

Mid-Cap Update

24 July 2007



Companies in this report

Tox Free Solutions Limited	BUY	\$2.25
All set for the next leg of growth	Jason Orthman	

Result Presentations

Pages 2 & 3

Brisbane

Andrew Dalziel
andrew.dalziel@wilsonhtm.com.au

+61 7 3212 1946

Jason Orthman
jason.orthman@wilsonhtm.com.au

+61 7 3212 1076

Annabel Drum
annabel.drum@wilsonhtm.com.au

+61 7 3212 1084

Melbourne

David Arter
david.arter@wilsonhtm.com.au

+61 3 9640 3828

Simon Fritsch
simon.fritsch@wilsonhtm.com.au

+61 3 9640 3818

James Ferrier
james.ferrier@wilsonhtm.com.au

+61 3 9640 3827

Wilson HTM Ltd - Result Presentations		
GUD Holdings Limited (GUD) Result Presentation Monday 30 July at 8.45 am Please refer to David Arter/James Ferrier for further details	Ian Campbell Wilson HTM Melbourne office	MD
Nick Scali Limited (NCK) Result Presentation Friday 10 August at 12:30 pm Please refer to David Arter/James Ferrier for further details	Anthony Scali Dominic Chiera Nicky Scali Wilson HTM Sydney office	MD CFO
Talent2 International Limited (TWO) Result Presentation Tuesday 14 August at 9 am Please refer to Brett Devenish for further details	Andrew Banks Wilson HTM Sydney office	MD
Hills Industries Limited (HIL) Result Presentation Tuesday 14 August at 12.30 pm Please refer to Jason Orthman for further details	David Simmons Graham Twartz Wilson HTM Brisbane office	MD Finc Dir
Funtastic Limited (FUN) Result Presentation Tuesday 21 August at 10:30 am Please refer to David Arter/James Ferrier for further details	Tony Oates Colin Caulfield Wilson HTM Sydney office	MD COO
McMillan Shakespeare Limited (MMS) Result Presentation Wednesday 22 August at 12:30 pm Please refer to Simon Fritsch for further details	Anthony Podesta Paul McCluskey Wilson HTM Melbourne office	CEO CFO
APN Property Group Limited (APD) Result Presentation Thursday 23 August at 12:30 pm Please refer to Andrew Dalziel / Annabel Drum for further details	Warren Boothman Clive Appleton Wilson HTM Melbourne office	GM MD
McMillan Shakespeare Limited (MMS) Result Presentation Thursday 23 August at 12:30 pm Please refer to Simon Fritsch for further details	Anthony Podesta Paul McCluskey Wilson HTM Sydney office	CEO CFO
DWS Advanced Business Solutions (DWS) Result Presentation Friday 24 August at 12:30 pm Please refer to Simon Fritsch for further details	Danny Wallis Glenn Fielding Vivian Clarke Wilson HTM Sydney office	CEO MD CFO
Super Cheap Auto Group Limited (SUL) Result Presentation Monday 27 August at 12.30 pm Please refer to Jason Orthman for further details	Peter Birtles Gary Carroll Wilson HTM Brisbane office	MD CFO
SMS Management & Technology (SMX) Result Presentation Tuesday 28 August at 10:00 am Please refer to Simon Fritsch for further details	Tom Stianos Steve Kelly Wilson HTM Sydney office	CEO CFO
InvoCare limited (IVC) Result Presentation Tuesday 28 August at 12.30 pm Please refer to Jason Orthman for further details	Richard Davies Andrew Smith Wilson HTM Sydney office	CEO COO



Cabcharge Australia Limited (CAB) Result Presentation Wednesday 29 August at 10.30 am Please refer to David Arter/James Ferrier for further details	Reg Kermonde Chip Beng Yeoh Wilson HTM Sydney office	Exec Ch CFO
Centrebet International Limited(CIL) Result Presentation Wednesday 29 August at 12:30 pm Please refer to Simon Fritsch for further details	Con Kafitaris Michael McRitchie Wilson HTM Sydney office	MD Fin Dir
InvoCare limited (IVC) Result Presentation Wednesday 29 August at 12:30 pm Please refer to Jason Orthman for further details	Richard Davies Andrew Smith Wilson HTM Brisbane office	CEO COO
SMS Management & Technology (SMX) Result Presentation Thursday 30 August at 12:30 pm Please refer to Simon Fritsch for further details	Tom Stianos Steve Kelly Wilson HTM Melbourne office	CEO CFO

Tox Free Solutions Limited

All set for the next leg of growth



Wilson HTM
INVESTMENT GROUP

24 July 2007

\$2.25

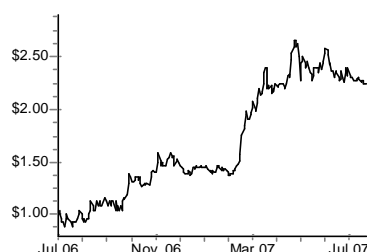
BUY

Jason Orthman

07 3212 1076

jason.orthman@wilsonhtm.com.au

Price Performance



Security/Capital Details

ASX Code	TOX
Market Cap	\$155 M
Issued Shares	68.9 M
Avg Mth T'over	6.72 M
12 Mth High - Low	\$2.66 - \$0.92

Key Data/Ratios - FY 2007

EBITDA / Sales	42.3%
EBIT / Sales	36.1%
Net Debt / Equity	19.7%
Interest Cover	39.0 x
ROE	31.2%
EPS Growth	25.0%
PEG Ratio	1.01 x
NTA / Share	\$ 0.32
12 Mth Price Target	\$ 2.80

Recommendation

We retain our BUY recommendation on Tox Free Solutions ('Tox') and have set a new 12mth price target of \$2.80 p/share (previously \$2.50 p/share).

Tox has been relatively 'quiet' over the past few months while its focus has been on implementing its current growth plans. We believe the company is now well placed to pursue further growth initiatives, including bolt-on acquisitions. We believe the next catalyst is increased investor confidence in its earnings outlook for FY08/FY09. Tox expects to release an unaudited FY07 result and FY08 earnings guidance in mid August. BUY retained.

Key Points

- **Focus on organic growth** - We recently met key executives and toured its key sites at Kwinana and Henderson. Tox has been relatively quiet from a 'news flow' perspective over recent months. We believe the company has been 'internally' focussed of late and is now well positioned for its next leg of growth. For example, the company has recently employed a number of key staff to support the current executive team. Furthermore, work continues on expanding its incinerator at Port Hedland while new low level storage and waste treatment facilities are planned to be in operation at Karratha and Broome by the end of the calendar year.
- We note the industrial operations of Specialised and Delvex have been combined, while the recent acquisition of Kimberley has been quickly integrated. We remain positive on Kimberley and believe significant 'revenue synergies' are possible with time. The early signs have been encouraging.
- **Pursue bolt-on acquisitions and contract wins** - After a strong focus on organic growth over the past few months, we believe management are now in a position to pursue more aggressively further bolt-on acquisitions and to tender for large, recurring 'total waste management' contracts ('blue sky').
- **Buoyant industry conditions** - Underlying trading conditions appear strong while the level of recurring contracts and high margin 'emergency' work continues to increase.
- **Release of FY08 company earnings guidance** - Tox is expected to release an unaudited FY07 result, company earnings guidance for FY08 and a strategic update in mid August. We are forecasting EBITDA of \$8.8M in FY07 compared to implied guidance of \$8.5M (including Kimberley), underpinned by strong demand across all of its businesses. We expect positive commentary surrounding their outlook and believe management will release a 'base case' forecast for FY08 (WHTM EBITDA forecast of \$13.7M). History suggests any guidance will be conservatively 'pitched.'
- **Valuation and 12mth price target rollover** - In our view the next share price catalysts include: (1) further bolt on acquisitions; (2) increased confidence in its earnings outlook for FY08/FY09; and (3) recurring contract wins. With the release of company guidance in August, we believe the market's attention will now shift from FY07/FY08 to FY08/FY09. We have set a new valuation of \$2.55 p/share (EV/EBIT of 11.5x and PER of 17x in FY09) and 12mth target of \$2.80 p/share (10% premium retained). BUY.

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

June	NPAT (Rep) \$M	EPS (Norm) c	EPS Growth %	PER x	P/CF x	EV/EBITDA x	DPS c	Div Yld %	Franking %
2006a	3.8	7.2	1,634.0	31.2	24.9	29.3	0.0	0.0	0
2007e	6.0	9.0	25.0	25.0	16.9	18.3	0.0	0.0	0
2008e	8.7	12.7	40.5	17.8	12.9	11.0	0.0	0.0	0
2009e	10.2	14.8	16.5	15.3	13.3	9.1	0.0	0.0	0

Tox Free Solutions Limited (TOX : \$2.25)

INVESTMENT FUNDAMENTALS

Yr Ending June	2005A	2006A	2007E	2008E	2009E
EPS Reported (c)	-0.5	6.5	9.0	12.7	14.8
EPS Normalised (c)	-0.5	7.2	9.0	12.7	14.8
EPS Growth (%)	N/A	1,636.2	24.7%	40.6%	16.6%
PER Normalised (x)	-478.7	31.2	25.0	17.8	15.3
DPS (c)	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Franking (%)	0%	0%	0%	0%	0%

VALUATION DATA

Yr Ending June	2005A	2006A	2007E	2008E	2009E
EV / EBITA (x)	277.3	34.7	21.4	12.3	10.1
EV / EBITDA (x)	49.2	29.3	18.3	11.0	9.1
CFPS (c)	1.5	9.0	13.3	17.5	17.0
Price / CF	146.1	24.9	16.9	12.9	13.3
Book Value / Share (\$)	0.1	0.2	0.4	0.5	0.6
Price / Book (x)	17.8	10.5	6.4	4.7	3.6

PROFIT & LOSS (\$m)

Yr Ending June	2005A	2006A	2007E	2008E	2009E
Sales Revenue	6.6	11.8	20.7	31.9	36.6
EBITDA	2.3	4.9	8.8	13.7	15.9
Depreciation	1.9	0.8	1.3	1.5	1.7
EBITA	0.4	4.1	7.5	12.2	14.2
Amortisation	0.3	0.0	0.0	0.0	0.0
EBIT	0.1	4.1	7.5	12.2	14.2
Net Interest Expense	0.3	0.0	-0.1	-0.2	-0.3
Pre-tax Profit	-0.2	4.2	7.5	12.5	14.6
Tax	0.0	0.0	1.6	3.7	4.4
Tax rate (%)	0.0%	0.0%	20.7%	30.0%	30.0%
Minorities / pref divs	0.0	0.0	0.0	0.0	0.0
Equity accounted NPAT	0.0	0.0	0.0	0.0	0.0
Net Profit	-0.2	4.2	6.0	8.7	10.2
Abn's / Extraord's	0.0	-0.4	0.0	0.0	0.0
Reported Net Profit	-0.2	3.8	6.0	8.7	10.2
Revenue Growth (%)	N/A	78.6%	75.2%	54.1%	15.0%
EBIT Growth (%)	N/A	3,872.1	80.5%	64.2%	16.2%
NPAT Growth (%)	N/A	2,535.1	43.0%	46.5%	16.8%

PROFITABILITY RATIOS

Yr Ending June	2005A	2006A	2007E	2008E	2009E
EBIT / Sales (%)	1.6%	35.0%	36.1%	38.4%	38.8%
ROA (%)	N/A	40.3%	31.4%	33.5%	35.4%
ROE (%)	N/A	40.7%	31.2%	30.5%	26.8%
ROFE (%)	N/A	49.3%	38.5%	42.9%	48.1%

INTERIMS (\$m)

Half Yr	Dec 05	Jun 06	Dec 06	Jun 07	Dec 07
Yr Ending June	1H A	2H A	1H A	2H E	1H E
Sales Revenue	5.0	6.8	7.9	12.8	15.5
EBIT	1.2	2.9	3.0	4.5	5.8
Net Profit	1.2	2.6	2.9	3.1	4.1
EBIT / Sales (%)	24.8%	42.4%	37.9%	34.9%	37.4%

BALANCE SHEET (\$m)

Yr Ending June	2005A	2006A	2007E	2008E	2009E
Cash	1.5	4.4	0.4	9.9	17.0
Receivables	1.4	2.5	3.3	5.1	5.9
Inventories	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.2	0.4	0.4	0.6
Current Assets	3.0	7.0	4.1	15.5	23.6
Net PPE	5.9	7.6	14.7	15.7	15.6
Investments	0.0	0.0	13.5	13.5	16.6
Intangibles	0.6	2.2	2.2	2.2	2.2
Other	0.1	0.1	0.9	0.9	1.6
Non-current Assets	6.6	9.8	31.3	32.3	35.9
Total Assets	9.6	16.8	35.4	47.8	59.5
Current Payables	1.1	2.5	3.3	5.1	5.9
Current Debt	0.8	0.0	0.0	0.0	0.0
Non-Current Debt	1.2	0.1	5.1	5.1	5.1
Provisions	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	2.8	4.6	5.5
Total Liabilities	3.2	2.7	11.2	14.9	16.5
Equity	18.9	22.9	27.0	27.0	27.0
Reserves	0.0	0.0	0.0	0.0	0.0
Retained Profits	-12.6	-8.8	-2.9	5.9	16.0
Minorities	0.0	0.0	0.0	0.0	0.0
Total Equity	6.4	14.1	24.1	32.9	43.0
Total Funds Employed	6.9	9.8	28.9	28.1	31.1

LIQUIDITY & LEVERAGE RATIOS

Yr Ending June	2005A	2006A	2007E	2008E	2009E
Net Debt (Cash) (\$m)	0.5	-4.2	4.8	-4.8	-11.9
Net Debt / Equity (%)	8.5%	-30.1%	19.7%	-14.6%	-27.7%
Interest Cover (x)	0.3	39.7	39.0	32.7	38.0
Debt / CashFlow (x)	3.6	0.0	0.6	0.4	0.4

CASHFLOW (\$m)

Yr Ending June	2005A	2006A	2007E	2008E	2009E
EBIT	0.1	4.1	7.5	12.2	14.2
Dep'n and Amort'n	2.2	0.8	1.3	1.5	1.7
Net Int Rec'd (Paid)	-0.3	0.0	0.1	0.2	0.3
Tax Paid	0.0	0.0	0.0	-1.9	-4.5
Dec / (Inc) W'kg Cap	-1.5	0.3	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Operating Cash Flow	0.6	5.2	8.8	12.1	11.7
Capital Expenditure	-0.2	-2.8	-8.4	-2.5	-1.5
Asset Sales	0.0	0.0	0.0	0.0	0.0
Investments	0.0	0.0	-13.5	0.0	-3.1
Other Inv. Flows	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	-0.2	-2.8	-21.9	-2.5	-4.6
Equity Raised	2.1	2.4	4.1	0.0	0.0
Inc / (Dec) in Loans	-0.6	-1.9	5.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0	0.0
Other Fin. Flows	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	1.5	0.5	9.1	0.0	0.0
Net Cash Flow	1.8	2.9	-4.0	9.6	7.1

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 1,143,425 securities in Tox Free Solutions Limited. 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 Tox Free Solutions Limited 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.



"On the Move"
Wilson HTM

From Monday 23 July 2007, our new Sydney office address will be:

Level 26
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Our contact numbers and PO Box remain unchanged

Kindly update your records to reflect our new office address

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BRISBANE
Ph: 07 3212 1333
Fax: 07 3212 1399

SYDNEY
Ph: 02 8247 6600
Fax: 02 8247 6601

MELBOURNE
Ph: 03 9640 3888
Fax: 03 9640 3800

GOLD COAST
Ph: 07 5557 3000
Fax: 07 5557 3010

BALLINA
Ph: 02 6681 3477
Fax: 02 6681 4933

DALBY
Ph: 07 4662 3833
Fax: 07 4662 4169

HERVEY BAY
Ph: 07 4128 3300
Fax: 07 4128 4903

TOWNSVILLE
Ph: 07 4725 5787
Fax: 07 4725 5104

TAMWORTH
Ph: 02 6766 7114
Fax: 02 6766 7285

Our web site: www.wilsonhtm.com.au