



Frank Wilson  
Executive Chairman

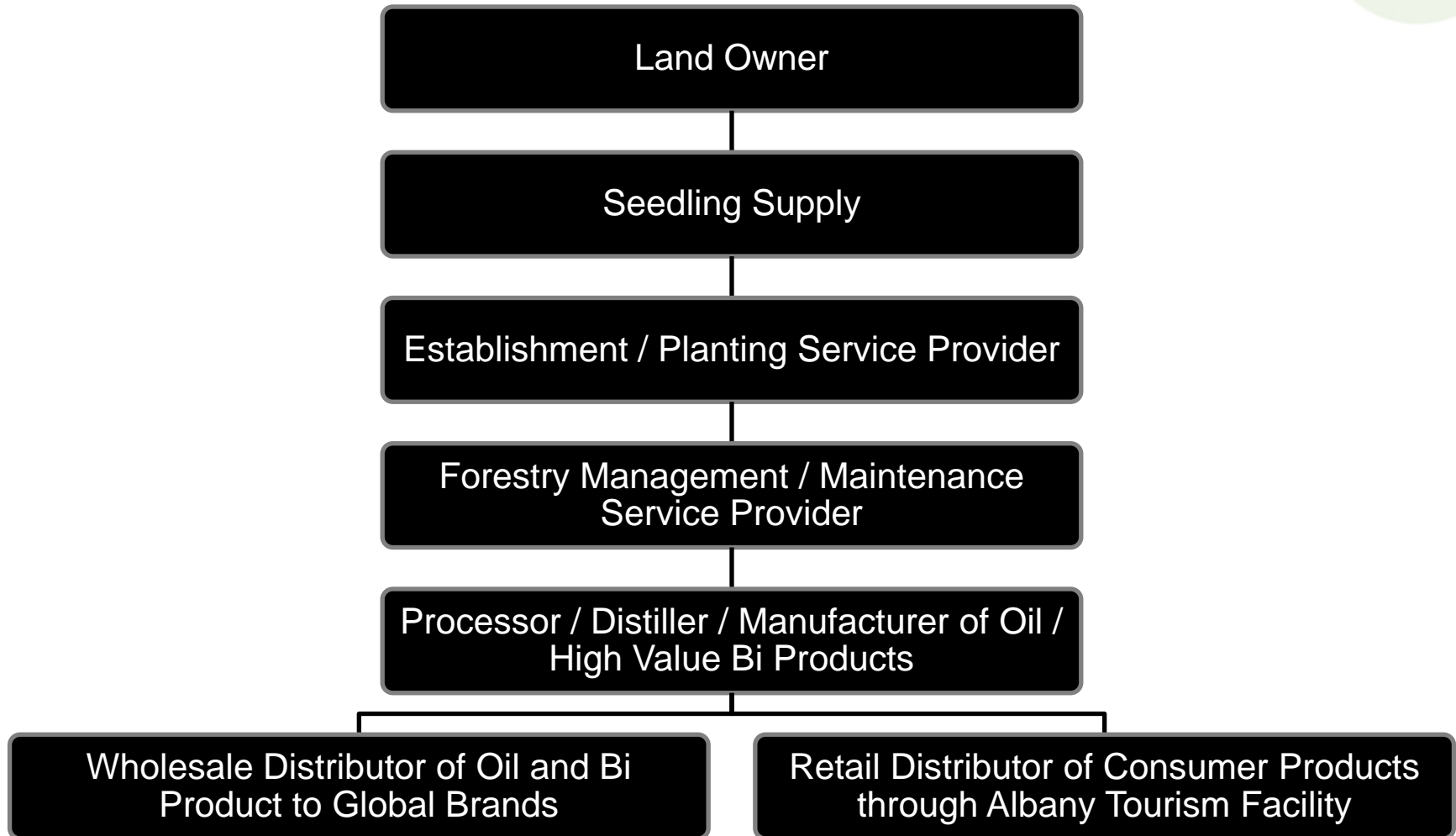
March 2009

# TFS – VERTICALLY INTEGRATED SANDALWOOD SUPPLIER



- TFS is a fully vertically integrated business model from seedling to global sandalwood oil supplier.
- Indian Sandalwood sells for \$138,000 per tonne of heartwood and its aromatic oil sells for \$2.8M per tonne.
- Sandalwood prices have enjoyed substantial growth for the past 17 years.
- TFS has the world's largest Indian Sandalwood plantations (*Santalum album*) - over 2,500 hectares of plantation in the ground by July 2009.
- Owns Mt Romance, the world's largest distiller and supplier of Australian Sandalwood oil.
- Underlying industry dynamics are very supportive: high barriers to entry, constrained global supply, rising prices, growing demand for natural ingredients for fragrances and cosmetics.
- Major markets in India and China.

# VERTICAL INTEGRATION FROM SOIL TO OIL



# MT ROMANCE AUSTRALIA COMMENCES VERTICAL INTEGRATION



- MRA gives TFS a fully vertically integrated business model from seedling to global sandalwood oil supplier.
- Gives TFS processing and distillation capability with experienced staff.
- Established global customer base with major European and North American fragrance houses including Givaudan, Estee Lauder, Aveda, Lush and IFF.
- Gives TFS prominent position in sandalwood industry as grower, processor, distributor.
- Combines world's largest plantation grower in "album" with world's largest processor and distributor of "spicatum" oil.
- Significant growth opportunities for increased bi-product sales to China and India, and new product development in natural botanical oils.
- Gives TFS in house laboratory for further R&D in pharmaceutical and cosmeceutical sandalwood based body care products.

# ALBUM SUPPLY AGREEMENT WITH LUSH COSMETICS



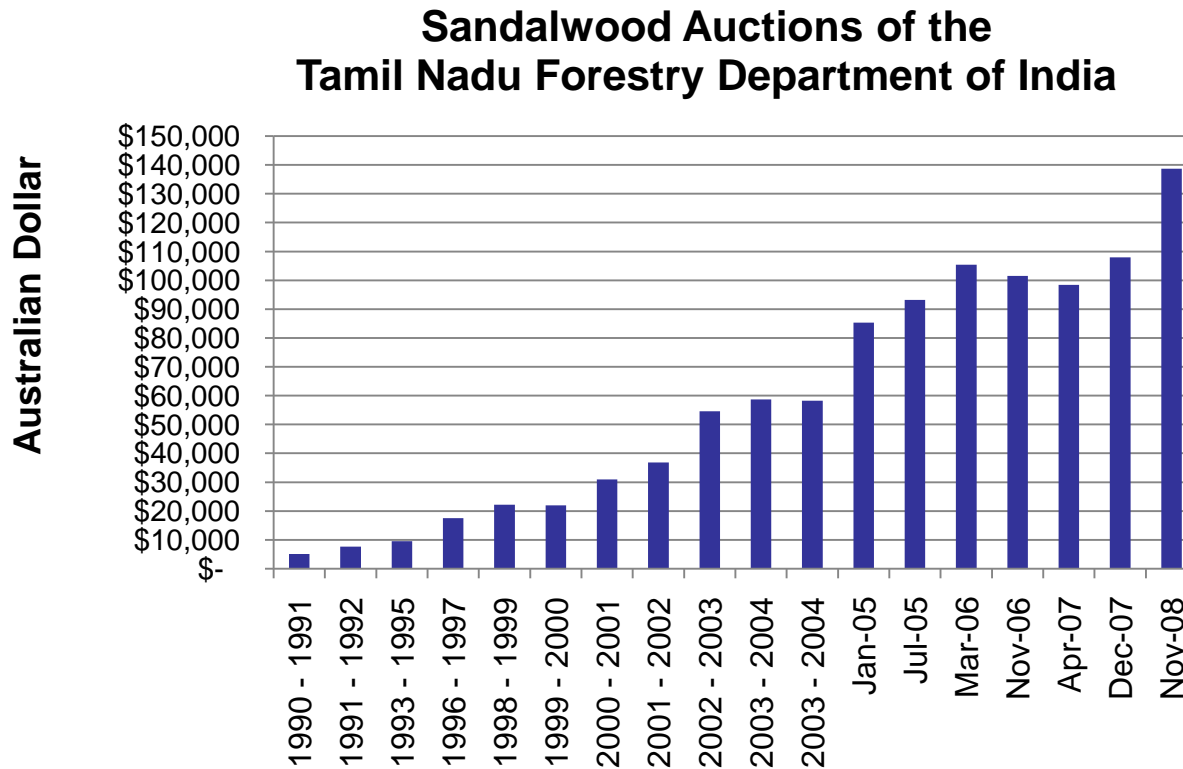
- Five-year term, commencing with the first date of supply
- Supply to commence upon the availability of first commercial quantities of oil from TFS's plantations - by FY11
- Lush to purchase minimum of 1 tonne of oil and up to maximum of 15% of TFS's oil production, in each 12-month period
- Sales price reflecting prevailing world market conditions
- Lush to create new sandalwood-based product range using TFS's oil - marketed through 500+ worldwide retail network
- Issue of one million options to Lush, exercisable at \$1.80 per share at any time within three years of first oil delivery



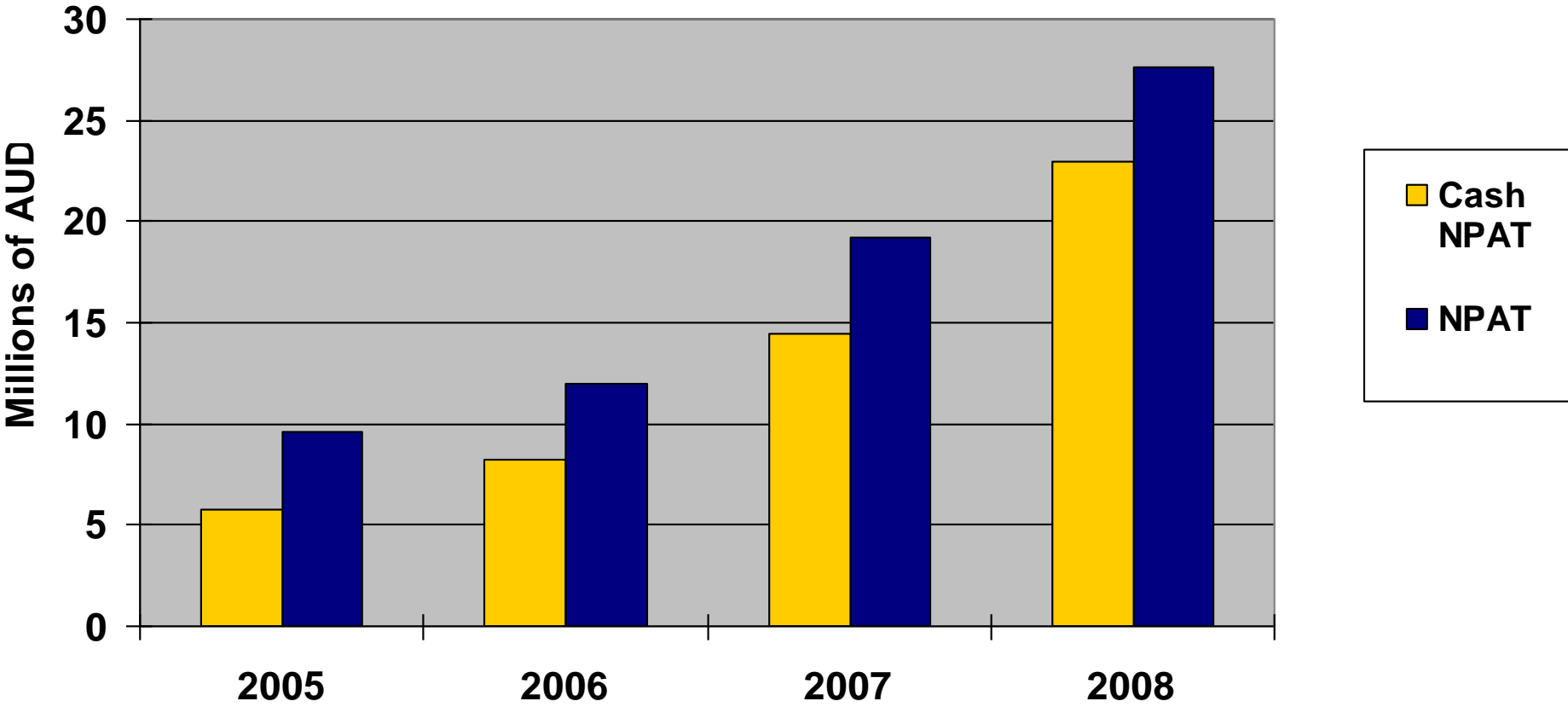
# RISING INDIAN SANDALWOOD PRICES



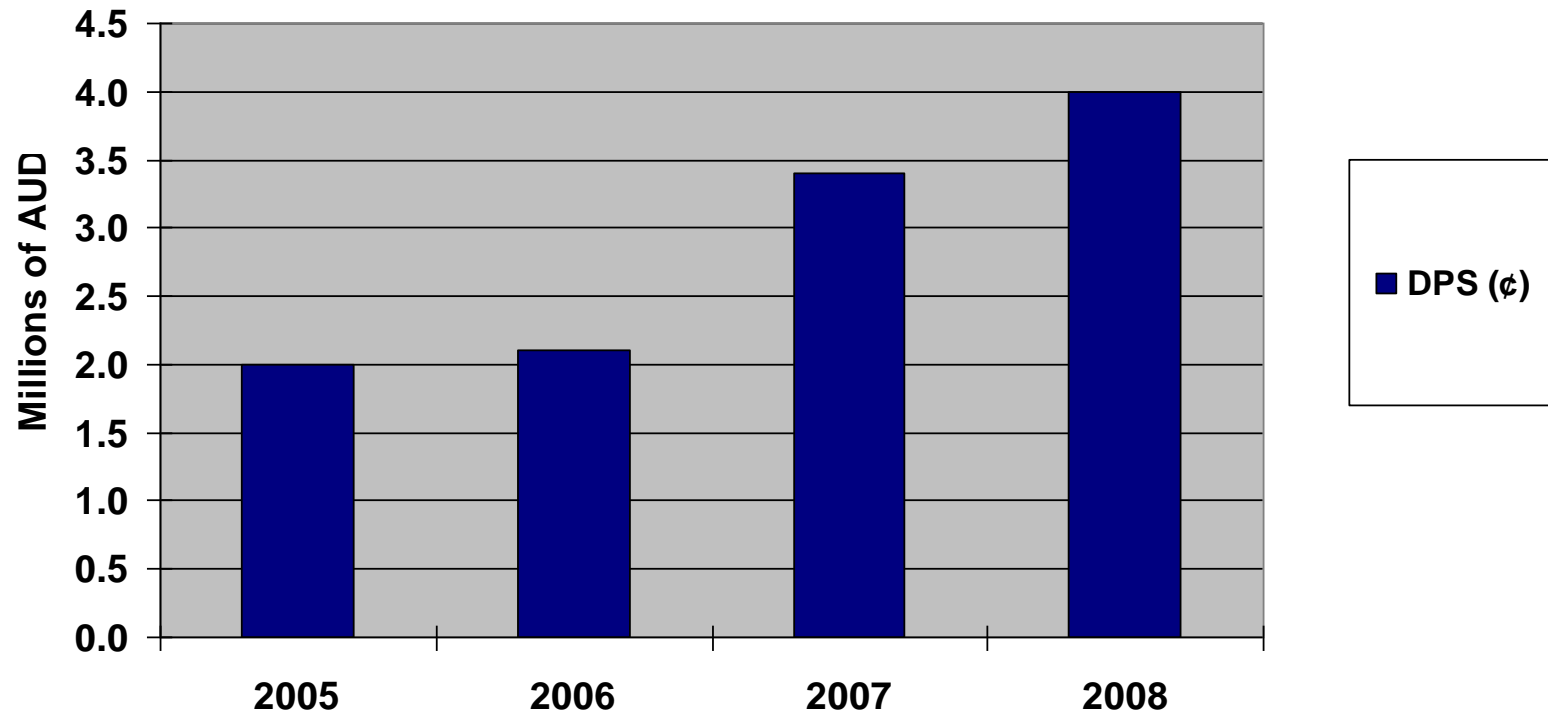
- Demand / supply imbalance evidenced by steep rise in Indian Sandalwood prices – 21% compounded over 17 years



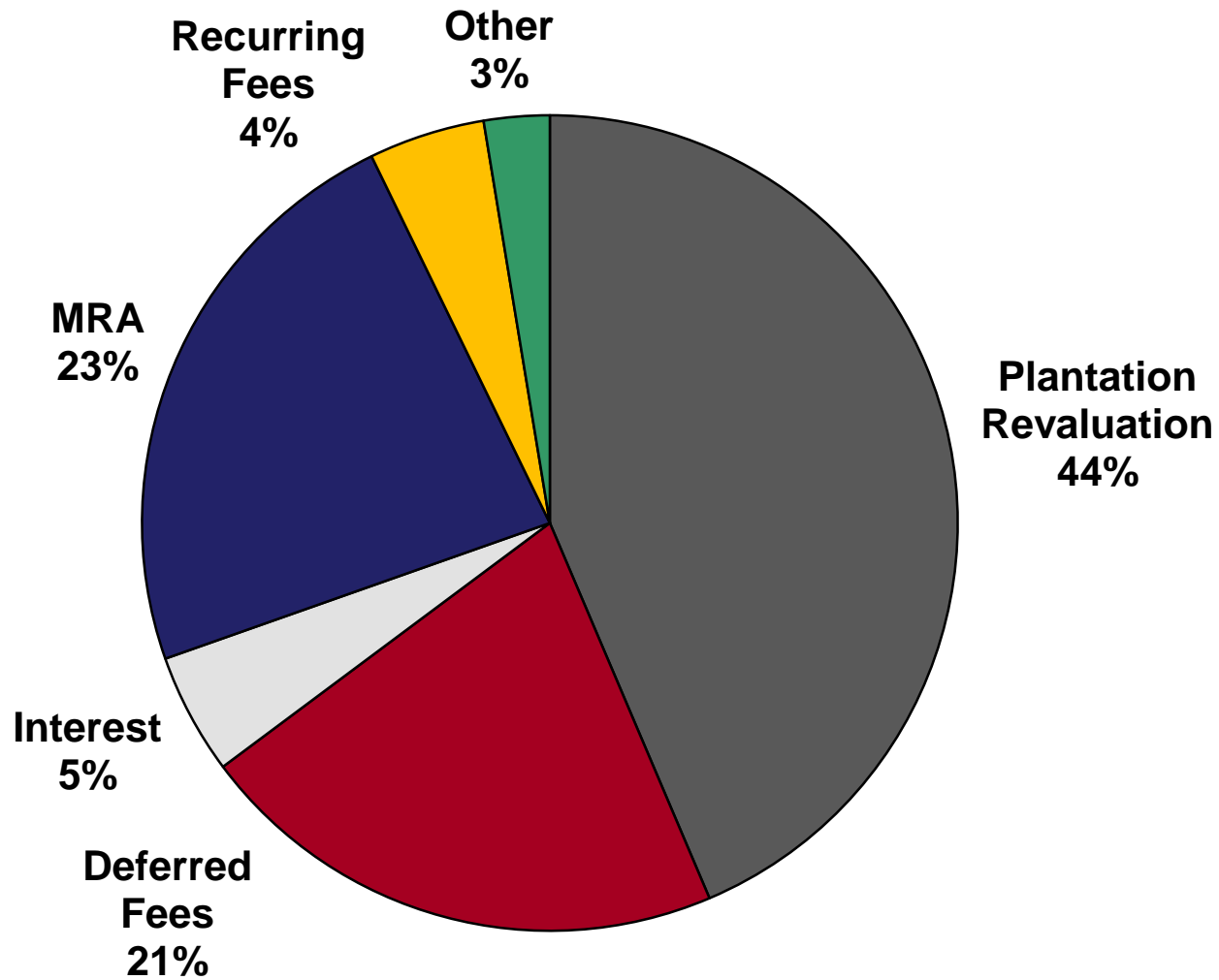
# NPAT GROWTH



# DIVIDEND GROWTH



# FY09 HALF YEARLY REVENUE SPLIT



# TAX DEDUCTIBILITY



- Tax deductibility of forestry MIS to continue under new 70% test
- No suggestion from Federal Government and/or Treasury that will review current position for forestry
- TFC expectation is therefore for continued deductibility for forestry MIS in medium to long term

PRODUCT DISCLOSURE STATEMENT  
TFS SANDALWOOD PROJECT  
INDIAN SANDALWOOD  
2 0 0 9

# INTERIM RESULTS



- Net profit after tax           \$5.16M (vs. \$3.11M)
- Seasonally weaker first half, particularly impacted by no MIS sales due to delayed product ruling in late February.
- 150 ha sold by early March after release of Product Ruling – up 17% on same time 08.
- Mt Romance contributes \$2.3M EBITDA and over \$5.7M of cash revenue for the period
- Increased fully franked interim dividend of 1.25 cents (vs. 1.0 cents) – reflects positive earnings outlook and strength of future cashflows.

# FULL YEAR OUTLOOK



- Net 'cash' profit after tax at least 15% higher than the \$22.9M reported in FY08
- Forecast new product sales of at least 930 hectares from 2009 PDS
- Continued cashflow benefits to flow from CBA preferred investor financier arrangements
- Forecast of No Net Debt by 30 June 09
- Potential sale of a further part of Arwon loan book anticipated in last quarter of FY09 for \$4.5m-\$5.0M.

# LAND BANK



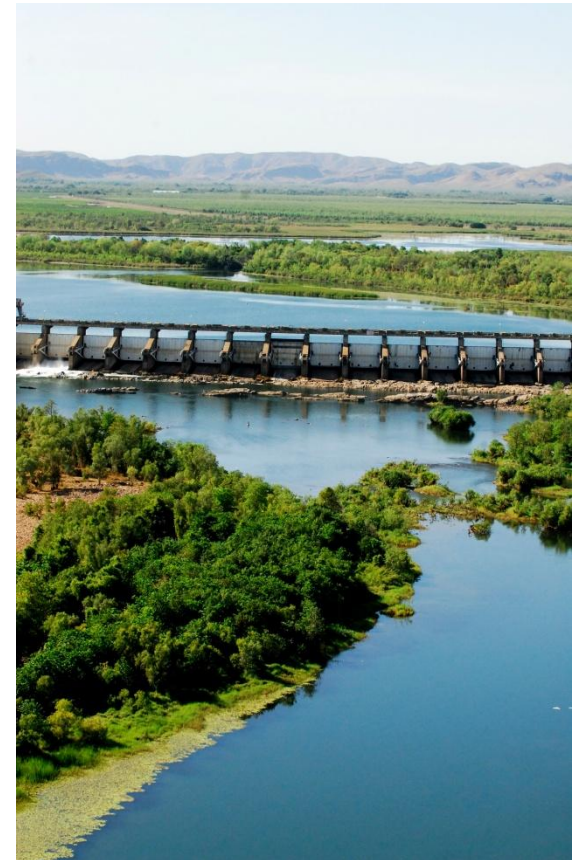
Approximate land bank of 3,100ha after allowing for plantings scheduled in 2009.



# ORD STAGE II



- \$400M commitment from the State and Federal Governments on agricultural, engineering and community infrastructure in Kununurra.
- Provides further growth opportunities for TFS in land acquisition.
- Provides further growth opportunities for NDC specialist Kimberley land development company 50% owned by TFS.
- The Ord is set to become one of Australia's premier agricultural regions due to the abundant supply of water and the Government investment in infrastructure in the region



# FUTURE FOR TFS



- TFS is the only vertically integrated grower, processor and distiller of Sandalwood products in the world.
- Growing demand for sustainable natural ingredients, diminishing supply from native resources.
- Continued growth in earnings from MIS and from the MRA production business in the short term.
- Earnings shift from MIS to processing, manufacture and distribution of Indian and Australian sandalwood products to growing global market.
- Further key alliances with major global fragrance houses.
- Increased focus on R&D and expansion of Sandalwood bi products market.
- Increased focus on global institutional investor/growers to supplement MIS growers.

# CONTACT DETAILS

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