



ASX Release

1 December 2014

Unaudited results for the three months to 30 September 2014

TFS Corporation Limited ("TFS", ASX: TFC), the world's largest owner and manager of commercial Indian sandalwood plantations, today reported a net profit after tax ("NPAT") of \$18.6m for the quarter ended 30 September 2014, compared to a loss of \$5.1m in the prior corresponding period.

The first quarter results confirm the Company's guidance of at least \$70 million NPAT and a 10% increase in cash EBITDA for the current financial year. The result was a record profit for the first quarter of a financial year, driven primarily by the revaluation of the Company's biological assets due to increased plantation size and a lower Australian dollar.

TFS CEO Frank Wilson said: "This is a pleasing result as it illustrates the benefits of both increased plantation ownership and the declining value of the Australian dollar. Virtually all of TFS's sandalwood oil and wood sales are denominated in US dollars and so TFS derives substantial benefit from a lower AUD:USD rate."

Mr Wilson also noted that the vast majority – about 90 per cent – of TFS's financial product sales typically occur in the June quarter.

"As a result, our earnings generation reflects a high level of seasonality which is heavily weighted to the last quarter of the financial year," he said.

"Although the first quarter financials traditionally have very little bearing on TFS's full year results, it was encouraging that our Mt Romance operation significantly increased its contribution to cash EBITDA with a record \$1.1m EBITDA for the quarter, compared to \$0.2m in the prior corresponding period. This reflects the growing contribution of oil and wood sales to TFS's earnings, a trend that will accelerate in the next few years as harvest volumes increase.

"Looking forward, TFS expects a key feature of the coming quarters to be strong cash generation. We have already received settlement on plantation sales made in June 2014 from both institutional and high net worth customers, and expect to receive additional settlements in the short term. Importantly, we are also significantly more advanced with new institutional sales compared to prior years."

Mr Wilson said TFS's previous decision to make a \$36.6m investment in the purchase of additional established plantations had settled in the first quarter. The investment is consistent with the Company's strategy of prudently applying excess cash reserves to greater tree ownership.

The key highlights of the unaudited results for the three months to 30 September 2014 included:

- NPAT of \$18.6m, up from a loss of \$-5.1m in FY14
- Cash EBITDA of \$-6.2m, down from \$-4.8m in FY14 as costs of managing increased TFS-owned plantation area increased

- Settlement of TFS's June 2014 acquisition of 364 hectares of established plantations for \$36.6m, which reduced the Company's cash and cash equivalents to \$42.4m (compared to \$25.4m at 30 September 2013)
- Net tangible assets per share of \$1.14, up from \$0.82 per share at 30 September 2013

END

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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 sandalwood products, TFS owns a significant proportion of the plantations in its own right. TFS also operates sandalwood processing and oil distribution facilities from Albany, Western Australia.

TFS was originally founded 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 now manages the largest area of Indian sandalwood plantations in the world, with approximately 9,000 hectares planted of which TFS owns directly and indirectly nearly 3,200 hectares. TFS plantations are managed on behalf of both institutional, high net worth and MIS investors.

In 2014, TFS completed its first commercial harvest of its Indian sandalwood plantations and, via its 50% subsidiary Santalis Pharmaceuticals Inc., entered into a supply agreement for pharmaceutical grade oil with Galderma, a leading global dermatology company.

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.

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.

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. The efficacy of Indian sandalwood is being tested by US dermatology companies and the global pharmaceutical market has the potential to be a significant consumer of Indian sandalwood oil.

**TFS CORPORATION LTD
AND ITS CONTROLLED ENTITIES
A.B.N. 97 092 200 854**

**Un-audited Financial Report
For the three months ended 30 September 2014**

TFS CORPORATION LTD
(ABN: 97 092 200 854)
UN-AUDITED FINANCIAL REPORT
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

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TFS CORPORATION LTD
(ABN: 97 092 200 854)
RESULTS FOR ANNOUNCEMENT TO MARKET
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

	Percentage change			30 SEPT 2014 \$'000	30 SEPT 2013 \$'000
Revenue					
Revenue (Cash)					
Revenue from establishment fees and land sales	Down	46.2%	to	2,785	5,176
Revenue from recurring fees	Up	148.8%	to	6,535	2,627
Revenue from product sales	Up	94.8%	to	5,029	2,582
Interest revenue	Down	46.4%	to	676	1,261
Other revenue	Up	3,545.6%	to	2,078	57
Revenue (Non-Cash)					
Revenue from recognition of deferred fees	Up	118.8%	to	9,268	4,237
Gain on revaluation of biological assets	Up	1,083.6%	to	41,354	(4,205)
Gain on settlement of trade debtor	Up		to	19	-
Total revenue from ordinary activities	Up	477.3%	to	67,744	11,735
EBITDA					
Cash EBITDA	Down	30.4%	to	(6,217)	(4,766)
Non-Cash EBITDA	Up	983.2%	to	39,175	3,616
Total EBITDA	Up	2,965.9%	to	32,958	(1,150)
Net Profit After Tax					
Net loss after tax (Cash)	Down	17.6%	to	(9,020)	(7,668)
Net profit after tax (Non-Cash)	Up	990.6%	to	27,614	2,532
Net profit from ordinary activities after tax	Up	462.0%	to	18,594	(5,136)
				Cents	Cents
Earnings Per Share					
Basic EPS (Based on net profit after tax)	Up	412.2%	to	5.73	(1.84)
Diluted EPS (Based on net profit after tax)	Up	366.7%	to	4.90	(1.84)
Cash diluted EPS	Up	13.3%	to	(2.38)	(2.74)
Earnings used in calculating cash diluted earnings per share					
Net loss after tax (Cash)				(9,020)	(7,668)
Comprehensive income net of tax (Cash)				(9,020)	(7,668)
Net Tangible Assets per Share					
				30 SEPT 2014 Cents	30 JUNE 2014 Cents
Net tangible asset backing per ordinary share	Up	2.0%	to	114.27	112.07
Dividends					
Final dividend (FY14) – declared and paid on 10 November 2014				3.00	3.00

***Definition of Cash / Non-Cash**

The Group's Cash EBITDA/NPAT is stated after eliminating the following from total Group EBITDA/NPAT:

- Gain / (loss) on revaluation of biological assets;
- Revenue from recognition of deferred lease and management fees; and
- Unrealised foreign exchange gain / (loss).

TFS CORPORATION LTD
(ABN: 97 092 200 854)
RESULTS FOR ANNOUNCEMENT TO MARKET
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

Commentary on Results

As a result of the cyclical nature of TFS' product sales, there is typically a heavy bias in TFS' earnings profile towards the end of each financial year and, as a consequence, the results in the first three months of the year usually bear little relevance to the full year result. The results for the three months ending 30 September 2014 are consistent with this trend.

TFS reported NPAT for the three months to 30 September 2014 of \$18.6m compared with a loss of \$5.1m for the previous corresponding period ("pcp"), an increase of 462%.

The result for the period was impacted by the following:

- Revenues increased by 477% to \$67.7m from \$11.7m in the pcp. This increase was largely attributable to the tree revaluation gain of \$41.4m recognised in this period compared to a revaluation loss of \$4.2m in the pcp;
- Revenue from establishment fees and land sales have decreased by \$2.4m to \$2.8m, mainly due to lower recognition of previous financial years MIS, HNW and Institutional sales this period compared to the pcp. Establishment fee revenue is recognised in proportion to the establishment work performed at balance date;
- Increased tree revaluation gain was mainly due to the weakening AU\$ against the US\$ since the beginning of the period the AU\$ depreciated by 6.9c against the US\$. This resulted in an increased revaluation gain due to the Sandalwood oil price used in the biological asset valuation being denominated in US\$;
- The foreign exchange impact included in the tree revaluation was potentially offset by an unrealised foreign exchange loss of \$12.1m relating to the translation of the Group's US\$ denominated financial assets and liabilities;
- The plantations under management totalled approximately 9,085ha at 30 September 2014. TFS direct owned plantations were 2,331ha at 30 September 2014, up from 1,700ha in the pcp. This represents an increase of 37.1% from the pcp and this was the key driver of the higher plantation and operating costs recorded in the period of \$10.0m compared to \$7.9m in the pcp; and
- The increase in activities and plantation assets also resulted in salaries and corporate administration expenditure increasing for the period compared to pcp.

Cash and cash equivalents at 30 September 2014 of \$42.4m were \$46.2m down from 30 June 2014. The movement included the settlement of the acquisition of 364ha of established plantations in June 2014 for \$36.6m. Largely as a result, trade and other payables have reduced from \$63.4m at 30 June 2014 to \$29.1m at 30 September 2014.

TFS anticipates that the settlement of a significant portion of both trade debtors of \$60.7m and loans to growers of \$27.6m will occur by 31 December 2014.

TFS CORPORATION LTD
(ABN: 97 092 200 854)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

	NOTE	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000
Revenue	2	26,058	15,675
Other income	2	41,686	(3,940)
Direct plantation and other operating expenses		(9,989)	(7,869)
Raw materials and consumables used		(3,201)	(1,453)
Salaries and employees benefits expense		(5,677)	(4,145)
Sales and marketing expenses		(334)	(488)
Corporate and other administration expenses		(3,812)	(2,276)
Depreciation and amortisation expenses		(2,168)	(1,563)
Finance costs		(4,778)	(4,924)
Unrealised foreign exchange gain / (loss)		(12,101)	3,603
Share of net profits of associates		636	-
Profit / loss before income tax expense		26,320	(7,380)
Income tax expense		(7,726)	2,244
Profit / loss for the period		18,594	(5,136)
Other comprehensive income			
Foreign currency translation differences for foreign operations		1	-
Total comprehensive income for the period		18,595	(5,136)
Earnings per share			
Basic earnings per share (cents per share)	12	5.73	(1.84)
Diluted earnings per share (cents per share)	12	4.90	(1.84)

The accompanying notes form part of these financial statements.

TFS CORPORATION LTD
(ABN: 97 092 200 854)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	NOTE	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents		42,408	88,581
Trade and other receivables	3	91,544	80,526
Inventories	4	20,678	15,433
Other financial assets	5	3,218	3,239
TOTAL CURRENT ASSETS		157,848	187,779
NON CURRENT ASSETS			
Trade and other receivables	3	18,453	47,100
Other financial assets	5	7,094	7,104
Property, plant and equipment	6	128,412	118,680
Deferred tax assets		17,800	15,422
Biological assets	7	389,925	348,105
Intangible assets	8	96,875	87,607
Investments accounted for using equity method		8,768	7,934
Other assets		11,510	11,785
TOTAL NON CURRENT ASSETS		678,837	643,737
TOTAL ASSETS		836,685	831,516
CURRENT LIABILITIES			
Trade and other payables		29,057	63,449
Financial liabilities		16	16
Current tax liabilities		8,273	13,401
Provisions		2,500	2,223
Unearned income		19,798	23,215
TOTAL CURRENT LIABILITIES		59,644	102,304
NON CURRENT LIABILITIES			
Provisions		6,241	6,186
Financial liabilities	9	171,815	159,181
Deferred tax liabilities		109,394	94,162
Unearned income		3,248	3,356
TOTAL NON CURRENT LIABILITIES		290,698	262,885
TOTAL LIABILITIES		350,342	365,189
NET ASSETS		486,343	466,327
EQUITY			
Issued capital	10	186,385	184,964
Asset revaluation reserve		8,442	8,442
Foreign currency translation reserve		(23)	(24)
Option/Warrant reserve		9,083	9,083
Retained earnings		282,456	263,862
TOTAL EQUITY		486,343	466,327

The accompanying notes form part of these financial statements.

TFS CORPORATION LTD
(ABN: 97 092 200 854)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2013	117,760	17,111	189,761	324,632
Loss for the period	-	-	(5,136)	(5,136)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(5,136)	(5,136)
Transaction with owners, in their capacity as owners, and other transfers				
Employee share options issued during the period	-	22	-	22
Balance at 30 September 2013	117,760	17,133	184,625	319,518
Balance at 1 July 2014	184,964	17,501	263,862	466,327
Profit for the period	-	-	18,594	18,594
Foreign exchange translation	-	1	-	1
Total comprehensive income for the period	-	1	18,594	18,595
Transaction with owners, in their capacity as owners, and other transfers				
Proceeds from issue of shares	1,421	-	-	1,421
Balance at 30 September 2014	186,385	17,502	282,456	486,343

The accompanying notes form part of these financial statements.

TFS CORPORATION LTD
(ABN: 97 092 200 854)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from operations	17,020	7,001
Payments to suppliers and employees	(28,829)	(24,507)
Payments for land held for resale	(1,122)	(2,015)
Repayment of grower loans	12,313	2,889
Interest received	676	1,261
Finance charges	(8,987)	(9,240)
Net cash used in operating activities	(8,929)	(24,611)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of property, plant and equipment	35	36
Payments for plant and equipment	(5,209)	(3,870)
Payments for investment in own plantation	(27,711)	(1,854)
Receipts from investments	860	682
Payments for investments	(198)	(231)
Receipts from MIS custodian accounts	39	8
Payments to MIS custodian accounts	(29)	(20)
Payments for land and buildings	(6,444)	(1,214)
Net cash used in investing activities	(38,657)	(6,463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(4)	(5)
Proceeds from issue of shares	1,421	-
Dividends paid	(4)	-
Net cash provided by / (used in) financing activities	1,413	(5)
Net decrease in cash held	(46,173)	(31,079)
Cash at the beginning of the period	88,581	56,517
Cash at the end of the period	42,408	25,438

The accompanying notes form part of these financial statements.

TFS CORPORATION LTD
(ABN: 97 092 200 854)
NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The un-audited financial report covers TFS Corporation Ltd and its controlled entities ("the Group"). TFS Corporation Ltd is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

These financial statements for the three month period ended 30 September 2014 have been prepared in accordance with Australian Accounting Standards and the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The accounting policies have been applied consistently throughout the Group for the purpose of the preparation of this interim financial report.

This interim financial report is intended to provide users with an update on the latest financial performance of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the period.

The financial report was authorised for issue on 28 November 2014 by the board of directors.

TFS CORPORATION LTD

(ABN: 97 092 200 854)

NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000
NOTE 2: REVENUE AND OTHER INCOME		
Sales revenue:		
Revenue from sales and services	20,660	12,077
Revenue from product sales	5,029	2,582
Revenue from farming operations	-	11
Interest on grower loans	369	1,005
Total sales revenue	26,058	15,675
Other income:		
Interest received – Other persons / bank deposits	308	257
Profit on disposal of plant and equipment	5	8
Gain on settlement of trade debtor	19	-
Gain on revaluation of plantations	41,354	(4,205)
Total other income	41,686	(3,940)
Total revenue and other income	67,744	11,735

	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000
NOTE 3: TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	60,728	65,206
Provision for impairment - trade debtors	(157)	(316)
Loans to growers	27,649	11,302
Bonds and deposits	25	22
Prepayments	3,299	4,312
	91,544	80,526
Non Current		
Loan to growers	9,489	38,557
Provision for impairment – loan to growers	(303)	(47)
Other receivable ⁽ⁱ⁾	9,267	8,590
	18,453	47,100

(i) Included in Other non-current receivable is \$4.8m (30 June 2014: \$4.2m) relating to research and development funding to an associated company (Santalís Pharmaceutical Inc) to be recovered upon the successful commercialisation of Santalis' pharmaceutical products.

NOTE 4: INVENTORIES

Land held for resale	8,840	7,718
Finished goods	6,314	5,896
Work in progress	(60)	14
Seedlings at cost	674	72
Seed stock	680	680
Harvested trees	2,915	5
Raw materials	1,387	1,113
Provision for obsolete stock	(72)	(65)
	20,678	15,433

TFS CORPORATION LTD

(ABN: 97 092 200 854)

NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000
NOTE 5: OTHER FINANCIAL ASSETS		
Current		
Cash deposit – MIS custodian accounts	3,218	3,239
Non Current		
Cash deposit – MIS custodian accounts	1,697	1,687
Cash deposit – First loss account	2,945	2,965
Cash deposit – Bank guarantee facility	2,452	2,452
	7,094	7,104
NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment – at cost	78,366	73,218
Accumulated depreciation	(23,367)	(21,548)
	54,999	51,670
Land and buildings – at fair value	74,679	68,234
Accumulated depreciation	(1,266)	(1,224)
	73,413	67,010
Total property, plant and equipment	128,412	118,680
NOTE 7: BIOLOGICAL ASSETS		
Sandalwood plantation at cost:		
Opening balance	221,268	127,195
Additions	466	87,573
Plantation re-acquired	-	6,909
Less: Harvested trees transferred to inventory	-	(409)
	221,734	221,268
Add: Fair value adjustment to Sandalwood plantation:		
Opening balance	126,837	64,266
Increments	41,354	63,301
Less: Harvested trees transferred to inventory	-	(730)
	168,191	126,837
Total biological assets	389,925	348,105
NOTE 8: INTANGIBLE ASSETS		
Goodwill – at cost	20,205	20,205
Supply agreements – at cost	478	478
Accrued income receivable		
Opening balance	66,924	65,000
Recognition of deferred fees	6,689	17,091
Deferred fees on trees acquired by the Group transferred to Biological Asset	-	(10,530)
Impairment recovery / (provision)	2,579	(4,637)
Closing balance	76,192	66,924
Total intangibles	96,875	87,607

TFS CORPORATION LTD
(ABN: 97 092 200 854)
NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

NOTE 9: FINANCIAL LIABILITIES

Non Current

Secured:

Hire purchase liability

11% Senior secured note⁽ⁱ⁾

30 SEPT 2014 \$'000	30 JUNE 2014 \$'000
5	9
171,810	159,172
171,815	159,181

(i) In May 2011 US\$150 million was raised from international markets from the issuance of 11% Senior Secured Notes, with a maturity date of 15 July 2018. This liability has been converted to Australian dollars using an exchange rate of AUD1.145 (30 June 2014: AUD1.061).

NOTE 10: ISSUED CAPITAL

325,267,408 fully paid ordinary shares (30 June 2014: 324,157,408)

186,385	184,964
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On 29 September 2014, options over 1,110,000 shares which had been issued in August 2011 were exercised at \$1.28 per share.

(a) Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital included ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior financial year. The gearing ratios for the current period and past year end are as follows:

	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000
Total borrowings	171,831	159,197
Less: Cash and cash equivalents	(42,408)	(88,581)
Net debt	129,423	70,616
Total equity	486,343	466,327
Total capital	615,766	536,943
Gearing ratio	21.02%	13.15%

TFS CORPORATION LTD
(ABN: 97 092 200 854)
NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

NOTE 11: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

TFS CORPORATION LTD
(ABN: 97 092 200 854)
NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

NOTE 11: SEGMENT INFORMATION

The Group's operations involve the management and operation of forestry plantations, cultivation and sale of agriculture produce, the provision of finance, and the production and sale of Sandalwood oil and related products. All material operations are conducted in Australia.

Primary reporting in business segments

Operating segments	Plantation management		Finance		Sandalwood products		Agriculture		Group	
	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000
Revenue										
Establishment fees and land sales	2,785	5,176	-	-	-	-	-	-	2,785	5,176
Lease and management fees	6,535	2,627	-	-	-	-	-	-	6,535	2,627
Product sales	-	-	-	-	5,029	2,582	-	-	5,029	2,582
Sales of agriculture produce	-	-	-	-	-	-	-	11	-	11
Interest – external	283	226	393	1,035	-	-	-	-	676	1,261
Other – external	2,075	46	3	-	-	-	-	-	2,078	46
Other – internal	54	-	-	-	120	141	-	-	174	141
Total segment revenue (Cash)	11,732	8,074	396	1,035	5,149	2,724	-	11	17,277	11,844
Operating revenue										
Accrued income recognition	9,268	4,237	-	-	-	-	-	-	9,268	4,237
Gain on settlement of trade debtor	19	-	-	-	-	-	-	-	19	-
Gain on revaluation of plantation	41,354	(4,205)	-	-	-	-	-	-	41,354	(4,205)
Total segment revenue (Non-cash)	50,641	32	-	-	-	-	-	-	50,641	32
Total segment revenue	62,373	8,106	396	1,035	5,149	2,724	-	11	67,918	11,876
Reconciliation of segment revenue to group revenue										
Inter segment revenue									(174)	(141)
Unallocated revenue									-	-
Total group revenue from ordinary activities									67,744	11,735

TFS CORPORATION LTD
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NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

NOTE 11: SEGMENT INFORMATION

Operating segments	Plantation management		Finance		Sandalwood products		Agriculture		Group	
	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000
Result										
Earnings before interest, tax, depreciation and amortisation (EBITDA) - Cash	(7,278)	(5,924)	(63)	985	1,124	162	-	11	(6,217)	(4,766)
(EBITDA) – Non-cash	39,175	3,616	-	-	-	-	-	-	39,175	3,616
Inter segment earnings	54	-	-	-	120	142	-	-	174	142
Total	31,951	(2,308)	(63)	985	1,244	304	-	11	33,132	(1,008)
<i>Reconciliation of segment EBITDA to group EBITDA</i>										
Inter segment revenue									(174)	(142)
Unallocated revenue									-	-
Total group EBITDA									32,958	(1,150)
Segment result before income tax	24,824	(8,113)	(41)	780	1,075	84	-	11	25,858	(7,238)
<i>Reconciliation of segment result to group net profit before tax</i>										
Inter segment revenue									(175)	(142)
Amounts not included in segment results but reviewed by the Board										
Share of net profits of associates									637	-
Unallocated expenses									-	-
Net profit before tax from continued operations									26,320	(7,380)

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NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

NOTE 11: SEGMENT INFORMATION

Operating segments	Plantation management		Finance		Sandalwood products		Agriculture		Group	
	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000	30 SEPT 2014 \$'000	30 JUNE 2014 \$'000
Segment Assets										
Segment Assets	799,480	799,662	40,276	53,560	35,444	33,773	-	-	875,200	886,995
Segment increases for the period:										
Capital expenditure	11,201	12,229	-	-	-	-	-	-	11,201	12,229
Acquisitions	92	7,052	-	-	360	712	-	-	452	7,764
	11,293	19,281	-	-	360	712	-	-	11,653	19,993
 <i>Reconciliation of segment assets to group assets</i>										
Inter segment eliminations									(38,515)	(55,479)
Unallocated assets									-	-
Total group assets from continuing operations									836,685	831,516
 Segment Liabilities										
Segment Liabilities	344,590	363,737	25,956	39,272	9,227	8,575	-	-	379,773	411,584
 <i>Reconciliation of segment liabilities to group liabilities</i>										
Inter segment eliminations									(29,431)	(46,395)
Unallocated liabilities									-	-
Total group liabilities from continuing operations									350,342	365,189

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NOTES TO AND FORMING PART OF THE UN-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

	30 SEPT 2014 \$'000	30 SEPT 2013 \$'000
NOTE 12: EARNINGS PER SHARE		
Earnings used in calculating basic and diluted earnings per share	18,594	(5,136)
Weighted average number of ordinary shares used as the denominator in calculating the:		
- Basic earnings per share	324,218	279,622
- Diluted earnings per share	379,608	279,622

NOTE 13: SUBSEQUENT EVENTS

No events have occurred since the end of the three month reporting period which have or may significantly affect the Group's operations, results of operations or state of affairs in future financial years.

NOTE 14: CONTINGENT LIABILITIES

There are no new contingent liabilities apart from those disclosed in Note 35 of the 30 June 2014 Annual Report.

NOTE 15: FINANCIAL INSTRUMENTS

The Group's financial instruments consist of trade and other receivables, other financial assets (made up of cash deposits), trade and other payables and financial liabilities. These financial instruments are measured at amortised cost, less any provision for non recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

TFS CORPORATION LTD
(ABN: 97 092 200 854)
DIRECTORS' DECLARATION

The directors of the company declare that:-

1. The attached un-audited financial statements and notes, as set out on pages 3 to 15 are in accordance with Australian Accounting Standards and give a true and fair view of the Group's financial position as at 30 September 2014 and the performance for the three months ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, consisting of a large loop on the left and a long, horizontal stroke extending to the right.

Dalton Gooding – Chairman of the Board

Dated at Perth this 28th day of November 2014.