

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

APPENDIX 4D

**Half Year Financial Report
For the period ended 31 December 2009**

TFS CORPORATION LTD
(ABN: 97 092 200 854)

APPENDIX 4D
HALF YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2009

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TFS CORPORATION LTD
(ABN: 97 092 200 854)

**RESULTS FOR ANNOUNCEMENT TO MARKET
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

Current reporting period Half Year ended 31 December 2009

Previous corresponding period Half Year ended 31 December 2008

	<u>Percentage Change</u>			CONSOLIDATED GROUP	
				31-Dec-09	31-Dec-08
				6 Mth	6 Mth
				\$'000	\$'000
Revenue					
<i>Revenue (Cash*)</i>					
Revenue from 'MIS' sales	Down	4.6%	to	4,538	4,759
Revenue from 'institutional' sales	New			1,559	-
Revenue from recurring fees	Down	10.2%	to	1,013	1,129
Revenue from product sales	Down	4.9%	to	5,432	5,712
Interest revenue	Up	37.5%	to	1,617	1,176
Other revenue	Down	11.4%		556	627
<i>Revenue (Non-Cash*)</i>					
Revenue from recognition of deferred fees	Up	44.0%	to	7,514	5,219
Biological assets revenue	Down	98.8%	to	130	10,676
Total Revenue from ordinary activities	Down	23.7%	to	<u>22,360</u>	<u>29,297</u>
EBITDA					
Cash EBITDA	Down	104.2%	to	(3,478)	(1,703)
Non Cash EBITDA	Down	51.9%	to	7,644	15,895
TOTAL EBITDA	Down	70.6%	to	<u>4,166</u>	<u>14,191</u>
Net Profit After Tax					
Net Profit/(Loss) After Tax (Cash*)	Down	65.6%	to	(4,368)	(2,637)
Net Profit/(Loss) After Tax (Non Cash*)	Down	51.9%	to	5,351	11,126
Net profit from ordinary activities after tax	Down	88.4%	to	<u>983</u>	<u>8,489</u>
MIS Product Sold					
Hectares of MIS Product Sold	Up	100.0%	to	12.2	0.0
Hectares of wholesale product sold	New			0.0	0.0
	Up	100.0%	to	<u>12.2</u>	<u>0.0</u>
Earnings Per Share					
				31-Dec-09	31-Dec-08
				6 Mth	6 Mth
				(cents)	(cents)
Basic EPS	Down	89.6%	to	0.47	4.51
Diluted EPS	Down	89.6%	to	0.46	4.49
Cash* Diluted EPS	Down	48.0%	to	-2.06	-1.39
Net Tangible Assets per Share					
				31-Dec-09	30-Jun-09
				(cents)	(cents)
Net tangible asset backing per ordinary share	Up	4.9%	to	62.97	60.04

TFS CORPORATION LTD
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RESULTS FOR ANNOUNCEMENT TO MARKET
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Dividends

	Amount per share (cents)	Franked amount per share (cents)
Final Dividend ('09) - paid	3.00	3.00
Interim Dividend ('10) - declared	1.25	1.25
Total dividends paid / declared	<u>4.25</u>	<u>4.25</u>

	Record date	Payment date
Interim dividend	4-Jun-10	18-Jun-10
Last date for receipt of Dividend Reinvestment Plan participation notice	4-Jun-10	

Definition of Cash / Non Cash Revenue *

For the purpose of the above figures the term 'Cash' refers to revenue / profits recorded in the financial statements relating to activities that bring in current cash resources. The term 'Non-Cash' refers to revenue / profits recorded in the financial statements that do not necessarily result in current cash resources for the group but rather record the group's interest in items that should bring in cash resources in the future (e.g on harvest).

Commentary on Results

The Directors of TFS Corporation Ltd (TFS) announced that the consolidated net profit after providing for income tax of the economic entity for the half year ended 31 December 2009 amounted to \$0.983M (2008: \$8.489m), a decrease of 88.4%. This decrease is mainly due to tree valuation (biological asset) being negatively impacted by the strong rise in the Australian dollar against the US dollar compared to the same period the previous year.

Revenues from sales of new products during the half year amounted to \$827k (2008: \$0). This was achieved through the continued sale of the TFS Sandalwood Project 2009.

Full commentary on the results for the reporting period is contained in the ASX release dated 25 February 2010 accompanying this Report.

TFS CORPORATION LTD
(ABN: 97 092 200 854)

DIRECTORS' REPORT

Your Directors present the financial report of the economic entity for the half year ended 31 December 2009.

DIRECTORS

The names of the Directors in office any time during or since the period are:-

Mr Frank Cullity Wilson
Mr Ronald Lionel Eacott
Mr Blake William Myles
Mr Ian Mackenzie Murchison
Mr Ian Ross Thompson
Mr Timothy Croot

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIVIDENDS PAID

Dividends paid or declared for payment are as follows:

Final ordinary dividend of 3.0 cents per share (100% franked) paid in December 2009	\$6,736,576
Interim ordinary dividend of 1.25 cents per share (100% franked) recommended by directors	\$2,632,586

PRINCIPAL ACTIVITIES

The principal activities during the half year of entities within the economic entity were:

- Promotion of sandalwood managed investment schemes,
- Management and maintenance of sandalwood plantations,
- Manufacture and wholesale distribution of Australian sandalwood oil and related products,
- Ownership and leasing of land,
- Ownership of sandalwood plantations; and
- Provision of finance.

There have been no other significant changes in the nature of those activities undertaken during the period.

REVIEW OF OPERATIONS

Operating Results

The consolidated net profit of the economic entity for the half year after providing for income tax amounted to \$0.983m (2008: \$8.489m). This represents half year earnings of 0.47 cents per share (2008: 4.51 cents).

The total revenues for the period were \$22.360m (2008: \$29.297m) of which \$130k (2008: \$10.676m) related to the gain recognised on revaluation of the portion of the company's sandalwood tree plantation and other biological assets that TFS owns in its own right. The after tax impact of the tree revaluation on the net profit of the company was \$90,961 (2008:\$7.473m). The tree revaluation was negatively impacted compared to the corresponding period by the strong rise in the Australian dollar against the US dollar. Revenue for the half year also includes \$7.514m (2008: \$5.219m) in respect of fees earned during the period but yet to be invoiced in connection with the company's deferred lease and management fee products. The after tax impact of this revenue recognition policy on the half year net profit of the company was \$5.260m (2008:\$3.653m). Due to the implementation of a new revenue recognition policy in the 2009 financial year, revenue also includes \$3.850m (2008: \$4.758m) of 'MIS' and institutional sales that relates previous financial year's June sales. The after tax impact of this new revenue recognition policy on the half year net profit of the company was \$2.695m (2008: \$3.331m).

Promotion of Agricultural Projects and Managed Investment Schemes

Revenues from sales of new products during the half year amounted to \$827k (2008: \$0). This was achieved through the continued sale of the TFS Sandalwood Project 2009. Due to the revenue recognition policy (implemented in the 2009 financial year) only \$688k was recognised in this half year period, which resulted in an after tax effect of \$482k.

TFS CORPORATION LTD
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DIRECTORS REPORT CONT'D

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and director's report have been rounded off to the nearest \$1,000.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the half year ended 31 December 2009 has been received and can be found on page 24 of the report.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors



F.C. Wilson - Director

Dated this 24th day of February 2010.

TFS CORPORATION LTD
(ABN: 97 092 200 854)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	NOTE	CONSOLIDATED GROUP	
		31-Dec-09 6 Mth \$'000	31-Dec-08 6 Mth \$'000
Dividends received		-	-
Revenue	2	21,972	18,231
Other income	2	388	11,066
Raw materials and consumables used		(2,742)	(2,441)
Depreciation and amortisation expenses		(800)	(613)
Finance costs		(539)	(592)
Interest paid		(1,533)	(1,009)
Unrealised interest swap gain / (loss)		110	(18)
Unrealised foreign exchange gain / (loss)		(19)	(660)
Salaries and employees benefits expense		(6,148)	(5,287)
Consulting expense		(737)	(529)
Bad debts (expense) / recovered		-	(1)
Provision for impairment of receivables		(365)	(78)
Commissions		(137)	(51)
Marketing costs		(998)	(497)
Direct plantation and nursery operations		(1,880)	(1,491)
Rent / lease costs		(2,097)	(1,292)
Water		(356)	(224)
Repairs & maintenance		(450)	(412)
Travel & Accomodation		(519)	(518)
Insurance		(285)	(278)
Other expenses from ordinary activities		(1,905)	(1,330)
Share of net profits of associates		334	-
Profit/(Loss) before income tax expense		1,294	11,977
Income tax expense relating to ordinary activities		(310)	(3,488)
Profit/(loss) from continuing operations		983	8,489
Profit from discontinued operations		-	-
Profit for the period		983	8,489
Other comprehensive income			
Net gain on revaluation of land and buildings		1,757	-
Share of other comprehensive income of associates		-	-
Income tax relating to components of other comprehensive income		(527)	-
Other comprehensive income for the period, net of tax		1,230	-
Total comprehensive income for the period		2,213	8,489
Profit attributable to:			
Members of the parent entity		983	8,489
Total comprehensive income attributable to:			
Members of the parent entity		2,213	8,489
Earnings per share			
From continuing operations:			
Basic earnings per share (cents per share)	23	0.47	4.51
Diluted earnings per share (cents per share)	23	0.46	4.49

The accompanying notes form part of these financial statements

TFS CORPORATION LTD
(ABN: 97 092 200 854)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	NOTE	CONSOLIDATED GROUP		
		31-Dec-09 \$'000	30-Jun-09 \$'000	31-Dec-08 \$'000
CURRENT ASSETS				
Cash and cash equivalents	20(i)	7,648	38,715	930
Trade and other receivables	3	51,804	50,015	15,821
Inventories	4	14,163	11,407	5,686
TOTAL CURRENT ASSETS		<u>73,615</u>	<u>100,137</u>	<u>22,438</u>
NON CURRENT ASSETS				
Trade and other receivables	5	21,892	33,305	18,061
Other financial assets	6	6,254	6,231	4,358
Property, plant and equipment	7	69,594	64,527	66,285
Deferred tax assets		3,739	5,584	3,365
Biological assets	8	32,582	30,949	32,646
Intangible assets	9	20,252	20,252	20,252
Investments accounted for using equity method	10	729	392	-
Other	12	36,747	24,465	19,164
TOTAL NON-CURRENT ASSETS		<u>191,788</u>	<u>185,705</u>	<u>164,133</u>
TOTAL ASSETS		<u>265,403</u>	<u>285,842</u>	<u>186,570</u>
CURRENT LIABILITIES				
Trade and other payables	13	6,252	19,299	3,721
Financial liabilities	14	884	394	1,268
Current tax liabilities		4,582	11,352	5,483
Provisions	15	847	780	527
Unearned income	16	11,969	17,239	9,306
TOTAL CURRENT LIABILITIES		<u>24,533</u>	<u>49,064</u>	<u>20,306</u>
NON CURRENT LIABILITIES				
Financial liabilities	17	39,774	65,054	33,148
Deferred tax liabilities		24,001	21,646	20,988
Unearned income	18	14,762	14,994	3,001
TOTAL NON-CURRENT LIABILITIES		<u>78,537</u>	<u>101,694</u>	<u>57,137</u>
TOTAL LIABILITIES		<u>103,070</u>	<u>150,758</u>	<u>77,443</u>
NET ASSETS		<u>162,333</u>	<u>135,084</u>	<u>109,127</u>
EQUITY				
Issued capital	19	76,015	43,014	41,502
Asset revaluation reserve		13,745	14,975	14,493
Option reserve		478	478	478
Retained earnings		72,093	76,617	52,655
TOTAL EQUITY		<u>162,333</u>	<u>135,084</u>	<u>109,127</u>

The accompanying notes form part of these financial statements.

TFS CORPORATION LTD
(ABN: 97 092 200 854)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	NOTE	Share Capital \$'000	Retained Earnings \$'000	Asset Revaluation \$'000	Option Reserve \$'000	Total \$'000
Balance at 1.7.2008		39,665	49,816	14,493	478	104,452
Shares issued during the period		1,836	-	-	-	1,836
Total comprehensive income for the period		-	8,489	-	-	8,489
Sub-Total		41,502	58,305	14,493	478	114,777
Dividends provided for or paid	24	-	(5,650)	-	-	(5,650)
Balance at 31.12.2008		41,502	52,655	14,493	478	109,127
Balance at 1.7.2009		43,014	76,617	14,975	478	135,085
Shares issued during the year		33,001	-	-	-	33,001
Total comprehensive income for the period		-	2,213	(1,230)	-	983
Sub-Total		76,015	78,830	13,745	478	169,069
Dividends provided for or paid	24	-	(6,737)	-	-	(6,737)
Balance at 31.12.2009		76,015	72,093	13,745	478	162,333

The accompanying notes form part of these financial statements.

TFS CORPORATION LTD
(ABN: 97 092 200 854)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	NOTE	CONSOLIDATED GROUP	
		31-Dec-09 6 Mth \$'000	31-Dec-08 6 Mth \$'000
CASH FLOWS FROM (USED IN)			
OPERATING ACTIVITIES			
Receipts from operations		13,703	31,855
Payments to suppliers		(44,789)	(29,643)
Net (provision)/repayment of loans to/from growers		6,769	(4,332)
Interest received		1,617	1,176
Interest paid		(1,533)	(1,009)
Income tax paid		(2,434)	(229)
Net cash (used in)/provided by operating activities	20(ii)	<u>(26,667)</u>	<u>(2,182)</u>
CASH FLOWS FROM (USED IN)			
INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		29	-
Payments for plant & equipment		(5,798)	(2,239)
Receipts / (payments) for investments		109	(1,209)
Payments for land & buildings		(157)	(698)
Payment of subsidiary (net of cash acquired)	22	-	(8,280)
Net cash used in investing activities		<u>(5,818)</u>	<u>(12,425)</u>
CASH FLOWS FROM (USED IN)			
FINANCING ACTIVITIES			
Proceeds from borrowings		48	29,052
Repayments of borrowings		(25,350)	(26,094)
Proceeds from issue of shares		31,526	-
Dividends paid		(5,318)	(5,003)
		<u>904</u>	<u>(2,045)</u>
Net increase / (decrease) in cash held		(31,581)	(16,652)
Cash at beginning of financial period		38,712	16,671
Cash at end of financial period	20(i)	<u>7,131</u>	<u>20</u>

The accompanying notes form part of these financial statements.

TFS CORPORATION LTD
(ABN: 97 092 200 854)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers TFS Corporation Ltd and its controlled entities as an economic entity. TFS Corporation Ltd is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards; including standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of TFS Corporation Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year 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 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

TFS CORPORATION LTD
(ABN: 97 092 200 854)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

Revenue Recognition

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

Change in Accounting Policy

The economic entity changed its accounting policy in relation to the recognition of its establishment fee revenue for the year ended 30 June 2009. Establishment fees were previously fully recognised in the year that the application or contract was entered into. The economic entity has now chosen for establishment fee revenues in connection with sale of timber lots under an MIS project or under other timberlot establishment contracts to be recognised in proportion to the establishment work performed at balance date. In arriving at the proportion of work performed to balance date all activities relating to product development, marketing and distribution, land procurement and development, seed collection and propagation, planting, and other establishment activities are taken into account.

The directors are of the view that this change results in more relevant and reliable financial information as the structure of the establishment fee contracts being entered into is now more akin to the provision of a service.

TFS CORPORATION LTD
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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The aggregate effect of the change in accounting policy on the annual financial statements for the prior year period is as follows.

	31-Dec-08		
	Stated	Adjustment	Restated
	\$'000	\$'000	\$'000
ECONOMIC ENTITY			
Income Statement			
Revenue	13,472	4,759	18,231
Profit/(loss) before income tax	7,218	4,759	11,977
Income tax	(2,061)	(1,428)	(3,488)
Profit for period	5,158	3,331	8,489
Earnings per share (Basic) (cents)	2.74		4.51
Earnings per share (Diluted) (cents)	2.74		4.49
Balance Sheet			
Unearned income - Current	468	8,838	9,306
Unearned income - Non Current	3,001	-	3,001
Deferred tax asset	714	2,651	3,365
Current tax liability	5,483	-	5,483
Adjustment to opening retained earnings	59,334	(9,518)	49,816

The financial report was authorised for issue on 24 February 2009 by the board of directors of the responsible entity.

TFS CORPORATION LTD
(ABN: 97 092 200 854)

CONSOLIDATED GROUP

31-Dec-09 31-Dec-08
6 Mth 6 Mth
\$'000 \$'000

NOTE 2: REVENUE

Revenue from operating activities:

Revenue from services	15,242	11,623
Revenue from product sales	5,432	5,712
Revenue from farming operations	-	105
Interest on loans (a)	1,298	791
Total sales revenue	21,972	18,231

Other income:

Interest received	320	385
Profit / (Loss) on disposal of plant & equipment	(61)	6
Gain on agriculture produce	(38)	18
Gain on revaluation of plantations	168	10,658
Total other income	388	11,066

31-Dec-09 30-Jun-09
\$'000 \$'000

NOTE 3: TRADE AND OTHER RECEIVABLES (CURRENT)

Trade Debtors	35,744	41,035
Provision for impairment of receivables	(326)	(2,850)
	35,418	38,185

Loans to growers	15,764	11,507
Bonds & deposits	45	40
Prepayments	577	282
	51,804	50,015

NOTE 4: INVENTORIES (CURRENT)

Sandalwood Oil	-	55
Land	4,495	4,495
Finished goods	8,010	6,481
Seedlings at Cost	1,540	213
Seed Stock	121	159
Harvested trees (FPC)	42	42
Cut hay	-	-
Raw materials	16	27
Provision for obsolete stock	(62)	(65)
	14,163	11,407

NOTE 5: TRADE AND OTHER RECEIVABLES (NON-CURRENT)

Loans to growers	17,446	28,472
Less: Provision for impairment of receivables	(349)	-
	17,096	28,472

Loans to employees under share acquisition plan	4,796	4,834
Total Receivable (Non Current)	21,892	33,305

TFS CORPORATION LTD
(ABN: 97 092 200 854)

31-Dec-09 **30-Jun-09**
\$'000 **\$'000**

NOTE 6: OTHER FINANCIAL ASSETS
(NON-CURRENT)

Forward exchange contracts - hedges	227	77
Interest rate swaps	(46)	13
Cash Deposit - First Loss Account	6,073	6,141
	6,254	6,231

NOTE 7: PROPERTY, PLANT & EQUIPMENT

Plant & Equipment - at cost	21,047	15,515
Less: Accumulated depreciation	(5,986)	(5,428)
Total plant & equipment	15,061	10,087
Land & Buildings at directors valuation	54,793	54,636
Land & Buildings at cost	-	-
Less: Accumulated amortisation	(260)	(196)
Total property	54,533	54,440
Total property, plant & equipment	69,594	64,527

NOTE 8: BIOLOGICAL ASSETS

At cost:		
Opening balance	2,739	1,808
Additions	1,465	931
Closing Balance	4,204	2,739
At market value:		
Opening balance	28,210	20,180
Increments / (Decrements)	168	8,030
Closing balance	28,378	28,210
Net book value	32,582	30,949

NOTE 9: INTANGIBLE ASSETS

Goodwill:		
Cost	19,774	19,774
Accumulated impaired losses	-	-
Net carrying value	19,774	19,774
Supply agreements:		
Cost	478	478
Accumulated impaired losses	-	-
Net carrying value	478	478
Total intangibles	20,252	20,252

TFS CORPORATION LTD
(ABN: 97 092 200 854)

31-Dec-09 **30-Jun-09**
\$'000 **\$'000**

NOTE 10: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Opening balance		392	-
Investment		3	359
Share of net profit for period		334	33
Associated companies		729	392

NOTE 11: ASSOCIATED COMPANIES

Interests are held in the following associated companies:

Name	Principal Activities	Country of Incorp.	Shares	Ownership Interest		Carry amount of Investment	
				Dec-09 %	Jun-09 %	31-Dec-09 \$'000	30-Jun-09 \$'000
Northern Development Corporation Ltd	Land Development Sandalwood Oil	Australia	Ord	50	50	320	176
Gulf Natural Supply Co.	distributor	UAE	Ord	49	49	409	216
						729	392

31-Dec-09 **30-Jun-09**
\$'000 **\$'000**

NOTE 12: OTHER ASSETS

Water rights		1	1
Option over land		-	-
Accrued income receivable		27,945	20,431
		27,945	20,431
Land preparation costs		9,000	4,232
Less: Provision for Amortisation		(198)	(198)
		8,802	4,034
Total Other Assets		36,747	24,465

NOTE 13: TRADE AND OTHER PAYABLES (CURRENT)

Unsecured:			
Trade Creditors		3,461	2,762
Goods & services tax payable		(873)	6,629
Dividends Payable		534	143
Other creditors and accrued expenses		3,130	9,764
		6,252	19,299

NOTE 14: FINANCIAL LIABILITIES (CURRENT)

Secured:			
Bank overdraft		517	3
Hire purchase liability		367	390
Borrowing secured by mortgage		-	-
		884	394

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	31-Dec-09	30-Jun-09
	\$'000	\$'000
NOTE 15: PROVISIONS (CURRENT)		
Employee entitlements	847	780
	847	780
NOTE 16: UNEARNED INCOME (CURRENT)		
Unearned income	11,969	17,239
	11,969	17,239
NOTE 17: FINANCIAL LIABILITIES (NON CURRENT)		
Secured:		
Hire purchase liability	1,592	1,843
Borrowing secured by mortgage	38,182	63,210
Loan Book Securitisation Facility	-	-
	39,774	65,054
NOTE 18: UNEARNED INCOME (NON CURRENT)		
Unearned Income	14,762	14,994
	14,762	14,994
NOTE 19: ISSUED CAPITAL		
Issued ordinary fully paid with no par value		
31.12.09: 225,632,219 (30.06.09: 191,272,208)	76,015	43,014
	76,015	43,014
	31-Dec-09	30-Jun-09
	No.	No.
Ordinary shares		
At beginning of the period	191,272,208	187,278,488
Shares issued during the year		
- 26 August 2008		1,048,618
- 28 November 2008		983,712
- 27 February 2009		1,477,300
- 27 February 2009		200,000
- 19 June 2009		284,090
- 10 September 2009	28,000,000	
- 14 October 2009	5,280,334	
- 22 December 2009	1,079,677	
At reporting date	225,632,219	191,272,208

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NOTE 19: ISSUED CAPITAL CONT

(a) Capital management

Management controls the capital of the group in order to maintain a good 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 includes 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 response include the management of debt levels, distributions to share holders and share issues. There have been no changes in the strategy adopted by management to control the capital of the group since the prior period. The gearing ratio's for the current and past year ends are as follows.

	31-Dec-09	30-Jun-09
	\$'000	\$'000
Total borrowings	40,658	65,448
Less: Cash and cash equivalents	7,648	38,715
Net debt	33,010	26,732
Total equity	162,333	135,084
Total capital	195,342	161,816
Gearing ratio	16.90%	16.52%

	31-Dec-09	30-Jun-09
	\$'000	\$'000

NOTE 20: CASH FLOW INFORMATION

(i) Reconciliation of cash

Cash balance comprises:

Cash at bank	7,643	38,712
Cash on hand	5	4
JV Cash at bank	-	-
Cash balance as per balance sheet	7,648	38,715
Less: Overdraft	(517)	(3)
Cash balance as per cash flow statement	7,131	38,712

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NOTE 20: CASHFLOW INFORMATION CON'T

	31-Dec-09	31-Dec-08
	6 Mth	6 Mth
	\$'000	\$'000
(ii) Reconciliation of operating profit after income tax to the net cash flow provided by operating activities.		
Operating profit / (loss) after income tax	983	8,489
Add/(less) non-cash items:		
Depreciation and amortisation	800	613
Share of net profits from associates	(334)	-
Tax adjustment taken direct to equity/ARR	447	-
	<hr/>	<hr/>
Net cash provided by operating activities before change in assets and liabilities	1,897	9,102
Changes in operating assets and liabilities:		
Provision for taxation increase / (decrease)	(6,770)	(2,885)
Provision for impairment increase / (decrease)	(2,175)	78
Provision for deferred taxation increase / (decrease)	2,355	4,511
Future taxation benefit (increase) / decrease	1,845	1,633
(Profit) / loss on sale of fixed assets	61	(6)
(profit) / loss on sale of investments	(6)	(37)
(Increase) / decrease in trade debtors	5,286	23,953
(Increase) / decrease in prepayments	(295)	(281)
(Increase) / decrease in accrued income receivable	(7,514)	(5,219)
(Increase) / decrease in grower loans	6,769	(4,332)
(Increase) / decrease in inventories	(2,756)	(1,393)
(Increase) / decrease in sandalwood trees	(1,632)	(10,658)
(Increase) / decrease in land preparation	(4,768)	(2,008)
(Increase) / decrease in foreign exchange / swap contracts	(91)	678
Increase / (decrease) in trade creditors and provisions	(13,370)	(10,318)
Increase / (decrease) in unearned income	(5,503)	(5,000)
	<hr/>	<hr/>
Net cash flow from operating activities	(26,667)	(2,182)

NOTE 21: 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 diversification of 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:

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NOTE 21: OPERATING SEGMENTS CON'T

- 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.

Types of products and services by segment

(i) *Plantation Management*

The plantation management segment is firstly responsible for the promotion and sales of Indian Sandalwood lots to investors, also called growers.

Secondly this segment is responsible for the establishment, maintenance and harvesting of Indian Sandalwood plantations on behalf of the growers and group owned plantations.

Thirdly this segment is responsible for end market research and the establishment of end market agreements.

Significant plant & equipment , including tractors, motor vehicle and irrigation infrastructure form the basis for the operating assets in this segment.

(ii) *Finance*

The segment is responsible for providing finance to growers to purchase Sandalwood lots. This finance can either be via in house or by arranging external finance.

(iii) *Sandalwood Products*

This segment, which includes the 100% owned subsidiary Mt Romance Holdings Pty Ltd is responsible for the manufacture of Sandalwood Oil and products for resale both domestic and internationally.

(iv) *Farming*

This segment is responsible for all the farming activities of the group, other than forestry related activities.

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.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is reviewed on an ongoing basis and is based on what would be realised in the event the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation for the Groups financial statements.

Corporate charges are allocated to the plantation management division, unless it can be assigned to a specific segment other than plantation management. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received. This inter-segment loans are revolving facility with no fixed terms, interests free and repayable in full when the borrower is in a financial position to effect this.

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NOTE 21: OPERATING SEGMENTS CON'T

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have been allocated to an operating segment.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities relating to the Group as a whole are allocated to the plantation management segment unless it can be assigned to a specific segment other than plantation management. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated Items

Currently the group has no unallocated items.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

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NOTE 21: OPERATING SEGMENTS (Continued)

The consolidated entity's operations involve the management and operation of forestry plantations, cultivation and sale of agriculture produce, and the provision of finance. All operations are conducted in Australia.

Industry Segments	Plantation Management		Finance		Sandalwood products		Agriculture		Economic Entity	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
	6 Mth	6 Mth	6 Mth	6 Mth	6 Mth	6 Mth	6 Mth	6 Mth	6 Mth	6 Mth
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue (Cash*)										
Establishment Fees	6,098	4,759	-	-	-	-	-	-	6,098	4,759
Lease & management Fees	1,013	1,129	-	-	-	-	-	-	1,013	1,129
Product sales	-	-	-	-	5,432	5,712	-	-	5,432	5,712
Sales of agriculture produce	-	-	-	-	-	-	-	105	-	105
Interest	320	385	1,298	791	-	-	-	-	1,617	1,176
Other	556	522	-	-	-	-	-	-	556	522
	7,987	6,795	1,298	791	5,432	5,712	-	105	14,716	13,403
Revenue (Non-Cash*)										
Accrued income recognition	7,514	5,219	-	-	-	-	-	-	7,514	5,219
Gain on revaluation of plantation	168	10,658	-	-	-	-	-	-	168	10,658
Gain on agriculture produce - Seeds	(38)	18	-	-	-	-	-	-	(38)	18
	7,644	15,895	-	-	-	-	-	-	7,644	15,895
Total segment revenue	15,631	22,689	1,298	791	5,432	5,712	-	105	22,360	29,297
Unallocated revenue									-	-
Revenue from ordinary activities									22,360	29,297
Result										
Earnings before interest, tax, dep'n and amort'n										
(EBITDA) - Cash*	(5,630)	(4,887)	922	1,029	1,229	2,127	-	27	(3,478)	(1,703)
(EBITDA) - Non-Cash*	7,644	15,895	-	-	-	-	-	-	7,644	15,895
(EBITDA) - Total	2,014	11,008	922	1,029	1,229	2,127	-	27	4,166	14,191
Segment result before income tax	(719)	9,980	793	1,025	886	946	-	27	960	11,977
Unallocated expenses									-	-
Share of net profits of associates	141	-	-	-	193	-	-	-	334	-
Income tax	(310)	(3,488)	-	-	-	-	-	-	(310)	(3,488)
Segment operating profit after tax	(888)	6,491	793	1,025	1,079	946	-	27	983	8,489

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NOTE 21: OPERATING SEGMENTS (Continued)

	Plantation Management		Finance		Sandalwood products		Agriculture		Consolidated Group	
	31-Dec-09	30-Jun-09	31-Dec-09	30-Jun-09	31-Dec-09	30-Jun-09	31-Dec-09	30-Jun-09	31-Dec-09	30-Jun-09
Segment Assets										
Segment Assets	185,887	202,434	40,319	46,225	39,197	37,183	-	-	265,403	285,842
Segment increases for the period:										
Capital expenditure	4,984	-	-	-	-	-	-	-	4,984	-
Acquisitions	835	3,319	-	-	268	2,629	-	-	1,102	5,949
	5,819	3,319	-	-	268	2,629	-	-	6,087	5,949
Included in segment assets are:										
Equity accounted associates and joint ventures	320	176	-	-	409	216	-	-	729	392
Reconciliation of segment assets to group assets										
Inter-segment eliminations									-	-
Unallocated assets									-	-
Total group assets from continuing operations									265,403	285,842
Segment Liabilities										
Segment Liabilities	45,290	86,942	33,600	40,388	24,180	23,427	-	-	103,070	150,758
Reconciliation of segment liabilities to group liabilities										
Inter-segment eliminations									-	-
Unallocated liabilities									-	-
Total group liabilities from continuing operations									103,070	150,758

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	31-Dec-09	31-Dec-08
	6 Mth	6 Mth
	\$'000	\$'000

NOTE 22 BUSINESS COMBINATIONS

The parent entity acquired 100% of Mt Romance Holdings Ltd on 24 July 2008, a manufacturer and wholesale distributor of Australian sandalwood oil and related products. The purchase price was satisfied by the issue of 1,048,618 ordinary shares at an issue price of \$1.049 each and the payment of \$9,900,000. The issue was based on the market price at the date of purchase.

The purchase price was allocated as follows:

Purchase consideration	-	11,000
Cash consideration	-	9,900
Equity issued as consideration	-	1,100
Total Purchase	-	11,000
Fair value of assets acquired (see below)	-	4,915
Goodwill on consolidation	-	6,085
Investment in subsidiary	-	11,000
Assets and liabilities held at acquisition date:		
Cash and cash equivalents	-	1,620
Receivables & other financial assets	-	1,921
Inventories	-	3,471
Property plant and equipment	-	5,299
Goodwill	-	13,689
Payables	-	(2,151)
Borrowings	-	(18,934)
Net assets acquired	-	4,915
Purchase consideration settled in cash	-	9,900
Cash and cash equivalents in subsidiary acquired	-	(1,620)
Cash outflow on acquisition	-	8,280

NOTE 23: EARNINGS PER SHARE

Earnings used in calculating basic and diluted earnings per share	983	8,489
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	210,607	188,170
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	211,607	189,170

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	31-Dec-09	31-Dec-08
	6 Mth	6 Mth
	\$'000	\$'000
NOTE 24: DIVIDENDS		
<i>Distributions paid</i>		
Final fully franked dividend of 3.0 cents per share - 2008 financial year		5,650
Final fully franked dividend of 3.0 cents per share - 2009 financial year	6,737	
Dividends are franked at the tax rate of 30%		
	6,737	5,650
	2,633	2,387
 (a) Proposed interim fully franked ordinary dividend of 1.25 cents per share (2008: 1.25 cents) franked at the tax rate of 30% (2008: 30%)		

NOTE 25: SUBSEQUENT EVENTS

There have not been any events occur after balance date which have or may affect the economic entity's operations, results of operations or state of affairs in future financial periods.

NOTE 26: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since last reporting date.

NOTE 27: SEASONAL OPERATIONS

TFS's major business activity is the promotion of Managed Investment Schemes ("MIS") in Indian Sandalwood. The nature of the MIS industry determines that a significant percentage of new sales occur in the latter 6 months of the financial year. Accordingly the financial statements for the half year will not be an accurate indicator of the full year performance.

TFS CORPORATION LTD
(ABN: 97 092 200 854)

DIRECTORS' DECLARATION

The directors of the company declare that:-

1. The attached financial statements and notes, as set out on pages 3 to 23 are in accordance with the Corporations Act 2001, including:
 - (a) comply with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and the performance for the half year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the consolidated entity 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:

On behalf of the Directors



Director _____

F C Wilson

Dated this 24th day of February 2010.

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our review of the financial report of TFS Corporation Limited And Controlled Entities for the half year ended 31 December 2009 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



PHILLIP RIX
Director

DATED at PERTH this 24TH day of February 2010

Independent Auditor's Review Report

To the Members of TFS Corporation Limited

We have reviewed the accompanying half-year financial report of TFS Corporation Limited ("the Company") and Controlled Entities ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

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Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of TFS Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of TFS Corporation Limited for the half-year ended 31 December 2009 included on the website of TFS Corporation Limited. The directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the Company's website.

Independent Auditor's Review Report

To the Members of TFS Corporation Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TFS Corporation Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in blue ink that reads "Bentleys".

BENTLEYS
Chartered Accountants

A handwritten signature in blue ink that reads "Phillip Rix".

PHILLIP RIX
Director

DATED at PERTH this 24th day of February 2010