

16 August 2010

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

Dear Sir / Madam

**APPENDIX 4E
PRELIMINARY RESULTS FOR THE YEAR ENDED 30 JUNE 2010**

Tox Free Solutions Limited (**Tox Free**) is pleased to present Appendix 4E containing details of Tox Free's financial results for the year ended 30 June 2010.

Yours faithfully
TOX FREE SOLUTIONS LIMITED

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

DAVID McARTHUR
Company Secretary

Results Commentary | 30 June 2010

Key points

- Revenue up 11.8% to \$98.6M (FY09 = \$88.2M)
- EBITDA up 11.5% to \$25M* (FY09 = \$22.4M*)
- EBIT up 10.9% to \$16M* (FY09 = \$14.5M*)
- NPAT up 24.3% to \$9.2M* (FY09 = \$7.4M*)
- Interest cover = 5.05 times (EBIT)
- Gross operating cash flow of \$24.0M, 96.2% of EBITDA
- Equity raising - \$25 million raised through institutional placement (\$20M) and share purchase plan (\$5M)
- Cash at bank of \$17.8M
- Long Term Contracts - \$78 M of additional contracted revenue over the next 3 years awarded during the period
- Successful acquisition of Envirochem Technologies for \$3.1M in May 2010
- Maiden dividend of 2 cents per share fully franked, representing 20%* *payout ratio* of full year profit

Summary of results

Tox Free Solutions (Tox Free) is pleased to announce revenue for the 2010 financial year was \$98.6M an increase of 11.8% compared to the previous corresponding financial year (2009: \$88.2M). Earnings (EBITDA) increased by 11.5% to \$25.0M* (2009: \$22.4M*) before depreciation expense of \$8.9M and financial expenses of \$2.9M. EBIT increased by 10.9% to \$16.0M* compared to the previous corresponding financial year (2009: \$14.5M*).

The net profit of the Group for the financial year ended 30 June 2010 increased by 24.3% to \$9.2M* (2009: \$7.4M*) which includes income tax expense of \$3.8M.

Over the last 12 to 18 months, Tox Free has made significant investment in its management team and management systems to set the foundations to accommodate the next growth phase in the Company's development. The revenue from recently awarded contracts will further improve earnings in financial year 2011.

During the period Tox Free was awarded four major long term contracts worth an additional \$78 M in revenue over the next 3 years. Contracted revenue has increased from 15% to 36% during the period, which will continue to reduce the seasonality of the business and maintain consistent earnings.

Tox Free firmly believe the award of any long term contracts is only the first step in creating value for our shareholders. The ongoing commitment to our client's success through delivery of safe and reliable waste and industrial services to our clients is aimed at cementing our relationship for the long term.

Tox Free has a significant pipeline of contacts that will contribute to earnings in financial year 2011 and beyond. The Company has cash reserves available and strong balance sheet to continue its growth strategy through organic growth of our existing divisions, further contract award and acquisitions of businesses that meet our Corporate Strategy.

The Board is pleased to announce the payment of Tox Free's first fully franked dividend. The 2 cent per share dividend represents a 20%* return of FY10 net profit to our shareholders.

* Excludes share based payments

Table 1 | Group Results

	30 June 2010 \$'000	30 June 2009 \$'000	% change
Revenue	98,686	88,198	11.8%
EBITDA*	25,024	22,432	11.5%
Depreciation	(8,972)	(7,577)	18.4%
EBIT*	16,051	14,467	10.9%
Net interest	(2,261)	(3,753)	-39.7%
Profit before tax*	13,133	10,714	22.5%
Income tax expense	(3,863)	(3,261)	18.4%
Profit after tax*	9,270	7,454	24.3%
Earnings per share (cents)	9.25	9.29	-0.4%
Weighted average number of shares on issue (million)	86	76	13.1%

*Before share based payments of \$1,306K (2009: \$407K)

Table 2 | Divisional Revenue

	30 June 2010 \$'000	30 June 2009 \$'000	% change
Industrial services	52,740	54,512	-3.2%
Solid waste	21,091	8,911	136.6%
Hazardous waste	14,308	10,662	34.1%
Liquid waste	10,546	14,113	-25.2%
Total consolidated revenue	98,686	88,198	11.8%

Table 3 | Divisional EBIT

	30 June 2010 \$'000	30 June 2009 \$'000	% change
Industrial services	6,883	6,853	0.4%
Solid waste	6,136	2,716	125.9%
Hazardous waste	6,430	4,463	44.0%
Liquid waste	3,800	5,293	-28.2%
Unallocated corporate EBIT*	(7,198)	(4,858)	48.1%
Total consolidated EBIT*	16,051	14,467	10.9%

**Before share based payments of \$1,306K (2009: \$407K)*

Review of operations

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



Health and safety | Tox Free ‘Harmfree’ Vision

Tox Free’s continued focus on safety as a core foundation for everything we do was further reinforced this year through Board and Executive approval on our national QUEST strategy. The strategy provides a clear focus on the reduction of risk in the workplace and continued, measurable reduction in all incidents.

Tox Free is proud to advise there have been no Lost Time Injuries (LTI’s) throughout the entire group this financial year. Our Lost Time Injury Frequency Rate is Zero and has trended downward consistently since 2005. Our leadership team, managers and front line staff continue to promote a safety culture where the safety of our employees and all stakeholders is more than a priority it is an absolute given.

Areas of Harmfree focus this financial year (FY11) include:

- Continued safety leadership training for all management, supervisors and front line staff
- Continued implementation of Tox Free’s Quality, Environment, Safety and Training management system (QUEST)
- Workplace risk reduction
- Staff training and competency

The Executive and Technical Services team continue to ensure our QUEST system is continuously updated to meet the current needs of the business.

Industrial services | Description

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

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

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

Industrial services | Operational update

Industrial services activity during the period was steady and in line with the previous financial year. There was growth within the Pilbara region as a result of the strong economic climate in the region whilst revenues from the east coast were lower than the previous financial year as a result of the closure of the Adelaide and Canberra depots and divestment of the Melbourne based municipal street sweeping services.

The most significant events during the later part of the financial year were the award of a contract with Rio Tinto Iron Ore Operations, Murrin Murrin Nickel Refinery and Boral Cement.

Industrial services | Rio Tinto

Award date	1 May 2010
Revenue per annum	\$7 M (approximate revenue based on service schedule)
Contract term (years)	3 + 2
Scope of services	Rio Tinto Iron Ore - Pilbara Operations Hydrocarbon waste management and recycling Industrial cleaning and waste collection Solid waste management and recycling (coastal) Waste tracking and reporting Waste hydrocarbon remediation

Industrial services | Murrin Murrin

Award date	1 July 2010
Revenue per annum	\$6 M (approximate revenue based on service schedule)
Contract term (years)	5
Scope of services	Murrin Murrin Nickel Refinery Industrial services Vacuum loading High pressure cleaning Catalyst handling

Industrial services | Boral Cement

Award date	1 July 2010
Revenue per annum	\$2 M (approximate revenue based on service schedule)
Contract term (years)	2 + 1
Scope of services	Services provided to five Boral cement facilities in NSW and Victoria Industrial services Vacuum loading High pressure cleaning

The award of the Boral Cement contract represents a significant step in the transition of East Coast industrial services, provided under Barry Bros. to our target industry where there is an opportunity to obtain long term contracts. This will continue to be a focus point in financial year 2011.

With the commencement of the above contracts it is expected industrial services revenues will increase significantly during financial year 2011 and beyond.

Resources are focused on further award of contracts to the oil and gas, mining and heavy manufacturing sector throughout Australia.

Solid waste management | Description

Solid waste services are provided throughout the Kimberley and Pilbara regions of Western Australia. Solid Waste Management includes the collection, resource recovery, recycling and disposal of solid municipal and commercial wastes.

Solid waste management | Operational update

The solid waste division grew significantly during the period with revenue increasing by 136.6% to \$21.0 M and earnings (EBIT) by 125.9% to \$6.1 M.

In October 2009, Tox Free was successful in the award of a contract with Toll Energy to manage waste produced from the Gorgon LNG Project on Barrow Island. The contract is performing very well and the efforts of our management and front line staff have been praised by our client. As construction continues, Tox Free expect further growth from this division.

Solid waste services are also provided to Rio Tinto and Woodside throughout their coastal operations in Karratha. Tox Free's relationship with Woodside continues to strengthen. This is reflected through the addition of waste management services for the new Woodside Pluto LNG plant being added to Tox Free's existing contract with Woodside. This is scheduled to commence in the third quarter of financial year 2011.

Continued growth is expected in the solid waste sector as Tox Free expands into the Australian solid waste market estimated to be approximately \$8 billion in revenue and growing at average of 4% pa.

With the second stage expansion of the Pilbara Resource Recovery Centre in Karratha underway, Tox Free is well placed to manage the expected growth in waste volumes from the growing resource sector in the Pilbara region.

Hazardous and liquid waste management | Description

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

Hazardous and liquid waste management | Operational update

Volumes of hazardous waste processed through all facilities increased during the period with revenue increasing by 34.1% to \$14.3 M on an EBIT margin of 45%. Tox Free's Brisbane facility was the standout performer during the period with above forecast profits being achieved. Brisbane has continued to build its market presence with expansion of services into the Surat and Bowen basin regions of South West Queensland.

Hazardous waste services at Tox Free's Kwinana facility were steady and in line with budget expectations.

The acquisition of Envirochem Technologies (Envirochem) in May 2010 was another significant step in the implementation of Tox Free's corporate strategy. Tox Free now has a suite of hazardous waste management facilities Australia wide. The integration of Envirochem with the rest of the Tox Free group has been extremely successful. There have been a number of customer synergies realized from the existing client base in Melbourne and Sydney which have already demonstrated improvement in the financial performance of both Envirochem and Barry Bros.

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

Volumes of liquid waste decreased compared to the previous financial year. This is attributed to slower economic conditions which have negatively impacted the manufacturing sector. As economic conditions improve it is expected volumes of liquid waste received from the manufacturing sector will also increase.

Cash flow and balance sheet

The Group has an extremely strong balance sheet with cash of \$17.8M on hand and net debt of only \$13M. During the year \$6.4M of debt was repaid and the group had net debt to equity of 15% down from 61% at June 2009. The Group is well placed to continue its growth by a combination of organic means, future contract wins and strategic acquisitions.

Net capital expenditure increased to \$21M (\$9.7M in 2009) predominantly to fund the mobilisation of new contracts. In 2010 Debtors increased by 14.1% to \$25M over 2009 level of \$22M. This was slightly higher than the revenue growth of 11.8% which reflects higher proportion of slower paying (but more secure) contract customers.

Gross operating cash flows represented 96.2% of EBITDA for the financial year, which demonstrates the Company's continued focus on working capital management.

Table 4 | Group Statement of Cash Flow

	30 June 2010 \$'000	30 June 2009 \$'000	% change
Gross operating cash flow	24,076	18,545	29.8%
Net interest paid	(2,261)	(3,627)	-37.6%
Income taxes paid	(4,196)	(5,098)	-17.6%
Net operating cash flows	17,618	9,819	79.4%
Net purchases of property, plant and equipment	(20,973)	(9,733)	115.4%
Net payment for businesses acquired	(2,790)	(10,430)	-73.2%
Net investing cash flows	(23,763)	(20,163)	17.8%
Net proceeds from/(repayment of) borrowings	(6,393)	701	190.1%
Proceeds from the issue of share capital (net of capital raising costs)	25,855	12,616	104.9%
Net financing cash flows	19,462	13,317	46.1%
Net increase/(decrease) in cash	13,317	2,973	347.9%
Cash at the beginning of the year	4,576	1,603	185.4%
Cash at the end of the year	17,894	4,576	291.0%

Table 5 | Group Statement of Financial Position

	30 June 2010 \$'000	30 June 2009 \$'000	% change
Cash	17,893	4,576	291.0%
Trade and other receivables	25,215	22,083	14.1%
Inventories	434	142	206.3%
Prepayments	329	1,017	-67.6%
Tax assets	1,791	1,791	-
Property, plant and equipment	58,628	46,655	25.6%
Intangibles	27,490	25,024	9.8%
Total assets	131,782	101,288	30.1%
Trade and other payables	9,851	7,722	27.5%
Loans and borrowings	31,072	37,464	-17.0%
Employee benefits	2,055	1,819	13.0%
Tax liabilities	204	942	-72.4%
Total liabilities	43,236	48,002	-9.9%
Total equity	88,546	53,288	66.1%
Net debt	13,177	32,888	-59.9%
Net debt to equity	15%	61%	

Outlook

Financial year 2010 was a significant year in the continued implementation of the Tox Free's corporate strategy. This can be evidenced through the award of over \$78 M in long term contracts with a number of blue chip clients Australia wide.

During financial year 2011, the revenue associated with contracts will significantly contribute to earnings over the next 3 – 5 years. We are committed to ensuring we provide the safest and best services to our clients. Through this commitment, Tox Free expect to strengthen the relationship with our clients for the long term.

Focus areas in financial year 2011 include: business development and further contract award throughout Australia, technology upgrades and operational synergies. As our management information systems continue to develop the Company expects further synergy will continue to be realised.

Summary of developments that will contribute to financial year 2011 earnings include:

- Toll Energy (Barrow Island) waste management contract
- Contribution from the recently awarded Rio Tinto contract
- Contribution from the recently awarded Murrin Murrin Nickel Refinery contract
- Contribution from the Boral Cement contract
- Contribution from the recent acquisition of Envirochem
- Woodside Pluto Waste Management contract
- Further improvement in operational performance of industrial services
- Further award of contracts presently being tendered
- Organic growth in all divisions

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



STEVE GOSTLOW
Managing Director

APPENDIX 4E – PRELIMINARY FINAL REPORT

Results for announcement to the market

For the year ended 30 June 2010

Previous corresponding period: year ended 30 June 2009

				\$'000
Revenue from ordinary activities	up	11.8%	to	98,686
Profit/(loss) from ordinary activities after tax attributable to members	up	13.0%	to	7,964
Net profit/(loss) for the period attributable to members	up	13.0%	to	7,964

Dividends

It is proposed to pay a fully franked dividend of 2 cents per share before the end of this calendar year.

	30 June 2010 cents	30 June 2009 cents
Net tangible assets per security	66.73	35.71

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

During the period the Company acquired the business assets of Envirochem Technologies Pty Ltd (2009: no control gained or lost). Refer to note 3 to the attached financial statements for more information pertaining to this acquisition.

	30 June 2010 cents	30 June 2009 cents
Earnings per share	9.25	9.29
Diluted earnings per share	9.12	9.12

Audit status

This report is based on accounts which have been audited.

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Consolidated Statement of Comprehensive Income | for the year ended 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
Revenue	4	98,686	88,198
Cost of sales	6	(66,097)	(57,607)
Gross profit		32,589	30,591
Other income		866	182
Finance income	5	657	227
Occupancy expenses		(2,413)	(1,770)
Administrative expenses	6	(16,954)	(15,170)
Finance expenses	5	(2,918)	(3,753)
Profit before income tax		11,827	10,307
Income tax expense	7	(3,863)	(3,261)
Profit from continuing operations		7,964	7,047
Profit for the period		7,964	7,047
Total comprehensive income for the period		7,964	7,047
Earnings per share		Cents	Cents
Basic earnings per share		9.25	9.29
Diluted earnings per share		9.12	9.12

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

Consolidated Statement of Financial Position | as at 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
ASSETS			
Cash and cash equivalents	8a	17,893	4,576
Trade and other receivables	9	25,215	22,083
Inventories	10	434	142
Prepayments		331	1,017
Deferred tax assets	7	1,001	1,001
Total current assets		44,874	28,819
Deferred tax assets	7	790	790
Property, plant and equipment	11	58,628	46,655
Intangibles	12	27,490	25,024
Total non-current assets		86,908	72,469
TOTAL ASSETS		131,782	101,288
Liabilities			
Trade and other payables	13	9,851	7,722
Loans and borrowings	14	17,630	3,595
Employee benefits		1,961	1,713
Current tax payable		204	942
Total current liabilities		29,646	13,972
Loans and borrowings	14	13,442	33,869
Employee benefits		93	106
Deferred tax liability	7	55	55
Total non-current liabilities		13,590	34,030
TOTAL LIABILITIES		43,236	48,002
NET ASSETS		88,546	53,288
EQUITY			
Share capital	15	68,015	42,027
Reserves		3,604	2,297
Retained earnings		16,927	8,963
TOTAL EQUITY		88,546	53,288

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

Consolidated Statement of Cash Flows | for the year ended 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
Cash flows from operating activities			
Cash receipts from customers		97,767	83,611
Cash paid to suppliers and employees		(73,691)	(65,065)
Cash generated from operations		24,076	18,545
Interest received		657	227
Interest paid		(2,918)	(3,854)
Income taxes paid		(4,197)	(5,098)
Net cash from/(used in) operating activities	8b	17,618	9,819
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		796	-
Acquisition of subsidiary or businesses, net of cash acquired	3	(2,790)	(10,430)
Acquisition of property, plant and equipment		(21,769)	(9,733)
Net cash from/(used in) investing activities		(23,763)	(20,163)
Cash flows from financing activities			
Proceeds from the issue of share capital		25,855	12,616
Proceeds from borrowings		1,000	13,999
Repayment of borrowings		(7,393)	(13,298)
Net cash from/(used in) financing activities		19,462	13,317
Net increase/(decrease) in cash and cash equivalents		13,317	2,973
Cash and cash equivalents at 1 July		4,576	1,603
Cash and cash equivalents at 30 June		17,893	4,576

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

Consolidated Statement of Changes in Equity | for the year ended 30 June 2010

	Notes	Contrib. equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2009		42,027	2,297	8,963	53,288
Total comprehensive income for the year		-	-	7,964	7,964
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	15	25,968	-	-	25,968
Employee share options (net of cancellations)		-	1,307	-	1,307
Balance at 30 June 2010		68,015	3,604	16,927	88,546
Balance at 30 June 2008					
Total comprehensive income for the year as reported in the 2009 financial statements		29,286	1,962	1,843	33,092
Adjustment on correction of error	17	-	-	(579)	(579)
Restated total comprehensive income for the year		-	-	(7,047)	(7,047)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	15	12,741	-	-	12,741
Employee share options (net of cancellations)		-	334	73	407
Balance at 30 June 2009		42,027	2,297	8,963	53,288

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

Notes to the Consolidated Financial Statements | for the year ended 30 June 2010**Note 1 | Reporting entity**

Tox Free Solutions Limited (the Company) is a company domiciled in Australia. The address of the Company's registered office is suite 1A, 1050 Hay Street West Perth WA 6872. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group primarily is involved in the provision of industrial cleaning and waste management.

Note 2 | Segment information**(a) Description of segments**

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

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

These services are currently provided in Australia only.

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

	Liquid waste	Hazardous waste	Solid waste	Industrial services	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2010					
Total segment revenue	14,586	15,309	21,747	55,147	106,789
Inter segment revenue	4,040	1,001	656	2,407	8,104
Revenue from external customers	10,546	14,308	21,091	52,740	98,686
EBIT	3,800	6,431	6,136	6,883	23,250
30 June 2009					
Total segment revenue	14,113	10,662	8,911	54,512	88,198
Inter segment revenue	-	-	-	-	-
Revenue from external customers	14,113	10,662	8,911	54,512	88,198
EBIT	5,293	4,463	2,716	6,853	19,325
Segment assets					
30 June 2010					
Unallocated assets	-	-	-	-	-
Total segment assets	15,009	17,753	31,670	43,410	107,843
30 June 2009					
Unallocated assets	-	-	-	-	-
Total segment assets	20,561	18,864	17,082	56,071	112,578
Segment liabilities					
30 June 2010					
Unallocated liabilities	-	-	-	-	-
Total segment liabilities	1,179	1,657	2,582	14,398	19,816
30 June 2009					
Unallocated liabilities	-	-	-	-	-
Total segment liabilities	2,013	1,529	1,174	19,845	24,557

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

	Consolidated	
	2010	2009
	\$'000	\$'000
EBIT	23,250	19,325
Finance costs (net)	(2,918)	(3,363)
Share options granted to directors and employees	(1,306)	(345)
Employee expenses	(4,007)	(2,333)
Business combination costs	(41)	-
Other corporate costs	(3,150)	(2,977)
Profit before income tax from continuing operations	<u>11,827</u>	<u>10,307</u>

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

	Consolidated	
	2010	2009
	\$'000	\$'000
Segment assets	107,843	112,578
Intersegment eliminations	-	(11,290)
Unallocated assets:		
Cash and cash equivalents	17,894	-
Other receivables	102	-
Inventories	435	-
Prepayments	329	-
Deferred tax assets	1,791	-
Property, plant and equipment	3,388	-
Intangibles	-	-
Total assets per the Statement of Financial Position	<u>131,782</u>	<u>101,288</u>

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

	Consolidated	
	2010	2009
	\$'000	\$'000
Segment liabilities	19,816	24,557
Intersegment eliminations	-	-
Unallocated liabilities:		
Other payables	1,493	-
Loans and borrowings	19,612	20,629
Employee benefits	2,055	1,819
Current tax payable	204	942
Deferred tax liability	55	55
Total assets per the Statement of Financial Position	<u>43,236</u>	<u>48,002</u>

Note 3 | Acquisitions of subsidiaries and business assets

Envirochem Technologies Pty Ltd

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

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

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

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

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

	Carrying amount \$'000	Fair value \$'000
Property, plant and equipment	646	646
Net identifiable assets and liabilities	646	646
Business licenses	-	2,486
Total purchase price	646	3,132
Components of purchase consideration		
Cash paid		3,000
Share capital issued – 55,000 shares @ \$2.40		132
Total purchase consideration		3,132

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

Note 4 | Revenue

	Notes	Consolidated 2010 \$'000	2009 \$'000
Services rendered		98,686	88,198

Note 5 | Finance income and expenses

	Notes	Consolidated 2010 \$'000	2009 \$'000
Recognised in profit and loss			
Interest income on bank deposits		657	227
Total finance income		657	227
Interest expense on financial liabilities measured at amortised cost		(2,918)	(3,753)
Total finance expense		(2,918)	(3,753)
Net finance income and expense		(2,261)	(3,526)

Note 6 | Profit for the year

Profit for the year includes the following items:

	Consolidated	
Notes	2010	2009
	\$'000	\$'000
Gross profit for the year includes the following items:		
Depreciation of non-current assets	8,509	7,295
Share based payment expense	51	63
Administrative expenses for the year includes the following items:		
Depreciation of non-current assets	463	283
Share based payment expense	1,255	345
Employee expenses	8,899	8,895
Impairment of assets	-	1,102
Insurances	399	657

Note 7 | Income tax expense

	Consolidated	
	2010	2009
	\$'000	\$'000
Income tax expense		
Current tax	3,863	3,661
Deferred tax	-	(960)
Under/(over) provision in prior years	-	560
Income tax expense from continuing operations	3,863	3,261
Deferred income tax expense/(revenue) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	-	(970)
(Decrease)/increase in deferred tax liabilities	-	10
	-	(960)

	Consolidated	
	2010	2009
	\$'000	\$'000
Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit/(loss) for the period	11,827	10,307
Tax at Australian tax rate of 30%	3,548	3,072
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Entertainment	11	19
Share based payments	320	-
Other	16	(306)
Investment allowance	(84)	-
	3,811	2,785
Adjustment for current tax of prior periods	-	560
Previously unrecognized temporary differences used to reduce deferred tax expense	-	153
Previously unrecognized timing differences now recouped to increase/(reduce) current tax expense	(51)	(239)
	3,760	3,260
Amounts recognized directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognized in net profit or loss but directly debited or credited to equity:		
Current tax	-	-
Net deferred tax	-	125
	-	125
Deferred tax assets		
The balance comprises differences attributable to:		
<i>Charged to income statement:</i>		
Property, plant and equipment	536	536
Employee benefits	752	752
Others	251	251
Share issue costs	107	107
Borrowing costs	18	18
<i>Charged to equity:</i>		
Share issue costs	125	125
	1,791	1,791
Deferred tax assets to be recovered within 12 months	1,000	1,000
Deferred tax assets after 12 months	790	790
	1,791	1,791

	Consolidated	
	2010	2009
	\$'000	\$'000
Movements		
Opening balance	1,791	157
Charged/(credited) to income statement	-	1,509
Charged/(credited) to equity	-	125
Closing balance	<u>1,791</u>	<u>1,791</u>
Deferred tax liabilities		
The balance comprises differences attributable to:		
<i>Charged to income statement:</i>		
Property, plant and equipment	55	55
Others	-	-
	<u>55</u>	<u>55</u>
Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities after 12 months	55	55
Movements		
Opening balance	55	45
Charged/(credited) to income statement	-	10
Charged/(credited) to equity	-	-
Closing balance	<u>55</u>	<u>55</u>

Note 8a | Cash and cash equivalents

	Consolidated	
	2010	2009
	\$'000	\$'000
Bank balances	<u>17,893</u>	<u>4,576</u>
Cash and cash equivalents in the cash flow statement	<u>17,893</u>	<u>4,576</u>

Note 8b | Reconciliation of cash flows from operating activities

	Consolidated	
	2010	2009
	\$'000	\$'000
Profit/(loss) for the period	7,964	7,047
<i>Adjustments for:</i>		
Depreciation	8,973	7,577
Profit/(loss) on sale of fixed assets	140	-
Equity settled share based payment transactions	1,306	407
Operating profit/(loss) before changes in working capital and provisions	18,383	15,031
Change in trade and other receivables	(3,131)	(4,420)
Change in inventories	(292)	(71)
Change in prepayments	688	(223)
Change in trade and other payables and provisions	2,522	2,628
Change in tax assets and liabilities	(552)	(3,126)
Net cash from/(used in) operating activities	17,618	9,819

Note 9 | Trade and other receivables

	Consolidated	
	2010	2009
	\$'000	\$'000
Trade receivables	24,644	22,776
Provision for impairment of receivables	(699)	(716)
Promissory note (Remtech)	-	386
Impairment of promissory note (Remtech)	-	(386)
Other receivables	1,270	23
	25,215	22,083

Note 10 | Inventories

	Consolidated	
	2010	2009
	\$'000	\$'000
Raw materials and consumables	434	142
	434	142

Note 11 | Property, plant and equipment

	Land and buildings	Leasehold improvements	Plant and equipment (inc. vehicles)	Total
	\$'000	\$'000	\$'000	\$'000
Cost or deemed cost				
Balance at 1 July 2009	4,600	1,064	70,494	76,158
Additions	2,990	14	18,764	21,768
Disposals	-	-	(4,679)	(4,679)
Transfers and reclassifications	873	(974)	(255)	(356)
Acquisitions through business combinations	-	-	646	646
Balance at 30 June 2010	8,463	104	84,970	93,537
Balance at 30 June 2009				
Balance at 1 July 2008	4,584	250	29,926	31,760
Additions	16	814	8,468	9,298
Disposals	-	-	(5,084)	(5,084)
Acquisitions through business combinations	-	-	40,184	40,184
Balance at 30 June 2009	4,600	1,064	70,494	76,158
Accumulated depreciation				
Balance at 1 July 2009	367	237	28,889	29,493
Acquisitions through business combinations	-	-	-	-
Transfers and reclassifications	173	(237)	(44)	(107)
Depreciation for the year	145	-	8,827	8,973
Disposals and write (downs)/ups	-	-	(3,448)	(3,448)
Balance at 30 June 2010	685	-	34,224	34,911
Balance at 30 June 2009				
Balance at 1 July 2008	272	76	8,046	8,394
Acquisitions through business combinations	-	24	18,846	18,870
Depreciation for the year	95	137	7,345	7,577
Disposals and write (downs)/ups	-	-	(5,348)	(5,348)
Balance at 30 June 2009	367	237	28,889	29,493

	Land and buildings	Leasehold improvements	Plant and equipment (inc. vehicles)	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amounts				
At 1 July 2009	4,233	827	41,605	46,665
At 30 June 2010	7,779	104	50,745	58,628
At 1 July 2008	4,312	174	18,880	23,366
At 30 June 2009	4,233	827	41,605	46,665

Note 12 | Intangibles

	Consolidated	
	2010	2009
	\$'000	\$'000
Goodwill		
Balance at 1 July	25,024	23,288
Acquisition through business combinations	-	1,736
Other adjustments	(20)	-
Balance at 30 June	25,004	25,024
Business licenses		
Balance at 1 July	-	-
Acquisition through business combinations	2,486	-
Balance at 30 June	2,486	-
Total intangibles	27,490	25,024

As prescribed in *AASB 138*, goodwill and other separable identifiable intangibles are not amortised. Rather they are tested for indications of impairment on an annual basis. No impairment losses were recognized against intangibles during the financial year (2009: nil).

Impairment testing for intangibles with an indefinite useful life

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

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

	Consolidated	
	2010	2009
	\$'000	\$'000
Liquid waste	2,647	2,647
Hazardous waste	5,698	3,222
Solid waste	12,196	12,196
Industrial services	6,959	6,959
	27,500	25,024

Key assumptions used for value in use calculations

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

A growth rate of 5% pa has been used to determine future cash flows and a discount rate of 14% has been used to discount those future cash flows.

Impact of possible changes in key assumptions

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

Note 13 | Trade and other payables

	Consolidated	
	2010	2009
	\$'000	\$'000
Trade payables	6,658	5,359
Non-trade payables and accrued expenses	3,193	2,363
	9,851	7,722

Note 14 | Loans and borrowings

	Consolidated	
	2010	2009
	\$'000	\$'000
Current		
Secured bank loans	13,850	2,600
Finance lease liabilities	3,780	995
	17,630	3,595
Non-current		
Secured bank loans	5,784	19,434
Finance lease liabilities	7,658	14,435
	13,442	33,869
Total loans and borrowings	31,072	37,464

Note 15 | Share capital

		Number		Amount	
		2010	2009	2010	2009
		shares	shares	\$'000	\$'000
On issue at 1 July		79,147,091	69,847,091	42,027	29,286
Share issues:					
18/09/09	25,000 share options exercised @ \$1.04	25,000	-	26	-
18/09/09	25,000 share options exercised @ \$1.08	25,000	-	27	-
18/09/09	25,000 share options exercised @ \$1.12	25,000	-	28	-
20/11/09	8,695,653 shares issued @ \$2.30	8,695,653	-	20,000	-
22/12/09	2,173,757 shares placed @ \$2.30	2,173,757	-	5,000	-
31/12/09	10,000 share options exercised @ \$1.40	10,000	-	14	-
15/01/10	87,500 share options exercised @ \$1.04	87,500	-	91	-
15/01/10	87,500 share options exercised @ \$1.08	87,500	-	94	-
18/02/10	18,750 share options exercised @ \$1.04	18,750	-	19	-
18/02/10	18,750 share options exercised @ \$1.08	18,750	-	20	-
18/02/10	18,750 share options exercised @ \$1.12	18,750	-	21	-
18/02/10	12,500 share options exercised @ \$1.04	12,500	-	13	-
18/02/10	12,500 share options exercised @ \$1.08	12,500	-	14	-
18/02/10	12,500 share options exercised @ \$1.12	12,500	-	14	-
24/02/10	112,500 share options exercised @ \$1.04	112,500	-	117	-
24/02/10	112,500 share options exercised @ \$1.08	112,500	-	121	-
24/02/10	112,500 share options exercised @ \$1.12	112,500	-	126	-
24/02/10	100,000 share options exercised @ \$2.15	100,000	-	215	-
25/02/10	33,333 share options exercised @ \$1.04	33,333	-	35	-
25/02/10	33,333 share options exercised @ \$1.08	33,333	-	36	-
25/02/10	33,333 share options exercised @ \$1.12	33,333	-	37	-
25/02/10	87,500 share options exercised @ \$1.04	87,500	-	91	-
25/02/10	87,500 share options exercised @ \$1.08	87,500	-	94	-
25/02/10	87,500 share options exercised @ \$1.12	87,500	-	98	-
26/02/10	6,250 share options exercised @ \$1.04	6,250	-	6	-
26/02/10	6,250 share options exercised @ \$1.08	6,250	-	6	-
26/02/10	6,250 share options exercised @ \$1.12	6,250	-	7	-

		Number		Amount	
		2010	2009	2010	2009
		shares	shares	\$'000	\$'000
Share issues (continued):					
09/03/10	10,000 share options exercised @ \$1.75	10,000	-	17	-
09/03/10	10,000 share options exercised @ \$1.90	10,000	-	19	-
09/03/10	15,000 share options exercised @ \$1.75	15,000	-	26	-
09/03/10	20,000 share options exercised @ \$1.90	20,000	-	38	-
29/03/10	87,500 share options exercised @ \$1.80	87,500	-	157	-
07/04/10	15,000 share options exercised @ \$1.75	15,000	-	26	-
15/04/10	30,000 share options exercised @ \$1.40	30,000	-	42	-
16/04/10	20,000 share options exercised @ \$1.90	20,000	-	38	-
14/05/10	55,000 shares issued @ \$2.40 as part consideration for the Envirochem acquisition	55,000	-	132	-
30/06/10	30,000 share options exercised @ \$1.40	30,000	-	42	-
	Capital raising costs	-	-	(933)	-
17/11/08	9,300,000 shares placed @ \$1.40 each	-	9,300,000	-	13,020
	Capital raising costs	-	-	-	(279)
On issue at 30 June		91,486,500	79,147,091	68,015	42,027

Note 16 | Dividends

It is proposed to pay a fully franked dividend of 2 cents per share before the end of this calendar year.

Note 17 | Correction of error**Correction of error in recording 2008 under/over tax expense in 2009 financial year**

Due to an accumulation of immaterial misstatements prior to 30 June 2009, a review of the current tax liability position found that it was understated by \$579K. This error had the effect of understating the consolidated current tax liability and current tax expense for the year ended 30 June 2009 by \$579K, overstating consolidated net assets by \$579K, overstating consolidated profit after income tax by \$579K and overstating opening retained earnings by \$579K.

In the 2009 financial year, a current tax liability of \$565K was incorrectly shown as employee entitlement provisions. This error had the effect of overstating employee entitlement provisions of \$565K and understating current tax liability of the same amount.

The error has been corrected by restating each of the affected financial statement line items for the prior year, as described above.

Basic and diluted earnings per share for the prior year have also been restated. The impact on basic and diluted earnings per share is a decrease of 0.77 and 0.75 cents per share, respectively.

Note 18 | Other information**Information on audit**

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