



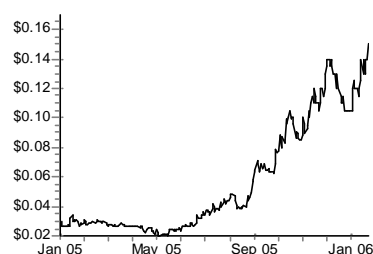
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\$0.15

BUY

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Price Performance



Security/Capital Details

ASX Code	TOX
Market Cap	\$79 M
Issued Shares	528.1 M
Avg Mth T'over	102.65 M
12 Mth High – Low	\$0.15 - \$0.02

Key Data/Ratios – FY 2006

EBITDA / Sales	48.8%
EBIT / Sales	41.9%
Net Debt / Equity	0.7%
Interest Cover	39.1 x
ROE	42.2%
EPS Growth	1,680.0%
PEG Ratio	0.01 x
NTA / Share	\$ 0.03
DCF	\$ 0.18
12 Mth Price Target	\$ 0.18

BUY: Total return +10% or more over a 12 month period
HOLD: Total return expected to be between +10% to -10% over a 12-month period
SELL: Total return expected to be -10% or more over a 12 month period
TOTAL RETURN OR TSR = capital growth in share price + expected dividend yield in that period

Recommendation

TOX has confirmed the successful turnaround of operations with the announcement of their unaudited EBITDA result for 1H06. Following the strong result and recent acquisition of Delvex, TOX also upgraded company EBITDA forecast for FY06 by 45% to \$4.4M. WHTM forecast FY06 EBITDA of \$5.0M

We recommend TOX as a BUY, with a 12 month share price target of \$0.18 per share. This represents a 20% premium to the current share price of \$0.15 per share.

Key Points

- The unaudited 1H06 EBITDA result of \$2.01M was in line with Wilson HTM forecasts and represents an increase of 500% from the corresponding period last year.
- Sales for the period were \$4.96M, compared with budgeted sales of \$4.0M. The EBITDA margin for the period of 40%, even after capex of \$400K, highlights the attractiveness of the niche hazardous waste management sector in which TOX operates.
- TOX is well placed to fund further growth, with a forecast cash balance of approximately \$4.0M and no debt on the balance sheet (by January 2006). Wilson HTM expect operational and earnings growth to be sourced from both organic and acquisition opportunities.
- Further acquisition opportunities are offered in the consolidating waste management sector. TOX has confirmed they are in discussions with a number of smaller operators regarding further acquisitions to complement the activities currently offered. Following the recent successful acquisition of Delvex Industrial Cleaning, Wilson HTM anticipates further strategic acquisitions in FY06.
- TOX also confirmed the upgrade to the Port Headland high temperature kiln, which is expected to be completed by June 2006 and cost approximately \$500K. Wilson HTM forecast the upgrade to increase throughput and hence revenue by 20%.
- The company also raised their FY06 EBITDA forecast by 45% to \$4.4M. Following the successful acquisition of Delvex and the improved operating performance of the soil remediation division, WHTM forecast FY06 EBITDA of \$5.0M.
- Our forecasts remain unchanged for FY06 and beyond. Forecasts for FY06 include: revenue of \$10.3M, EBITDA of \$5.0M and NPAT of \$4.2M. FY07 forecasts include: revenue of \$20.0M, EBITDA of \$9.5M and NPAT of \$6.6M
- Trading at a FY07 PE of 11.9 times, we continue to recommend TOX as a BUY with a 12 month price target of \$0.18. This represents a 20% premium to the current share price of \$0.15 per share.

Year to June	NPAT (Rep) \$M	EPS (Norm) c	PER x	P/CF x	P/BV x	EV/EBITDA x	DPS c	Div Yld %	Franking %
2005a	-0.2	-0.1	-300.0	23.8	10.1	27.3	0.0	0.0	0
2006e	4.2	0.8	19.0	16.1	5.7	15.9	0.0	0.0	0
2007e	6.6	1.3	11.9	11.2	3.9	7.6	0.0	0.0	0
2008e	9.5	1.8	8.4	8.0	2.7	4.4	0.0	0.0	0

ToxFree Solutions (TOX : \$0.15)

INVESTMENT FUNDAMENTALS

Yr Ending June	2005A	2006E	2007E	2008E
EPS Reported (c)	-0.1	0.8	1.3	1.8
EPS Normalised (c)	-0.1	0.8	1.3	1.8
EPS Growth (%)	N/A	1,680.0	58.2%	43.2%
PER Normalised (x)	-300.0	19.0	11.9	8.4
DPS (c)	0.0	0.0	0.0	0.0
Payout (%)	0.0%	0.0%	0.0%	0.0%
Yield (%)	0.0%	0.0%	0.0%	0.0%
Franking (%)	0%	0%	0%	0%

VALUATION DATA

Yr Ending June	2005A	2006E	2007E	2008E
EV / EBITA (x)	779.4	18.4	8.2	4.6
EV / EBITDA (x)	27.3	15.9	7.6	4.4
CFPS (c)	0.6	0.9	1.3	1.9
Price / CF	23.8	16.1	11.2	8.0
Book Value / Share (\$)	0.0	0.0	0.0	0.1
Price / Book (x)	10.1	5.7	3.9	2.7

PROFIT & LOSS (\$m)

Yr Ending June	2005A	2006E	2007E	2008E
Sales Revenue	7.0	10.3	20.0	27.1
EBITDA	2.3	5.0	9.5	14.3
Depreciation	2.2	0.7	0.7	0.7
EBITA	0.1	4.3	8.8	13.6
Amortisation	0.0	0.0	0.0	0.0
EBIT	0.1	4.3	8.8	13.6
Net Interest Expense	0.3	0.1	0.1	0.1
Pre-tax Profit	-0.2	4.2	8.7	13.5
Tax	0.0	0.0	2.1	4.1
Tax rate (%)	0.0%	0.0%	24.1%	30.0%
Minorities / pref divs	0.0	0.0	0.0	0.0
Equity accounted NPAT	0.0	0.0	0.0	0.0
Net Profit	-0.2	4.2	6.6	9.5
Abn's / Extraord's	0.0	0.0	0.0	0.0
Reported Net Profit	-0.2	4.2	6.6	9.5
Revenue Growth (%)	N/A	46.2%	95.1%	35.3%
EBIT Growth (%)	305.4%	5,561.8	105.1%	54.5%
NPAT Growth (%)	N/A	1,971.9	58.0%	43.0%

PROFITABILITY RATIOS

Yr Ending June	2005A	2006E	2007E	2008E
EBIT / Sales (%)	1.1%	41.9%	44.1%	50.4%
ROA (%)	0.1%	36.3%	53.3%	76.9%
ROE (%)	-7.4%	42.2%	38.8%	37.6%
ROFE (%)	-1.4%	42.0%	64.3%	101.1%

INTERIMS (\$m)

Half Yr	Jun 05	Dec 05	Jun 06	Dec 06
Yr Ending June	2H A	1H E	2H E	1H E
Sales Revenue	3.5	3.7	6.5	10.0
EBIT	-0.8	1.6	2.7	4.4
Net Profit	-1.1	1.5	2.7	3.4
EBIT / Sales (%)	-21.7%	42.2%	41.8%	44.0%

BALANCE SHEET (\$m)

Yr Ending June	2005A	2006E	2007E	2008E
Cash	1.5	0.9	7.8	17.6
Receivables	1.4	2.2	4.1	5.5
Inventories	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	0.1
Current Assets	3.0	3.2	12.0	23.2
Net PPE	5.9	7.8	7.3	6.8
Investments	0.0	5.4	5.4	5.4
Intangibles	0.3	0.3	0.3	0.3
Other	0.1	0.1	0.1	0.1
Non-current Assets	6.3	13.6	13.1	12.6
Total Assets	9.3	16.8	25.0	35.8
Current Payables	1.1	1.6	3.0	4.1
Current Debt	0.8	1.0	1.0	1.0
Non-Current Debt	1.2	0.0	0.0	0.0
Provisions	0.1	0.4	0.6	0.8
Other	0.0	0.0	0.0	0.0
Total Liabilities	3.2	3.0	4.6	5.9
Equity	18.9	22.4	22.4	22.4
Reserves	0.0	0.0	0.0	0.0
Retained Profits	-12.9	-8.7	-2.0	7.4
Minorities	0.0	0.0	0.0	0.0
Total Equity	6.1	13.8	20.4	29.9
Total Funds Employed	6.6	13.9	13.6	13.3

LIQUIDITY & LEVERAGE RATIOS

Yr Ending June	2005A	2006E	2007E	2008E
Net Debt (Cash) (\$m)	0.5	0.1	-6.8	-16.6
Net Debt / Equity (%)	8.9%	0.7%	-33.3%	-55.5%
Interest Cover (x)	0.3	39.1	88.3	136.4
Debt / CashFlow (x)	0.8	0.2	0.1	0.1

CASHFLOW (\$m)

Yr Ending June	2005A	2006E	2007E	2008E
EBIT	0.1	4.3	8.8	13.6
Dep'n and Amort'n	2.2	0.7	0.7	0.7
Net Int Rec'd (Paid)	-0.3	-0.1	-0.1	-0.1
Tax Paid	0.0	0.0	-2.1	-4.1
Dec / (Inc) W'kg Cap	0.0	-0.2	-0.5	-0.2
Other	0.6	0.2	0.2	0.0
Operating Cash Flow	2.6	4.9	7.1	10.0
Capital Expenditure	-2.6	-2.6	-0.2	-0.2
Asset Sales	0.0	0.0	0.0	0.0
Investments	0.0	-5.4	0.0	0.0
Other Inv. Flows	0.0	0.0	0.0	0.0
Investing Cash Flow	-2.6	-8.0	-0.2	-0.2
Equity Raised	2.4	3.5	0.0	0.0
Inc / (Dec) in Loans	0.0	-1.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0
Other Fin. Flows	0.0	0.0	0.0	0.0
Financing Cash Flow	2.4	2.5	0.0	0.0
Net Cash Flow	2.4	-0.6	6.9	9.8

Disclosure of Interest. The Directors of Wilson HTM Ltd advise that at the date of this report they and their associates have relevant interests in 2,051,000 securities in ToxFree Solutions. They also advise that Wilson HTM Ltd and Wilson HTM Corporate Finance Ltd A.B.N. 65 057 547 323 and their associates have received and may receive commissions or fees from ToxFree Solutions in relation to advice or dealings in securities. Some or all of Wilson HTM Ltd authorised representatives may be remunerated wholly or partly by way of commission.