



TFS EXPECTING 15 PER CENT PROFIT GROWTH IN FY09

20 November 2008

At today's Annual General Meeting in Perth, TFS Corporation Limited (TFS) Executive Chairman Frank Wilson advised shareholders that TFS currently expects to deliver an increase of at least 15 per cent in net profit after tax for FY 09, including a forecast contribution to EBITDA of at least \$5 million from sandalwood processor Mt Romance (MRA), acquired in August 2008.

TFS's projected earnings growth is based on an expectation of total MIS sales in FY 09 of over 900 hectares, an increase of more than 10 per cent on FY 08.

Mr Wilson advised shareholders that their dividends would at least be maintained for FY09 and that by financial year 2009 end the Company expected to achieve its goal of being debt-free.

"This places us in a strong position to fund further strategic acquisitions ...having already (through the acquisition of MRA) achieved our vision of becoming a vertically integrated sandalwood products Company," Mr Wilson said.

Recent Achievements

Mr Wilson highlighted a number of key developments in FY 08 (and since balance date) which have further strengthened TFS's prospects for immediate and long-term growth.

- **Acquisition of MRA**

The merger of TFS and MRA combines the world's largest plantation owner and grower of highly valuable and sought after Indian sandalwood with the world's largest processor and distributor of Australian sandalwood. "TFS now has a 'soil to oil' operation via MRA's blue chip client base of French and other global fine fragrance producers who over the next 3-5 years will be taking delivery of high quality Indian sandalwood oil from TFS's Kununurra plantations," said Mr Wilson.

- **Land bank expansion**

During FY 08 TFS added to its significant land bank which now has reached 4000 hectares, sufficient to supply the Company's requirements for the next 3 - 4 years. "TFS continues to search for and identify suitable land for its future requirements and is confident that the Kimberley region can supply the Company's needs for the next decade," Mr Wilson stated. "We are also pleased with the West Australian State Government's commitment to Ord River Stage 2 and believe it may assist TFS to achieve this objective".

- **Oil quality improvement**

With MRA's skills, technology, quality control systems and processing experience, TFS will have a smooth transition into long-term production of high grade quality santalum album oil. "The offtake agreement for our Kununurra santalum album oil announced in February with global beauty and body care house Lush Cosmetics is clear evidence of the industry's recognition of our Company's capacity to produce and deliver high grade quality product," said Mr Wilson.

- **Commonwealth Bank facility**

The Commonwealth Bank increased the facility available for investors in the TFS Indian sandalwood project from \$50 million in FY 08 to \$100 million in FY 09.

- **Corporate social responsibility award**

TFS was recognised recently by the prime rating awarded by OEKOM Research to the Company as an industry leader in corporate social responsibility.

"Despite the deterioration of the ASX and a subdued outlook for the Australian economy... we are confident that the work we have put into increasing our penetration amongst the financial planning community will result in increased market share for and sales of TFS's Indian Sandalwood MIS product in FY 09" said Mr Wilson. "We also expect to see demand increasing for investments in established Indian sandalwood plantations via the recently-introduced secondary market for MIS forestry investments," he said.

"Whilst our earnings in FY 09 will retain their traditional strong skew towards the second half, we are confident of achieving our targeted profit growth of at least 15 per cent in FY 09 and to reducing our net debt to zero," Mr Wilson said.

For more information please contact:

Frank Wilson
Executive Chairman
TFS Corporation
+ 61 8 9221 9466