 Nov 11	3 Oct 12	14 Nov 12
Share Price	2.69	2.96	2.95	2.95	2.95
Effective Exercise Price (SAR's only)	2.66	2.84	2.10	2.66	2.84
Annualised Volatility (mid-point)	27.5%	27.5%	27.5%	27.5%	27.5%
Annual Dividend Yield	1.5%	1.5%	1.5%	1.5%	1.5%
Risk Free Rate	2.34%	2.56%	2.64%	2.67%	2.67%

The share-based payment expense to 31 December 2012 was $502K (2011 $456K).

11| INTANGIBLES

	31 Dec 2012 $'000	30 Jun 2012 $'000
At 1 July		
Cost	94,813	29,905
Accumulated impairment	(987)	-
Net book amount	93,826	29,905
Half-year ended 31 December		
Opening net book amount	93,826	29,905
Customer contracts acquired	472	-
Goodwill acquired during acquisition of businesses (see note 7)	1,990	64,908
Amortisation and impairments	(2,938)	(987)
Closing net book amount	93,350	93,826
At 31 December		
Cost	97,276	94,813
Accumulated amortisation and impairments	(3,926)	(987)
Net book amount	93,350	93,826

12 | LOANS AND BORROWINGS

As at 31 December 2012, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities	**Less than 12 months**	**Between 2 and 5 years**	**Over 5 years**	**Contractual cash flows**	**Carrying amount liabilities**
At 31 December 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives					
Trade payables and other payables	29,979	-	-	29,979	29,979
Borrowings (excluding finance leases)	3,066	64,344	-	67,410	57,666
Finance lease liabilities	6,324	11,545	404	18,273	16,013
Total non-derivatives	39,369	75,889	404	115,662	103,658

Contractual maturities of financial liabilities	**Less than 12 months**	**Between 2 and 5 years**	**Over 5 years**	**Contractual cash flows**	**Carrying amount liabilities**
At 30 June 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives					
Trade payables and other payables	28,714	-	-	28,714	28,714
Borrowings (excluding finance leases)	3,093	53,300	-	56,393	48,611
Finance lease liabilities	6,912	13,524	1,872	22,308	17,994
Total non-derivatives	38,719	66,824	1,872	107,415	95,319

In the directors' opinion:

a) The financial statements and notes set out on pages 19 to 31 are in accordance with the *Corporations Act 2001*, including:

   (i) Complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date, and

b) There are reasonable grounds to believe that Tox Free Solutions Ltd will be able to pay its debts as and when they become due and payable.

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

ROBERT McKINNON
Chairman

Perth
26 February 2013

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tox Free Solutions Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tox Free Solutions Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien
Director

Perth, Western Australia
Dated this 26th day of February 2013