



ASX Release

1 August 2014

Update on sale of grower wood

The Board of TFS Corporation Limited ("TFS", ASX: TFC), following consultation with the company's Compliance Committee, has announced that the first sale of Indian sandalwood trees owned by growers will be conducted by public tender. The public tender will be completed and announced by 29 August 2014.

TFS will not sell the growers' wood at auction, as previously announced, because a public tender is now expected to achieve the highest practicable price for growers. A recent inspection of the wood by independent marketing expert, Mr Anantha Padmanaba, concluded that, in light of the inferior size and quality of wood from this first TFS plantation, the wood harvested from this particular plantation is unlikely to be as well suited to carving and furniture manufacturers as subsequent TFS plantations and will therefore attract fewer bidders to an auction process. Accordingly, for this particular harvest, a tender process is expected to generate the highest practicable price for growers.

As previously reported, all wood harvested from this plantation which was directly owned by TFS has already been distilled into pharmaceutical grade oil and sold to TFS's dermatological partner at a price of US\$4,500 per kg.

The company also advises that its financial results for year ended 30 June 2014 will be released to ASX on Wednesday 27 August 2014.

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ABOUT TFS

TFS Corporation Ltd ("TFS", 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 plantations in the world, with approximately 7,600 hectares planted of which TFS owns directly and indirectly approximately 2,400 hectares. TFS plantations are managed on behalf of both retail and institutional investors.

TFS commenced the first commercial harvest of its Indian sandalwood plantations in September 2013. The company listed on the Australian Stock Exchange in December 2004. Since March 2014, TFS has been an ASX300 company.

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 2012 and 2013 TFS subsidiary Mount Romance was awarded the Platinum Award by the Water Corporation for its Water Efficiency Management Plan (WEMP) and in 2014 the company received a Champion Award recognising its on-going commitment to water saving.

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 15% 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 the fast growing economies of India and China.