

BY TFS CORPORATION PTY LTD
SUPPLEMENTARY SUBMISSION TO THE SENATE
RURAL AND REGIONAL AFFAIRS REFERENCES COMMITTEE
IN RELATION TO FOREIGN INVESTMENT AND THE NATIONAL
INTEREST TEST

As the submission made by TFS Corporation Pty Ltd (TFS) was made to the Committee in September 2011, this is a brief supplementary document to update the Committee on intervening events.

Firstly attached to this supplementary submission are some relevant copies of statements made to the ASX by TFS in that period. The attachments are as follows:

- (a) Full year results to 30th June 2012 Board Strategic Review (Attachment One)
- (b) Half year results 31st December 2012 and Viroxis announcement (Attachment Two)
- (c) TFS ranked as Industry Leader for Ethical and Sustainable Practice, 13 March 2013 (Attachment Three)

Secondly since September 2011 there have been a number of developments relevant to the initial submission. Although some are mentioned in the Attachments they are as follows:

1) **Acquisition of Land**

TFS has acquired land holdings in the Northern Territory (NT) and in Queensland (QLD).

In 2012 TFS acquired 15,000ha of land in the Katherine region of the NT with a goal to establish more than 3,000ha of Indian sandalwood plantations.

Similarly TFS acquired 685ha in the Burdekin region of QLD with the goal of establishing around 610ha of Indian sandalwood plantation.

All of these properties are now under development and TFS has engaged staff to work locally on these projects.

2) **Environment and Sustainability**

In addition to the 2006 Irrigation Award in Kununurra, TFS has since received a Platinum Award from Water Corp for saving 60% of water usage at the Mt Romance operation. Only 12 companies out of 485 Statewide received such an award.

Since these Awards, in March 2013, TFS also achieved a "Prime Corporate Responsibility" rating, which pre-qualifies the company as an attractive proposition for ethical and sustainable investors.

3) **Employment**

TFS has continued to increase its employment, particularly in the regional areas of WA such as Albany and Kununurra, as well as in the NT and QLD. Overall TFS has over 130 full time employees, with up to 150 casual employees depending on the short term operational needs of the company.

4) **Indigenous**

TFS employees have formed an Aboriginal Engagement Committee to oversee all areas of engagement in this area. A formal policy has been adopted by TFS and a number of initiatives have been commenced.

In 2012 TFS entered into a partnership with the Australian Indigenous Minority Supplier Council (AIMSC). The aim of AIMSC is to develop a prosperous Indigenous enterprise sector in Australia. Centrally managed via Global and Retail Products Team, TFS membership of AIMSC opens up the opportunity for all employees to get behind this and drive the initiative forward.

In addition, TFS has reached agreement with Notre Dame University in Broome to offer Indigenous Scholarships at \$17,500 pa for secondary and tertiary education over the next 17 years. TFS is also negotiating arrangements with the Kimberley Land Council for training and employment opportunities over the same period.

TFS continues as a foundation member to support the Clontarf Foundation, and is actively engaged with Clontarf in the East Kimberley and Albany regions.

5) **Development of a Global Pharmaceutical market**

Attachment Two (statement to the ASX) outlines the development of a global pharmaceutical market which has great potential for sales of Indian Sandalwood grown by TFS in Australia.

Both TFS and the US based company Viroxis have completed extensive work in developing a long term strategy which has potential to add significant downstream value to Indian Sandalwood product.

6) **China**

Whilst India has remained a traditional export market for Indian Sandalwood, China is emerging as a significant market in this area.

TFS has taken a long term view of the China market by developing and introducing value added downstream sandalwood products including fine carvings, furniture, traditional medicines and oil.

7) **Tourism**

Whilst the Mt Romance facility in the South West has won many tourism awards over the years, TFS has been developing tourism products in the North West of Western Australia. The TFS Sandalwood Gallery in Broome won a Silver Award at the WA Tourism Awards in 2012, whilst the Kununurra Sandalwood Factory won a Silver Award the previous year.

TFS is also considering opportunities to open new stores in both Katherine, NT, and Townsville, QLD.

This is seen by TFS as not only contributing to an important local industry, but also further involvement and engagement with the local communities in which we operate.

8) **Recommendations made by the Committee in it's Interim Report**

TFS notes the Committee's recommendation that there be a review of the taxation of foreign investment in Australia and that this includes examination of any tax advantage given to foreign investors over those from Australia. Whilst it does not oppose such a move, TFS would suggest that in a broader context we

need to look at why Australian businesses are forced to seek foreign investment in the absence of support from Australian investors, and particularly Australian Banks.

Australian investment in Australian businesses should be encouraged. Even though TFS enjoys a great deal of local investment, it has been the recipient of unfair treatment from the Australian Banking system. As a result, investment and finance was sought and received from overseas. This is an issue not just confined to the Australian Agricultural industry but across the board.

Apart from passive investment by sovereign entities, the remaining recommendations do not apply to TFS, and no comment is made in relation to those.

It has been a long standing convention that the government of one country does not tax the government of another. Any variation of this needs careful consideration as it may have ramifications for the country levying the tax. The comments made by TFS in this regard relate only to genuine passive investments by sovereign funds.

In the experience of TFS, a sovereign entity can make a substantial investment in an asset and do nothing more, other than engage an Australian company to manage the investment and realize a profit from it. Due to the nature of the investment this could take a considerable time.

The sovereign entity receives no deduction for it's investment, but on the other hand it is not taxed. As a result of this investment, the Australian company engaged in management through its own efforts pays tax itself and employs people who pay tax in Australia.

It should also be remembered that the sovereign entity must pay ongoing management fees over the lengthy period of the investment, with no deduction for those costs, and no return until the end of the investment period. TFS believes that this provides a form of finance for long term and capital intensive agricultural projects which might not otherwise be available. Any change would have to allow a deduction if a tax was to be levied. This is, after all, afforded to non sovereign investors including those from Australia.

TFS Corp.Pty. Ltd

April 2013



ASX Release

31 August 2012

**TFS CORPORATION LTD
FULL YEAR RESULTS TO 30 JUNE 2012 AND BOARD INITIATED STRATEGIC REVIEW**

TFS Corporation Ltd (TFS) (ASX: TFC) today announced Comprehensive Income after Tax of \$25.9m for the year to 30 June 2012, an increase of 28.3% against that reported in the previous corresponding period ("pcp").

In addition to the core operating performance, this result reflects the inclusion of a number of non-cash items including recognition of deferred fees, revaluation of plantation assets, impairment in relation to the employee share scheme loans, unrealised foreign exchange losses and a one-off gain received from settlement of a trade debtor.

The reported Cash EBITDA for the period was maintained at \$23.8m relative to \$23.9m in the pcp.

Key Highlights

- 'Cash' EBITDA was maintained relative to pcp.
- The Board has announced that it will undertake a strategic review of the Company's operations to analyse all options available to the Company to enhance shareholder value.
- Expansion of Indian Sandalwood estate under management to approximately 6,500 hectares across 3 states in northern Australia.
- TFS's effective ownership of plantations has increased to over 1,350 hectares (21% of the managed estate).
- A land bank has been secured with the capacity for a further 2 to 3 years of new plantings.
- Recognised the sale of 580 hectares of plantations to Beyond Carbon wholesale investors.
- Contractual commitment to sell an additional 290 hectares of plantations to Beyond Carbon wholesale investors, but not recognised in FY2012 due to more conservative accounting treatment.
- Cash settlement in relation to 410 hectare sale previously recognised to a Beyond Carbon wholesale investor in July 2012.
- MIS sales increased by approximately 29% on the pcp.
- An active secondary market for MIS investor interests now exists with approximately \$16m of secondary market transactions completing during FY2012.
- Management's heartwood and oil yield expectations have been confirmed via further testing of mature trees.
- A full inventory measurement program over the managed estate has commenced which will enable TFS to more-accurately estimate expected returns across the estate.
- Expansion of pharmaceutical product development program with formalisation of R&D arrangement in the U.S.

- Acceptance of Australian grown Indian Sandalwood products in key markets, including the European fragrance market.

Operating Revenues

Total revenue from ordinary activities increased by 14.2% on the pcp to \$126.8m. The majority of this increase in revenue was driven by non-cash items. Total 'non-cash' revenues increased by 92% on the pcp to \$38.4m (FY2011: \$20.0m). Deferred management fees increased by 28.2% to \$18.0m (FY2011: \$14.0m) reflecting the enlarged plantation estate under management. Cash flow from these fees will be realised as the harvest program commences.

Revenue from tree revaluations increased by 69.7% on the pcp to \$10.2m (FY2011: \$6.0m) due to the depreciation of the Australian Dollar over the period and the attributable revaluation of the larger plantation area now owned by TFS.

Further, a gain on settlement equal to \$10.3m resulted from the Company reclaiming a sandalwood plantation and associated land from a wholesale debtor who failed to meet agreed payment terms.

Total operating 'cash' revenues decreased by 3.0% on the pcp to \$88.4m (FY2011: \$91.0m).

Revenues predominantly reflect the recognition of plantation establishment and maintenance services performed for Beyond Carbon wholesale and MIS retail investors as well as proceeds from the Mt Romance production business.

Establishment and land sale fees from Beyond Carbon wholesale investors totalled \$43.4m (FY2011: \$33.8m), while establishment fee revenue from MIS retail investors totalled \$7.8m (FY2011: 9.7m). Revenue from recurring maintenance fees increased 10.2% on pcp to \$10.3m (FY2011: \$9.3m).

As foreshadowed, the production business of Mt Romance experienced a decline in revenue of 13.4% yoy to \$16.3m due to constraints in the supply of native Australian Sandalwood and the depreciation of the Indian rupee against the Australian dollar. Mt Romance is continuing to seek additional sources of wood to absorb some of the available production capacity.

Operating Costs

Operating costs on core activities (excluding D&A, interest, finance costs, and unrealised foreign exchange movements) increased by 7.5% on the pcp to \$64.1m (FY2011: \$59.6m) primarily reflecting:

- the cost of servicing a larger forestry estate (TFS' plantation estate now covers over 6,500 hectares with plantings in the last season 1,500 ha);
- additional costs being incurred by Mt Romance for raw materials;
- funding attributable for pharmaceutical product development and related research and development; and
- the recognition of an impairment charge against the employee share scheme of approximately \$2.4m.

Interest and Financing Expenditure

Interest costs for the period, equalled \$16.9m which primarily relates to the USD\$150m Senior Secured Notes issued in June 2011.

An unrealised foreign exchange loss of \$4.8m (FY2011: gain of \$0.4m) was also recognised for the period which relates to the movement in the book value of the Senior Secured Notes.

Disputed Advisory Fees

The result includes a \$1.3m accrual for fees claimed by certain advisors to the Company for advising the Board on an unsolicited approach received from a private equity group concerning a potential privatisation of the Company which did not proceed. The Board is currently disputing the quantum of the fees claimed by the advisors.

Balance Sheet

As at 30 June 2012, TFS had a net debt position of \$91.4m (FY2011: -\$2.8m) and a gearing ratio of 25.4% (FY2011: -1.2%)¹.

The NTA per share as at 30 June 2012 was \$0.66. TFS' NTA calculation has been adjusted to reflect the reclassification of its Deferred Fee Assets (\$63.5m) from a tangible item to an intangible item in accordance with a recent change to the accounting standards. This reclassification has had the effect of reducing TFS' NTA per share at 30 June 2011 from \$0.80 per share to \$0.64 per share.

TFS had receivables of \$66.1m as at 30 June 2012 that relate to three Beyond Carbon wholesale investors. One of these contracts valued at \$26.5m was settled in July 2012 improving TFS' net debt position and gearing. Further, another investor has signed a contract for Queensland based plantations valued at \$45m (net of GST) which is expected to settle in FY2013.

Operating Cash Flow

A net operating cash flow deficit of \$60.5m was recorded for the period (FY2011: gain of \$40.4m) partly due to the acquisition of \$36.2m of land, and plantation developments costs of approximately \$25m. This land was acquired for the purposes of resale to Beyond Carbon investors.

The operating cashflow result was also negatively impacted by the delay in settlement of two Beyond Carbon plantation investments entered into in FY2012.

The settlement of the 410 hectare transaction in July 2012 positively increased TFS cash flow position by approximately \$24 million (net of GST).

¹ Gearing calculated as net debt divided by the sum of net debt and book value of equity

Operational Update

TFS continues to successfully diversify the geographic locations of its plantations by establishing over 1,500 hectares of new Indian sandalwood plantations during FY2012, with approximately 660 hectares in Queensland, 540 hectares in Western Australia and 300 hectares in the Northern Territory.

TFS' geographic land and plantation composition at 30 June 2012 is set out below.

	Established plantations			New plantations (2012)			Unplanted land (est.)		
	WA	QLD	NT	WA	QLD	NT	WA	QLD	NT
TFS owned	619	-	-	22	-	-	-	110	3,300
Beyond Carbon plantations	1,156	-	-	438	670	290	-	-	-
MIS plantations ¹	3,228	-	-	88	-	-	150	-	-
TOTAL	5,003	-	-	548	670	290	150	110	3,300

¹ As at 30 June 2012, TFS was entitled under its deferred management fee arrangements to the cash proceeds from harvesting an estimated 735 hectares of MIS plantations.

During FY2012, TFS increased its direct ownership of plantations by 104% to 641 hectares. A large part of this increase resulted from the reclamation of 304 hectares from a wholesale debtor who did not meet its agreed payment terms. In addition, the estimated amount of TFS' indirect interest in MIS owned plantations increased by approximately 7 hectares during FY2012 to 735 hectares (up 1% on pcp).

As at 30 June 2012, 990 hectares of land was contracted to be sold to wholesale investors. Settlement of over 410 hectares occurred on 12 July 2012 and it is anticipated that a further 580 hectares will settle in FY2013. In June 2012, TFS entered into a conditional contract to sell 290 hectares of plantation land in the Northern Territory to a new Beyond Carbon wholesale investor. The revenue associated with this contract of approximately \$21.7m has not been recognised in this period and financial settlement is expected to occur in FY2013.

TFS continues to increase its MIS plantations, having achieved sales of approximately 114 hectares in FY2012, up 28.9% on the 88 hectares in the pcp.

TFS remains on track to harvest its first Indian sandalwood plantation during 2013 or early 2014. It is expected that this harvest will yield significantly lower levels of heartwood and sandalwood oil than later plantations, primarily as a result of inferior soil quality, host tree selection and seedling propagation techniques. All of these areas have been significantly improved in later TFS plantations as part of TFS' natural development of its silvicultural expertise and intellectual property.

Dividend

TFS advises that after careful consideration, the Board of Directors has determined not to pay a dividend for the 2012 financial year. This determination has been made due to:

- the timing of proceeds from certain wholesale plantation investments now expected to be received in FY2013 instead of FY2012; and
- a more conservative accounting policy being adopted in FY2012.

The Directors advise that this decision is in relation to FY2012 only and will be reassessed by the Board at the FY2013 half year results.

Strategic Review

The Board of TFS also today announced it will initiate a comprehensive strategic review of the Company, its assets and businesses with the objective of reviewing all options that will enhance shareholder value. The review is expected to include an assessment of the Company's operations, capital management initiatives including a share buy-back and potential privatisation or other corporate options.

Richard Alston, Chairman, said "Over the last 14 years, TFS has established a profitable and unique Australian business. The Board believes that the current trading price of TFS' shares does not appropriately reflect the underlying value of its assets and businesses. We are committed to exploring all options on behalf of our shareholders to enhance the value of our Company."

Outlook

The Board expects that FY2013 will produce a significantly improved operating result.

The Company has a strong pipeline of contracted sales to wholesale investors and continued demand for additional plantations from new wholesale investors. In addition, the Board is confident of an improved result from MIS sales during the course of FY2013.

Accordingly, FY2013 cash EBITDA is expected to be approximately \$35m. This represents a 45% improvement on the FY2012 cash EBITDA result.

For investor queries, please contact:

Frank Wilson
Chief Executive Officer

Quentin Megson
Chief Financial Officer

For analyst queries, please contact:

Gerry Bullon

ABOUT TFS

TFS Corporation Ltd (ASX: TFC) is an owner and manager of Indian sandalwood plantations in northern Australia. As part of its vision to be a vertically integrated producer of finished sandalwood products, TFS owns a significant proportion of the plantations in its own right and in 2008 acquired Mount Romance Australia (Mount Romance), the Albany-based sandalwood processor and oil distributor.

TFS was founded in 1997 to exploit the success of government trials into the plantation growth of Indian sandalwood in the Ord River Irrigation Area (ORIA) of north-east Western Australia.

TFS's first planting was in 1999 and it now manages the largest area of Indian sandalwood plantation in the world, with approximately 6,500 hectares planted. TFS plantations are managed on behalf of both retail and institutional investors.

The company listed on the Australian Stock Exchange in December 2004.

TFS is committed to adopting and maintaining the highest environmental and ethical standards in all aspects of its business. All plantations are grown on land that has previously been used for agricultural or horticultural production. As the first ORIA land owner to recycle its water, TFS was the winner of the 2006 State Regional Water Award.

In 2009, TFS entered the prestigious Forbes Asia Pacific's '*Best Under a Billion*', which recognises the Top 200 companies from more than 25,326 publicly-listed firms in the Asia/Pacific region with revenue of less than US\$1 billion.

ABOUT INDIAN SANDALWOOD

Indian sandalwood has a history as a tradeable commodity spanning thousands of years, but is now endangered due to the illegal harvest of wild trees throughout the world. As a result, Indian sandalwood is the world's most expensive tropical hardwood and continues to increase in price each year. Its heartwood currently trades for in excess of A\$110,000 per tonne, having risen at a compounded rate of over 17.5% per annum over the past 19 years.

Indian sandalwood oil is a globally important ingredient in fine fragrances, cosmetics and toiletries, incense sticks, and for medicinal purposes (aromatherapy and Chinese medicine) and the wood is used for high quality carvings.

Indian sandalwood has a well entrenched market throughout the world, particularly in India and China, two of the fastest growing economies in the world.



ASX Release

28 February 2013

TFS CORPORATION LTD ("TFC")
HALF YEAR RESULTS TO 31 DECEMBER 2012 AND VIROXIS ANNOUNCEMENT

TFS Corporation Ltd (TFS) has today released its auditor reviewed financial results for the six months ending 31 December 2012.

TFS reported consolidated net profit after tax for the period of \$4.8 million compared with \$6.0 million in the prior corresponding period (pcp). Total revenues and other income for the period was \$45.4 million compared with \$56.1 million for the pcp. Total EBITDA for the period was \$15.9 million compared with \$21.0 million for the pcp.

The result for the period was impacted by the following:

- a \$10.2 million (2011:\$5.3 million) gain (net of tax) on the revaluation of the sandalwood tree plantation and other biological assets that TFS owns in its own right (641 hectares compared with 312 hectares in the pcp);
- revenue from recurring fees and product sales of \$5.0 million and \$8.0 million, an increase of 50.2% and 9.7% respectively over the pcp;
- revenue of \$12.4 million in respect of fees earned during the six month period but which are yet to be invoiced in connection with TFS's deferred lease and management fee products. The after tax impact of this revenue recognition policy was \$8.67 million which is consistent with the pcp; and
- no revenue recognition of wholesale product establishment fees.

As TFS has previously reported, the nature of the company's operations means that TFS typically has a heavy bias in its earnings profile towards the second half of each financial year. The results in the first half usually bear little relevance to the full year result.

ViroXis

TFS is also pleased to report that one of its pharmaceutical partners, ViroXis Corporation, (ViroXis) has seen recent success in the commercialization of its santalum album oil based products. ViroXis has confirmed that it has reached an agreement with a US-based mid-sized specialty pharmaceutical company for the exclusive distribution and sale of a multi-million dollar over-the-counter (OTC) dermatology product.

Ian Clements, President and CEO of ViroXis, said "having a strong and supportive marketing partner to actively promote our new OTC dermatology product will provide ViroXis with an early revenue stream to further the commercialisation of our album based prescription anti-viral drug portfolio. This licensing agreement, winning the Texas Life Science Venture Forum award and the success of our clinical development program provide continued validation of the importance of album as a botanical drug candidate."

The commercialization of album based healthcare products by Viroxis is another groundbreaking development in the multi billion dollar pharmaceutical and healthcare market for TFS album oil .

First commercial harvest

TFS remains well positioned to undertake its first commercial harvest in late CY2013. This significant milestone provides the market with proof of concept and considerable strategic planning is being undertaken to ensure its success. The Board remains confident that the pricing achieved for the sale of the Company's first harvest timber will significantly exceed the original PDS forecast.

As highlighted above, the recent positive developments for the use of album oil in the pharmaceuticals sector increases the already strong demand for TFS grown plantation timber in both the global wood and oil markets.

Balance sheet

As at 31 December 2012, TFS had a net debt position of \$92.0 million and a gearing ratio of 25.1%. TFS's unrestricted cash on hand was \$52.7 million compared with \$55.1 million at 30 June 2012.

TFS reported net tangible asset backing per ordinary share of \$0.64 compared with \$0.66 as at 30 June 2012. As previously reported, Deferred Fee Assets are classified as an intangible item.

As at 31 December 2012, TFS had current receivables of \$55.0 million, \$38.3 million of which related to the settlement of 580 hectares of wholesale investment product in Queensland. TFS has been working closely with the wholesale investor and is confident that the economic benefits of the investment will be realised, although settlement will take longer than originally anticipated. Establishment services in relation to the plantation have been completed and as such, the plantation is now in existence and being maintained.

MIS Product Sales

The financial result for the period included \$0.8 million in establishment fees relating to the TFS Sandalwood Project 2012.

TFS has taken a number of important steps to improve MIS sales for the full year to June 2013. Registration of TFS Sandalwood Project 2013 as a managed investment scheme was confirmed by ASIC on 19 December 2012, approximately 5 months earlier than the corresponding project in FY12. Further, the national MIS sales and distribution team has been bolstered with the appointment of Mr Duncan Caldwell as General Manager – Group Sales & Marketing Financial Products, and the appointment of 2 Business Development Managers in Victoria and South Australia, with more to follow.

TFS has already received its first application for investment in TFS Sandalwood Project 2013 and feedback received from our sales team has been positive. TFS Sandalwood Project 2013 is the 15th successive Indian Sandalwood Project that the company has launched.

Management believes that the proof of concept achieved by its first commercial harvest later this year, extended marketing campaign, enhancements to the national sales team and the lack of

alternative MIS product available in the market will enable TFS to achieve significantly improved MIS sales this financial year.

TFS is the only large scale provider of MIS product remaining in the agribusiness sector which is slowly recovering from the corporate collapses of Great Southern, Timbercorp, Gunns and others over the past four years. TFS remains committed to this area of its business and aims to rebuild its MIS sales to previous levels achieved in 2008.

Wholesale Product Sales

No revenue recognition of wholesale product sales was reported during the period.

The significant level of interest and financial commitment from wholesale investors is evident through their investment in excess of \$180 million in wholesale product since 2009. This has provided the business with stable and 'annuity style' annual management and maintenance fee income and attractive 'value add' processing, marketing and performance fees at the conclusion of the investment. The funds recognised in the various projects approximates \$150 million, with the balance comprising the ongoing financial commitment of wholesale investors including secondary market acquisitions and committed expenditure.

TFS notes that the procuring of long-term wholesale capital from global investors remains challenging and typically involves complex and often protracted negotiations leading to irregular establishment fee cashflows.

Nevertheless, wholesale product sales remain an important part of TFS's business model and compliments the annual establishment and management fees generated by the MIS division.

TFS is undertaking a number of initiatives to increase future wholesale product sales including:

- the expansion of its distribution channels for institutional wholesale product with the marketing to new global investors;
- advancing negotiations with current wholesale product investors to exercise their options to invest in additional wholesale product; and
- bolstering the dedicated wholesale product sales team.

TFS is in negotiations with both of its foundation wholesale investors for the exercise of their options to invest in additional wholesale product. Should both options be exercised, this would represent total plantings of 650 hectares. TFS is also in negotiation with several new wholesale investors from Europe, Asia and the United States for the planting of up to 700 hectares.

As TFS rebuilds its MIS sales to previous levels and commences its harvest revenue streams, it will over time decrease its reliance on wholesale product sales.

Appointment of Independent Chairman

As previously announced, TFS is currently working towards the appointment of an independent Chairman.

A professional search firm has been engaged and the search is in the final stages, with best candidates identified and the due diligence process stage underway.

Strategic review update

TFS announces that as part of its strategic review process previously announced to the market (see ASX announcement dated 31 August 2012), the Board continues to assess the operational and capital management initiatives available to it to enhance shareholder value. The implementation and execution of any capital management initiatives needs to be considered in conjunction with the terms of the company's US Senior Secured Notes.

In addition, the Board is continuing to evaluate the merits of other corporate actions including joint ventures, capital partnering and potential transactions that may involve the privatisation of the company.

The Board expects to update shareholders on the outcomes of the Strategic Review by the end of the first quarter of 2013.

Dividends and outlook

The Board remains confident of an improved performance for the full year ending 30 June 2013 although the result will be heavily skewed to the final quarter.

The Board's priority remains the reinstatement of dividends in FY13.

For further information contact:

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Executive Chairman

Morne Wagener
Financial Controller

Mario Di Lallo
Head of Global & Retail Products

ABOUT TFS

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TFS will be commencing the first commercial harvest of its Indian sandalwood plantations in 2013.

The company listed on the Australian Stock Exchange in December 2004.

TFS is committed to adopting and maintaining the highest environmental and ethical standards in all aspects of its business. All plantations are grown on land that has previously been used for agricultural or horticultural production. As the first ORIA land owner to recycle its water, TFS was the winner of the 2006 State Regional Water Award. In 2011 TFS subsidiary Mount Romance was awarded the Platinum Award by the Water Corporation for its Water Efficiency Management Plan (WEMP).

In 2009, TFS entered the prestigious Forbes Asia Pacific's 'Best Under a Billion', which recognises the Top 200 companies from more than 25,326 publicly-listed firms in the Asia/Pacific region with revenue of less than US\$1 billion.

ABOUT INDIAN SANDALWOOD

Indian sandalwood has a history as a tradeable commodity spanning thousands of years, but is now endangered due to the illegal harvest of wild trees throughout the world. As a result, Indian sandalwood is the world's most expensive tropical hardwood and continues to increase in price each year. The price of its heartwood has risen at a compounded rate of over 16.7% per annum since 1990.

Indian sandalwood oil is a globally important ingredient in fine fragrances, cosmetics and toiletries, Indian consumer products and for medicinal purposes (Ayurvedic and Chinese medicine) and the wood is used for high quality carvings and artefacts and religious worship in the Hindu and Buddhist faiths.

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ASX Release

13 March 2013

TFS Ranked as Industry Leader for Ethical and Sustainable Practice

TFS Corporation Limited (TFS), the world's leading specialist Sandalwood supplier has been ranked by Oekom Research as a 'Prime' investment company for Socially Responsible and Ethical Investors (SRI). This makes TFS a global industry leader recognising the company's ethical and sustainable practices.

Oekom Research AG in Germany is one of the world's leading ratings agencies and provides the crucial criteria for European investors in the segment of sustainable investments. Their clients are reputable asset managers, banks and institutional investors, currently managing a total volume of EUR 520 billion on the basis of their responsibility research.

TFS has achieved a 'Prime Corporate Responsibility' rating, pre-qualifying the company as an attractive proposition for ethical and sustainable investors. The rating is commonly used as a pre-requisite for investment in ethical 'supply chain' sectors, such as the growing, harvesting and sale of Indian Sandalwood. TFS is one of only 7 companies in the Paper and Forest Products Industry globally to have been awarded a Prime rating.

"TFS is very proud of this achievement and sees it as an endorsement of the way the company has approached the development of our business model. This rating will give further assurance to our end customers, many of whom, in the healthcare, pharmaceutical, fine fragrance and natural cosmetic sectors, require ingredients from ethical and sustainable sources in order to meet commitments to their own customer base." said Frank Wilson, Executive Chairman.

For further information contact:

Frank Wilson
Executive Chairman

Mario Di Lallo
Head of Global & Retail Products

For analyst queries, please contact:

Gerry Bullon

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TFS is ranked as an industry leader in ethical and sustainable practices by Oekom Research, a leading international ratings agency.

In 2009, TFS entered the prestigious Forbes Asia Pacific's 'Best Under a Billion', which recognises the Top 200 companies from more than 25,326 publicly-listed firms in the Asia/Pacific region with revenue of less than US\$1 billion.

ABOUT INDIAN SANDALWOOD

Indian sandalwood has a history as a tradeable commodity spanning thousands of years, but is now endangered due to the illegal harvest of wild trees throughout the world. As a result, Indian sandalwood is the world's most expensive tropical hardwood and continues to increase in price each year. The price of its heartwood has risen at a compounded rate of over 16.7% per annum since 1990.

Indian sandalwood oil is a globally important ingredient in fine fragrances, cosmetics and toiletries, Indian consumer products and for medicinal purposes (Ayurvedic and Chinese medicine) and the wood is used for high quality carvings and artefacts and religious worship in the Hindu and Buddhist faiths.

Indian sandalwood has a well entrenched market throughout the world, particularly in India and China, two of the fastest growing economies in the world.