

ASX Release

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TFS sandalwood oil acne product debuts on US shelves

- Benzac® acne product with pharmaceutical grade East Indian Sandalwood Oil launched in the United States
- Galderma retailing Benzac through Target, Walgreens, Rite Aid Pharmacy, amazon.com, drugstore.com, soap.com and benzac.com
- There are 40-50 million acne sufferers in the United States, providing a US\$4 billion market opportunity
- TFS's competitive advantage with plantation-grown, pharmaceutical grade sandalwood oil and exclusive supply agreement with Santalis and large multinational company being realised

TFS Corporation Limited ("TFS", ASX:TFC) confirms Nestle-owned international dermatology company Galderma has officially launched its Benzac® Acne Solutions over-the-counter acne regimen in the United States, which contains TFS's pharmaceutical grade East Indian Sandalwood oil as the key product differentiator.

Galderma is releasing Benzac® through major US retailers nationwide (Target, Walgreens and Rite Aid Pharmacy); online retailers such as Amazon.com and Benzac.com; and through social media aimed at the youth market.

"There are up to 50 million acne sufferers in the United States alone, so this is a huge potential market for Benzac®, TFS, Santalis and our pharmaceutical grade East Indian Sandalwood oil," said TFS Chief Executive Officer Frank Wilson.

"If Benzac® can tap just a portion of this US\$4 billion market, and we have every expectation that it will given Galderma's enthusiasm about efficacy and appeal of the product, then we expect the launch today will be a significant milestone for TFS and Santalis, our joint venture partner who helped develop the product."

Announcing the launch, Galderma Laboratories Vice President and General Manager for Self Medication Miles Harrison said: "Building on our long-standing heritage in prescription acne treatments and commitment to providing innovative dermatological solutions, Galderma is offering Benzac as an effective, non-irritating solution for the nearly 100% of teens and up to 50 million Americans who suffer from mild-to-moderate acne." (See Appendix 1)

Galderma Laboratories also makes Cetaphil® and the number one prescription topical acne brand in the United States. Benzac® Acne Solutions is Galderma's first over-the-counter (OTC) acne regimen.

TFS's pharmaceutical grade East Indian Sandalwood Oil is included in Galderma's Benzac® Complete Acne Solutions Regimen as well as the individual Benzac® Skin Balancing Foaming Cleanser, Benzac® Intensive Spot Treatment and Benzac® Blemish Clearing Hydrator.

TFS is Australia's largest sandalwood oil producer with 9,000 hectares of sandalwood plantations either owned or managed in WA, NT and Queensland. The company has established a unique 'soil to oil' vertically integrated supply chain of pharmaceutical grade East Indian Sandalwood Oil.

Mr Wilson said the natural appeal of Australian-produced East Indian Sandalwood Oil; the sustainability of TFS's plantation-produced oil and the anti-inflammatory and anti-bacterial properties of pharmaceutical grade East Indian Sandalwood Oil were expected to provide a compelling combination to acne sufferers to use Benzac® with East Indian Sandalwood Oil.

Galderma's Benzac marketing makes direct reference to the importance of East Indian Sandalwood Oil in Benzac: *"World's Leading Dermatology Company Fights Acne by Combining Proven Acne Fighting Medicine with Breakthrough Natural Ingredients: Benzac treats stubborn acne and prevents new breakouts from forming with salicylic acid, while pharmaceutical grade East Indian Sandalwood Oil calms and soothes the skin. In a clinical study, 91% of people saw improvement in their acne in two weeks when using the new 3-step Benzac Acne Solutions..... Benzac cartons are 100% recyclable, and the key ingredient in the regimen, East Indian Sandalwood Oil, is sustainably sourced."*

The Benzac website (www.benzac.com) also heavily promotes the health and sustainability benefits of TFS's plantation grown, pharmaceutical grade, East Indian Sandalwood Oil.

TFS's Galderma contract was established by TFS's 50% owned joint venture entity Santalis Pharmaceuticals Inc. ("Santalís") in February 2014 for the marketing of certain of Santalis' dermatology products, including a long-term exclusive supply agreement at US\$4,500/kg of oil.

Mr Wilson said Galderma has an extensive product portfolio available in 80 countries, and the licence agreement contemplates worldwide commercialisation of certain Santalis' current and future OTC products.

"TFS and Santalis are currently working on a pipeline of additional dermatological products based on the scientifically-validated pharmacological properties of East Indian Sandalwood Oil, so that we can create additional demand for our pharmaceutical grade oil, which is currently selling for US\$4,500 a kilogram," he said. "The launch of Benzac® with East Indian Sandalwood Oil is an important first step in realising a number of significant global opportunities in the pharmaceutical industry, while we assess other additional opportunities in fine fragrances and cosmetics."



Mr Wilson praised the work of Santalis realising the pharmaceutical potential of East Indian Sandalwood Oil and for introducing and working with Galderma to turn that potential into a marketable product.

“The ability to produce pharmaceutical grade East Indian Sandalwood Oil in commercial quantities is limited with a high barrier to entry,” he said.

“With access to plantation-grown oil through its own plantations and an exclusive relationship with one of the global powerhouses in dermatological treatments, TFS is ideally positioned to capitalise on that competitive advantage.”

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APPENDIX 1



GALDERMA LABORATORIES LAUNCHES ITS FIRST OVER-THE COUNTER ACNE REGIMEN, BENZAC® ACNE SOLUTIONS

*World's Leading Dermatology Company Fights Acne by Combining Proven Acne Fighting Medicine
with Breakthrough Natural Ingredients*

FT. WORTH, TEXAS – January 5, 2015 – Galderma Laboratories, L.P., maker of Cetaphil® and the #1 prescription topical acne brand, today announced the launch of Benzac® Acne Solutions, its first-ever, over-the-counter (OTC) acne regimen. Benzac treats stubborn acne and prevents new breakouts from forming with salicylic acid, while pharmaceutical grade East Indian Sandalwood Oil calms and soothes the skin. In a clinical study, 91% of people saw improvement in their acne in two weeks when using the new 3-step Benzac Acne Solutions, which includes the Benzac Skin Balancing Foaming Cleanser, Benzac Intensive Spot Treatment and Benzac Blemish Clearing Hydrator.

“Unlike many other acne treatments that don’t live up to their claims, Benzac is game changing in that it is clinically proven to help acne sufferers see predictable, smooth and luminous skin while minimizing irritation,” says board-certified dermatologist Dr. Jeanine Downie. “Benzac is also the *only* skincare line to use East Indian Sandalwood Oil, which has been used for thousands of years in Eastern medicine and is known to have antibacterial and anti-inflammatory properties and soothes the skin.”

In addition to salicylic acid, Benzac also contains Kakadu plum, an antioxidant super fruit known for highest natural concentration of vitamin C, to brighten the skin; lemon myrtle, a natural astringent, to help reduce excess oil; and the mineral zinc, which is shown to act as a barrier against skin moisture loss.

“Building on our long-standing heritage in prescription acne treatments and commitment to providing innovative dermatological solutions, Galderma is offering Benzac as an effective, non-irritating solution for the nearly 100% of teens and up to 50 million Americans who suffer from mild-to-moderate acne,” said Miles Harrison, Vice President and General Manager for Self Medication at Galderma Laboratories, L.P. “We want to help patients avoid the frustration of experimenting and skin irritation from multiple OTC products. If you haven’t seen improvement in your skin within two weeks of using the Benzac regimen, you should talk to your dermatologist about prescription treatment options.”

Safe for sensitive skin, Benzac is dermatologist tested, non-comedogenic (won’t clog pores) and free of artificial fragrances, and dyes. It is not tested on animals. Benzac cartons are 100% recyclable, and the key ingredient in the regimen, East Indian Sandalwood Oil, is sustainably sourced.

The Benzac Complete Acne Solutions Regimen (\$36.24 for the 3-step regimen)* and individual products Benzac Skin Balancing Foaming Cleanser (\$14.92 for 6.0 FL OZ),* Benzac Intensive Spot Treatment (\$16.84 for 0.5 FL OZ)* and Benzac Blemish Clearing Hydrator (\$16.84 for 1.0 FL OZ)* are available at major retailers nationwide and online, including Benzac.com and Amazon.com.

About Galderma

Galderma is a global company founded in 1981 committed to delivering innovative medical solutions to meet the dermatological needs of people throughout their lifetime while serving healthcare professionals around the world. The company has 34 wholly-owned affiliates with a worldwide network of distributors and more than 5,000 employees. Galderma's extensive product portfolio is available in 80 countries and treats a range of dermatological conditions including: acne, rosacea, onychomycosis, psoriasis & steroid-responsive dermatoses, pigmentary disorders, skin cancer and medical solutions for skin senescence.

With approximately 19% of revenues invested each year to discover and develop new products and access innovative technologies, the company is one of the world's leading investors in dermatology R&D. Five state-of-the-art R&D centers and five manufacturing sites are dedicated to providing a wide range of innovative medical solutions which meet the highest standards of safety and efficacy. Strategic brands in the U.S. include Cetaphil®, Epiduo®, Oracea®, Mirvaso®, Clobex®, Differin®, MetroGel®, Vectical®, Tri-Luma® and Pliaglis®.

For more information, please visit: GaldermaUSA.com

*Prices may vary: manufacturer's suggested retail price.

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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.