



## **ASX Release**

30 November 2015

### **TFS reports unaudited results for the three months ended 30 September 2015**

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 of \$40.5 million for the three months ended 30 September 2015, compared to \$18.6 million in the previous corresponding period ("pcp", being the three months to 30 September 2014).

Cash EBITDA, which removes the impact of non-cash revenues and unrealised foreign exchange movements, was \$6.4 million (pcp: loss of \$6.2 million).

This strong improvement in earnings reflected significant growth in both cash and non-cash revenues, with total revenue for the quarter up 62% to \$109.9 million (pcp: \$67.7 million). The growth in cash revenue was driven by an increase in establishment fees and land sales to \$23.9 million (pcp: \$2.8 million), principally from the sale of 214ha of new Indian sandalwood plantations to the Church Commissioners for England in September 2015. The increase in non-cash revenue was largely attributable to a tree revaluation gain of \$61.4 million (pcp: \$41.4 million, reflecting the impact of the weakening AUD against the USD).

Cash and cash equivalents at 30 September 2015 were \$30.4 million, with working capital movements for the quarter being consistent with TFS's typical seasonal cycle. The quarter also saw the completion of the acquisition of TFS's US pharmaceutical partners, Santalis Pharmaceuticals and ViroXis Corporation.

TFS's Managing Director, Frank Wilson, said the earnings result for the first quarter of a financial year demonstrated the ongoing strong demand for TFS's Indian sandalwood plantations.

"The growth in our cash earnings reflects the ongoing strong demand for new plantations as well as further growth in sales of Indian sandalwood products to end markets. The result is a highly encouraging start to the 2016 financial year given our earnings are heavily weighted to the last quarter of the financial year when the majority of our plantation sales are finalised," Mr Wilson said.

TFS reiterated its guidance of an increase to Cash EBITDA in FY16 of 5% to 10% on FY15.

**-ENDS-**

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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 commercial Indian sandalwood plantations in the world, with over 10,500 hectares planted of which TFS owns directly and indirectly nearly 3,500 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 subsidiary Santalis Pharmaceuticals Inc., entered into a supply agreement for pharmaceutical grade oil with Galderma, a leading global dermatology company wholly owned by Nestle.

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 which 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 for a range of skin conditions and the global pharmaceutical market has the potential to be a significant consumer of Indian sandalwood oil.