



FY11 Results Presentation

25th August 2011

Agenda



- **Highlights**
- **Board & Management**
- **Business Model**
- **FPC Trial Results**
- **Financials**
- **Plantations / Products**
- **Outlook**

FY11 – Highlights



- Record operational cash flow of \$40m, \$65m turnaround yoy confirms successful conversion of wholesale sales into cash
 - Operating cash flow is a record for TFS, up ~50% on previous record in FY08
 - Record Cash receipts of \$104.9m, up ~119%
- Reported Cash NPAT is down ~45% to \$14.5m. This reflects an unexpected change in accounting treatment by auditors around revenue recognition for a sale of 610 ha to a wholesale investor. Recognition has to be moved from FY11 and is to be recognized at 100% in FY12. This treatment is unexpected and had not arisen in the previous decade of auditing TFS' accounts. TFS had no reason to believe that such an interpretation would be adopted
 - The board had a reasonable and prudent basis to recognize this sale in FY11 on the same basis as TFS had historically
 - Had TFS been allowed to recognize the sale on the same basis as previously, TFS would have reported an Underlying Cash NPAT of \$35.7m, up ~33% yoy
 - Adjusted Underlying EBITDA margin for accounting treatments on revenue and debt transaction costs, improved from ~42% to ~50% yoy
 - Actual Underlying Cash NPAT reported at \$20.9m, down ~22% reflecting the add-back of one off transaction costs associated with the Senior Secured Notes Issue
- Successful transition out of MIS business model to a wholesale focused investor base validating underlying investment fundamentals of Sandalwood as an investment class
- FPC Trial results indicate substantial oil yields in mature plantation trees supporting base assumptions in TFS business model
- Balance sheet secured via US\$150m Senior Secured Notes Debt issue, providing certainty in business planning
- New land acquisitions in Queensland creating diversification, and follows improved operational capacity
- Board changes enhance independence and broaden skill sets

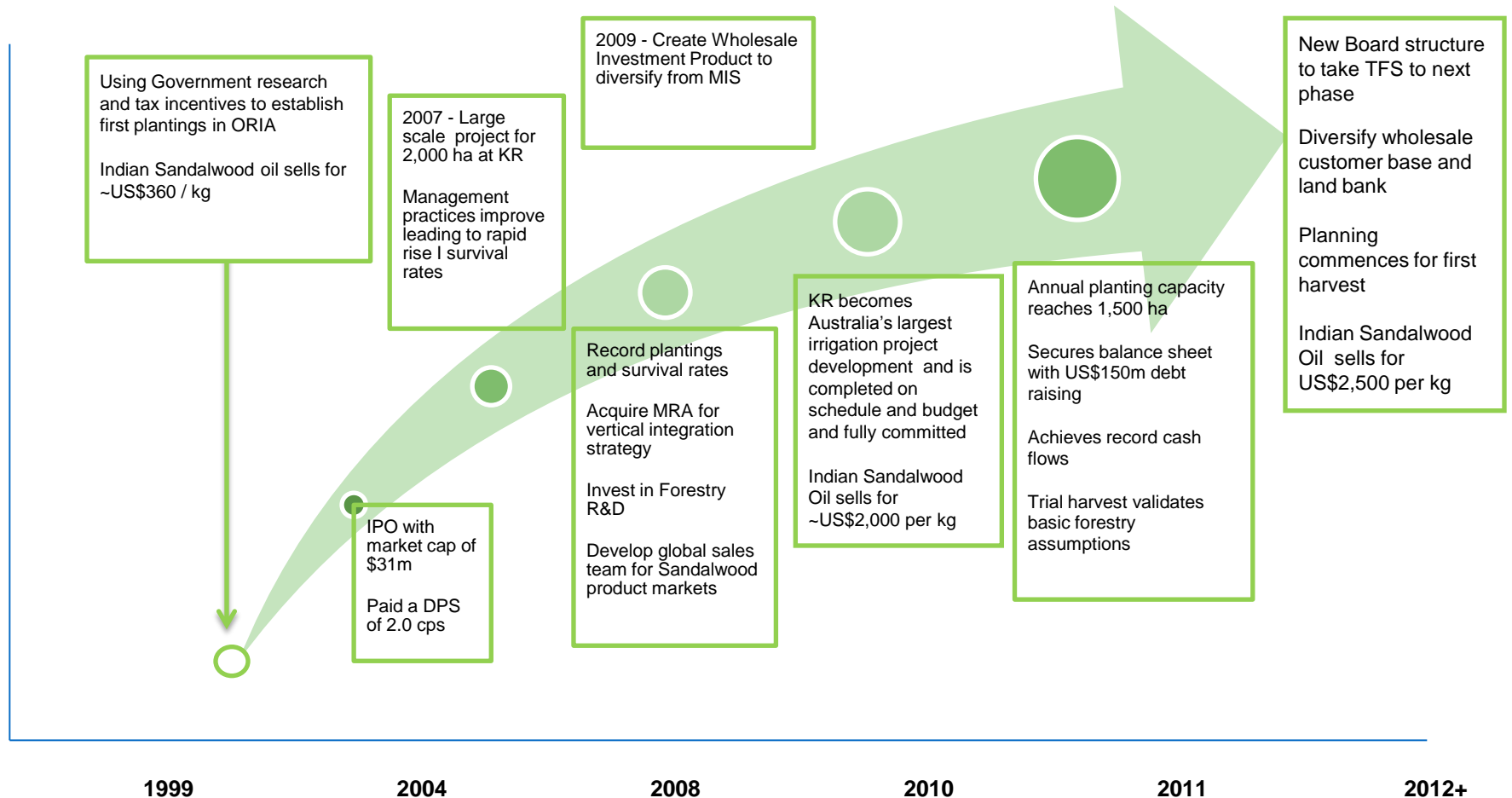
Cash Flow Comparison



	FY10 (\$m)	FY11 (\$m)	% Change
Receipts from operations	47.9	104.9	118.6%
Payments to suppliers	-56.1	-56.3	0.3%
Repayments of loans from growers	-6.0	-3.3	
Interest received	3.2	4.5	
Interest paid	-2.9	-3.8	
Income tax paid	-11.2	-5.7	
Total Operating Cash Flow	-25.1	40.4	large
Investing Cash Flow	-18.4	-8.0	
Free Cash Flow	-43.5	32.4	large

- Record Operating Cash Flow performance reflects –
 - Conversion of wholesale sales to cash has been the big driver in the \$65m turnaround
 - Cash operating costs have been held in check due to tight management control
 - \$70m cash flow forecast relied upon a sale that has yet to settle and is expected to settle in FY12
- Record Free Cash Flow performance and first since FY08 –
 - TFS would have generated free cash even if previous capex spend was maintained
 - Translates to Free Cash Flow Per Share of 13.4 cps

More than a decade of milestones



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Board & Management



- Two new independent director appointments to the board including new independent Chairman in Richard Alston and Independent Non-Executive Adam Gilchrist
- Beyond a highly credentialed political career, Alston was Australian High Commissioner to the UK 2005 – 2008
- Alston has also established a successful commercial career which includes –
 - Non-Executive Director of UK publicly listed company, Chime PLC
 - Director of CQS Australia Pty Ltd
 - Director of Nanuk Asset Management Pty Ltd
 - Director of Balmoral Gardens Pty Ltd
 - Member of International Advisory Board London based Hedge Fund CQS LLP
 - Member of Alcatel Lucent Asia-Pacific Advisory Board
- TFS is also seeking to strengthen its senior management team with two new appointments. Executive Search Group Egon Zender has been mandated to assist in the search for newly created senior management roles –
 - Head of Commercial & Head of Operations
 - The roles will more clearly align the existing functions to produce a more efficient management structure

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Strategy



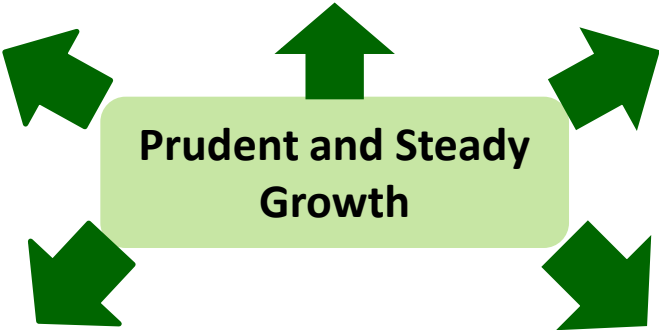
Selectively purchase suitable land

- Acquire while in negotiations with future wholesale investors
- Reduce lead time between acquisition and sale

Remain focused on managing Indian Sandalwood plantations where TFS has a market leading position and expertise

Target institutional investors (wholesale)

- Stable long-term focus with potential for multi-year options
- Allocation of land to wholesale investors to dominate , but flexibility between wholesale and retail is retained



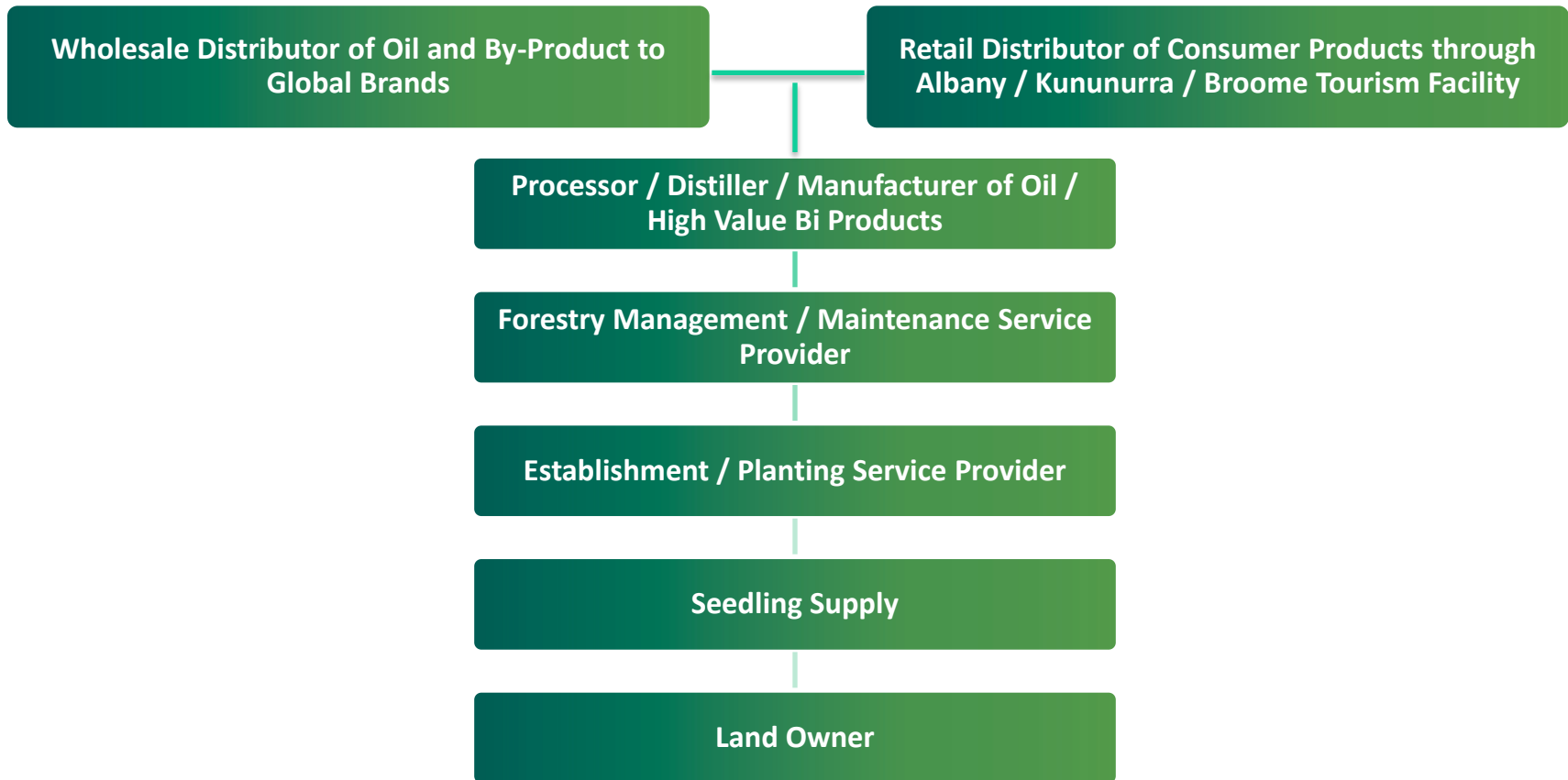
Capture an increasing part of the value chain

- Increase plantation ownership
- Vertically integrate using MRA for Indian Sandalwood Oil processing

Increase diversification of distribution channels

- Perfume, pharmaceutical and cultural use
- Superior profit margins

Vertical Integration is Key



Investment life cycle – wholesale & retail



Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
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Sale of Wholesale or Retail product to investors

Recognise portion of estab. fee deferred from year 1

Investors pay annual lease and management fees to TFS. In addition, wholesale investors also pay an annual investment management fee

Trees Harvested

Investors pay one-time estab. fee; partially recognised as revenue

Planting of trees on behalf of investors

TFS receives harvesting & processing fee, selling and marketing fee, and an oil processing fee from wholesale investors

Land preparation for tree planting

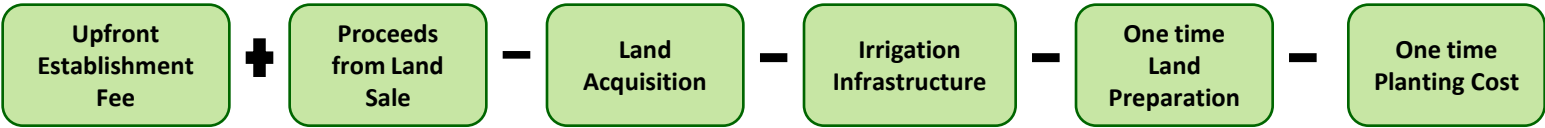
TFS may receive a performance fee from wholesale investors and an incentive fee from retail investors

TFS generates value add margin for itself



Wholesale Product Business Model

Initial



Ongoing



At Harvest



Investment product is geared toward global institutional investors

Strategic Scorecard - positioned to thrive



Milestones	Achieved	Work in Progress	Not Succeeded
Successfully managed MIS collapse	✓		
Successfully switched business model	✓		
Successful conversion of operating cash flow dynamics	✓		
Successfully resolved balance sheet pressure	✓		
Developed substantial sandalwood processing capacity	✓		
Substantial development of forestry operational capability	✓		
Validated key PDS forestry assumptions and core business metrics	✓		
Forestry & oil processing intellectual property	✓		
Land bank security		x	
Expanding planting target to 2,000 ha pa including company plantings		x	
First harvest logistics and planning		x	
End market development		x	
Conversion of MRA consumer product sales to high value brand			x
Communicating fundamental strength of business			x

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Oil Yield Trial Results



FPC Trial Results – 90 Trees Sampled

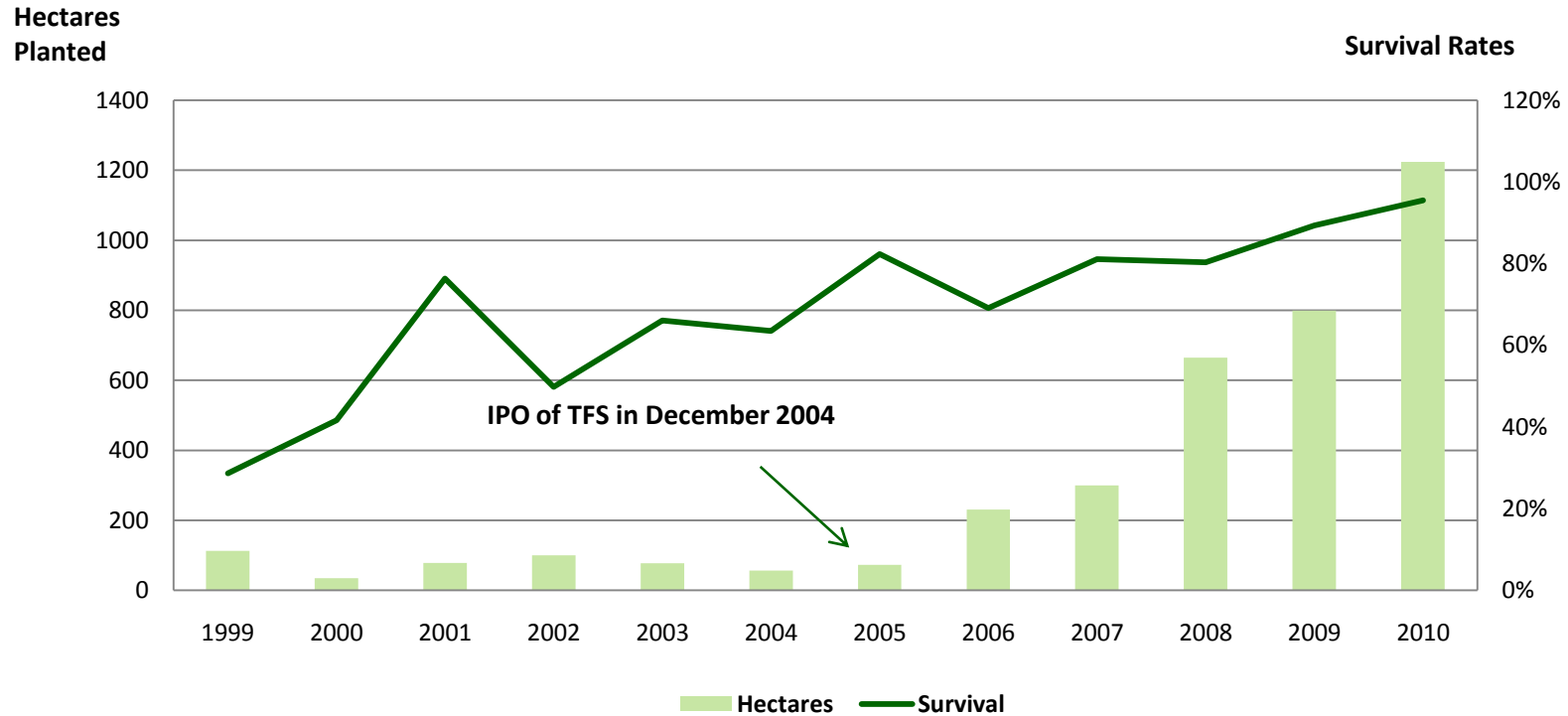
Trial Mean Heartwood / Tree (kg) at age 19-23 at 25% moisture content	TFS PDS Heartwood Assumption (Kg) at age 15 adjusted for 25% moisture content	Trial Mean Oil Yield (%) – Lab scale, at age 19-23	Trial mean Oil Yield (%) – Commercial Scale, at age 19-23	TFS PDS Oil Yield (%) Assumption at age 15 adjusted for 25% moisture content
25.0	22.5	4.9	4.6	3.7

- In TFS' PDS assumptions made around heartwood and oil yield (27kg of Heartwood with oil yield of 3.15%) were based the concept of “green wood” (straight out of the ground) but with no specific moisture content. Analysis of the FPC trees at the point of extraction showed there to be moisture content of 45% to 50%
- FPC trial results conducted at MRA were calculated on a moisture content of 25% because of the drying of wood that occurs between transporting wood from Kununurra (harvest point) to Albany (processing point)
- Future assumptions and calculations will be conducted on a 25% moisture content basis to align with manufacturing standards. Both sets of assumptions lead to similar net outcomes

Trial Mean α -santalol (%w/w)	ISO Specification α -santalol (%w/w)	Trial Mean β -santalol (%w/w)	ISO Specification β -santalol (%w/w)
47.1	41-55	19.3	16-24

- The FPC trials show that trees are producing oil in the predicted quantity as well as meeting the ISO specification used to identify Indian Sandalwood Oil
- Inventory data collated enables TFS to build a predictive tree growth model for the first time
- The trial results reveal a very high correlation between tree size and oil volume
- This correlation confirms TFS' silvicultural research and practise of selecting and growing large trees
- Trial results serve to de-risk TFS' understanding of future harvest production, and supports TFS' basic model assumptions

Significant Silvicultural Progress



Silvicultural management has progressed significantly over time

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FY11 Adjusted for Revenue Recognition & Transaction Costs



	FY10 (\$m)	FY11 – Actual (\$m)	FY11 Including 610 ha @ 67% (\$m)	% Change yoy Adjusted FY11v FY10
Ha Sales	1,088	920	1,530	40.6%
Cash Revenue	97.4	91.0	112.1	23.2%
Underlying Cash EBITDA	41.5	34.7	55.7	34.2%
Underlying Cash NPAT (CI)	26.7	20.9	35.7	33.7%

- Sales result of 1,530 ha included a transaction of 610 ha where there is a contract of sale but rights over attributable land had not been secured by June 30. This situation arose because of delay in resolving funding issues reflected in exiting CBA facility and time to close on the Senior Note facility
- Prior to receiving audit opinion, TFS had intended on recognising 67% of the sale in FY11 and the balance in FY12 as per consistent board policy
- If typical recognition of 67% had occurred and one-off Senior Note transaction costs were added back, Underlying Cash NPAT would have grown 33.7%
- Underlying EBITDA margin would have improved from 42.6% to 49.7% yoy
- Rights over this land will be secured in 1H12 and 100% recognition over the sale will occur in FY12
- **100% recognition of this transaction in FY12 represents revenue of \$36.6m and ensures that significant profitability is already established**

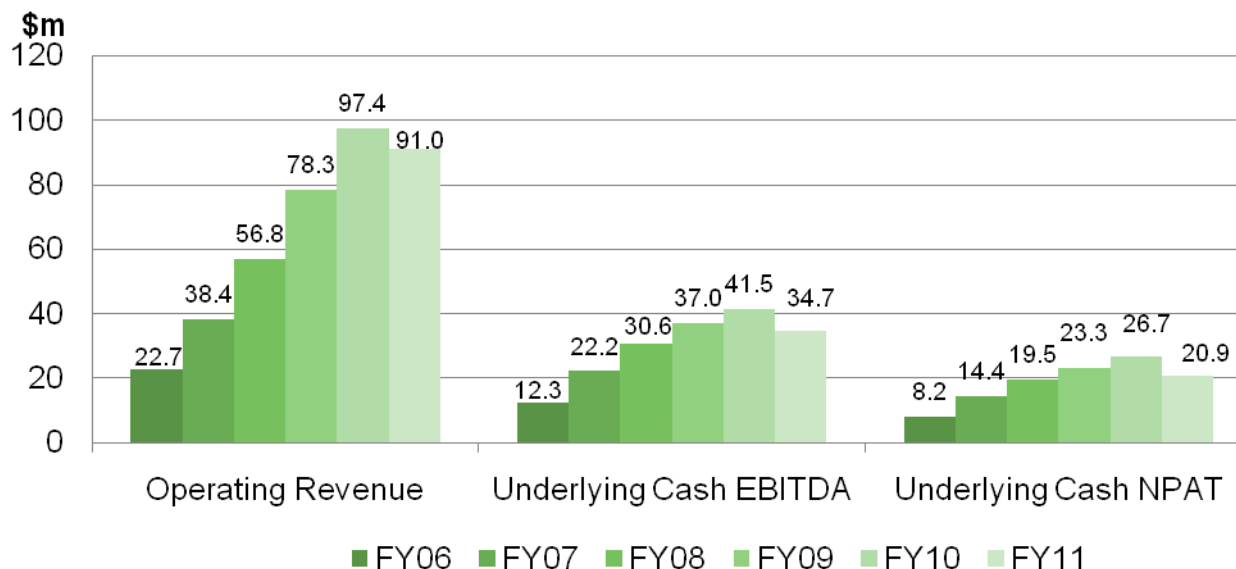
FY11 Reported Result Summary



	FY09 \$m	FY10 \$m	FY11 \$m	% Change FY11 v FY10
Cash Revenue	78.3	97.4	91.0	-6.6%
Statutory Revenue	94.8	116.4	111.0	-4.7%
Cash EBITDA	37.0	41.5	25.4	-38.8%
Underlying Cash EBITDA	37.0	41.5	34.7	-16.2%
Reported EBITDA	53.5	62.4	34.5	-44.7%
Cash NPAT	23.3	26.7	14.5	-45.9%
Underlying Cash NPAT	23.3	26.7	20.9	-21.5%
Statutory NPAT	34.8	37.1	20.1	-45.7%
Comprehensive Income	34.8	41.4	20.8	-49.7%
Cash EPS (CI)	12.2	12.2	6.0	-50.9%
Operating Cash Flow	16.2	-25.1	40.4	large
Underlying Cash EPS (CI)	12.2	12.2	8.7	-28.9%
Statutory EPS (CI)	18.3	18.8	8.6	-54.4%
DPS	4.25	4.75	TBA	

- Total Comprehensive Income After Tax declined 49.7% to \$20.8m due to revenue recognition treatment on 610 ha sale and one-off transaction costs
 - Contract for sale of 610 ha occurred by June 30, but land for planting not yet secured therefore audit view was that sale could not be counted in FY11
 - 100% recognition will occur in FY12
- Non-Cash Revenue up 4.7% to \$20.0m due to
 - 26% increase in deferred fees due to accumulation of fees from prior projects. Deferred fees are being generated from ~2,700 ha
 - 25% decline in biological asset revaluation due to currency impacts and greater provision for harvesting costs on conservative grounds
- Statutory revenue includes land sales, although profit is recognised below the Statutory NPAT line
- Cash NPAT includes cash component of sale of land to wholesale investors which is a recurring item
- Underlying Cash NPAT adds back one-off transaction costs from recent Senior Secured Notes debt issue
- Dividend to be announced by the 10th October and payable by 31st October in accordance with terms of Senior Notes Issue
- **Strong turnaround in Operating Cash Flow**

Financials – Historical Perspective



- FY10 & FY11 Cash EBITDA & Cash NPAT have been adjusted for land sales
- FY11 adds back impact of Senior Note transaction costs

- TFS has proven to be a consistent growth business with continued strong growth expected over the long-term
- Underlying FY11 performance remains strong, albeit with accounting treatments temporarily impacting result. Accounting treatment will flow through into a positive outcome in FY12

FY11 Cash Earnings Summary



	FY08 \$m	FY09 (\$m)	FY10 (\$m)	FY11 (\$m)	% Change	Comment
- Establishment Fees (new)	54.6	60.2	55.5	43.9	-21.6%	Reflects revenue recognition over 920 ha. Recognition of sale of a further 610 ha has been moved to FY12
-- Recurring Fees		3.6	6.1	9.3	52.7%	Reflects accumulative fees on ~2,700 ha
- Land Sales – Wholesale			13.3	13.2		Reflects land sale transactions of 913 ha, similar to the previous year
- MRA	0.1	11.3	18.3	18.8	2.8%	Oil sales volume of 19.6t v 19,2t pcp reflects supply constraints
- Interest income on loan book	2.1	1.4	2.7	4.0	48.2%	Increase reflects impact of addition to loan book from FY10 financed sales
- Other		1.8	1.6	1.8		
Total Cash Operating Revenue	56.8	78.3	97.4	91.0	-6.6%	Decline reflects accounting treatment on 610 ha. Underlying business reflects strong growth
Operating Expenses	26.2	41.3	55.9	65.6	17.4%	Cost growth solely reflects transaction costs from Senior Notes debt issue. Actual Opex is flat
Cash EBITDA	30.6	37.0	41.5	25.4	-38.8%	Revenue recognition treatment and transaction costs account for decline
Underlying Cash EBITDA	30.6	37.0	41.5	34.7	-16.4%	
EBITDA Margin (%)	53.9%	47.2%	42.6%	38.1%		Margin reduction is temporary due to revenue recognition treatment on 610 ha
D&A	0.8	1.4	1.7	3.5	102.2%	Reflects development and irrigation costs of Kingston Rest property. 14 yr life span
EBIT	29.8	35.6	39.8	21.9	-45.0%	
Interest expense	2.4	3.1	3.8	3.8		Debt servicing of 5.7x is understated due to revenue recognition on 610 ha
NPBT	27.4	32.5	36.0	18.1	-49.7%	
Tax	9.9	9.2	9.3	3.6		Lower effective tax rate results from R&D tax credit
Cash NPAT	17.5	23.3	26.7	14.5	-45.7%	Debt transaction costs and accounting treatments reflect decline
Cash EPS	10.6	12.2	12.1	6.0	-51.0%	
Underlying Cash NPAT	17.5	23.3	26.7	20.9	-21.5%	Accounting treatment on 610 ha wholesale sale masks a strong underlying performance
DPS	4.0	4.25	4.75	TBA		Dividend to be announced by the 10 th October and payable by 31 st October, earlier than historically
Net Operating Cash Flow	27.1	16.2	-25.1	40.4	160.9%	Strong turnaround in cash flow reflecting conversion of wholesale business into cash

Manufacturing - Mount Romance (MRA)



	FY09 (\$m)	FY10 (\$m)	FY11 (\$m)	% Change
Oil volume (t)	10.6	19.2	19.6	2.1%
Revenue	11.3	18.3	18.8	2.8%
EBITDA	3.4	5.4	5.2	-3.7%
EBITDA Margin (%)	29.8%	29.4%	27.6%	

- Plateauing in oil sales volume reflects constraints in sourcing supply of Spicatum
- Average oil selling price increased 3.7% yoy in AUD
- Currency appreciation v USD and INR was greater than 20% and this impacted margins
- Production cost of oil increased 1.6% yoy but acquisition cost of private wood rose 10.5% yoy
- Oil yield recovery improved 6% yoy resulting in exceeding oil production target due to improved methods of extraction
- Consumer product sales increased 9.7% yoy but result was below budget –
 - Later than expected opening of new shop in Broome (April). Expectation that a further 100,000 people will be exposed to the Sandalwood story each year
- FY12 will continue to evidence ongoing issues in sourcing supply of raw material, elevated currency and increased costs of acquiring government and private wood. These issues may result in MRA earnings being materially lower

Plantation Management Earnings



	FY09 (\$m)	FY10 (\$m)	FY11 (\$m)	% change
Ha Sales	1,025	1,088	910	-16.4%
Cash Revenue	65.5	76.4	68.2	-10.7%
Cash EBITDA	31.7	33.3	16.1	-51.6%
EBITDA Margin (%)	48.4%	43.6%	23.6%	
Cash EBITDA pre one-off Note transaction costs			25.3	-24.0%
EBITDA Margin (%)			37.1%	
Adjusted Ha Sales	1,025	1,088	1,530	40.6%
Adjusted Cash Revenue	65.5	76.4	89.3	16.9%
Adjusted Cash EBITDA	31.7	33.3	46.4	39.3%
Adjusted EBITDA Margin (%)	48.4%	43.6%	51.9%	

NB: Adjusted Revenue & EBITDA results add back Note transaction costs and accounting treatment of 610 ha sale to reveal economic performance

- Adjusted results show strong improvement in sales volume reflected in the continued development of the wholesale investment product and the ability of TFS to replace Retail MIS with Wholesale BC investor base
- Adjusted Margins have improved reflecting improvement in pricing for new deals
- Adjusted operating cost per ha has reduced to \$28,039 per ha from \$39,613 per ha in line with economies of scale

Wholesale Investment Product



- Large contracts associated with wholesale deals provide TFS with cash flow certainty
- US and ME clients have repeated initial investment. Repeat investments amounted ~500 ha. Four more options exist on each deal at investor's preference
- MIS product structure had far less certainty around cash flow
- Economies of sale is aiding in margins despite lower headline pricing
- Structural issues involved with set up of wholesale product now resolved and cash flow will continue to catch up with sales as land bank rebuilds post successful funding
- Pricing for new project for FY12 is –
 - Establishment fee of \$60,000 per ha
 - Land sale fee
 - Annual management fees equal cost plus 20%
 - Investment management fee of 1% on total accumulative invested capital
 - Sales & Marketing Fee of 5% of wood, oil & by-product proceeds
 - Performance fee of 20% over a hurdle rate of 8% real
 - MRA toll processing fee
- Institutional pipeline is strong and developing on track

Retail Investment Product



- MIS sales of 88 ha highlights ongoing difficulty in the retail investment markets following collapse of sector and impact of depressed credit markets
- TFS is conducting a strategic review of this business
- TFS does expect to have a retail offering in FY12
- TFS does believe there is a place in its investment product mix for an appropriate retail investment offering subject to identifying and implementing the right structure to cater for both growers and shareholders

Balance Sheet Summary – secure & liquid



	FY09 \$m	FY10 \$m	FY11 (\$m)	Comment
Cash	38.7	20.2	76.9	
Receivables	50.0	78.9	66.4	Wholesale establishment fees, land proceeds and MIS management fees
Inventories - products	6.9	6.1	5.3	Includes consumer product business, with minimal oil inventory
Inventories - land	4.5	5.8	0.0	
Other Financial Assets			22.3	Cash held in escrow from Senior Note issue pending vote on warrants – EGM approved on 1/8/2011
Current Assets	100.2	119.1	178.4	
Non-Current Receivables	33.3	44.5	48.4	Reflects MIS loan book with growth a function of FY10 financed sales
Other Financial Assets		5.5	50.6	Cash held in escrow pending achieving conditions around sales targets
PP&E	64.5	57.6	58.7	Land sales to wholesale investors were offset by capex
Tree Assets	30.9	41.5	48.0	Function of accounting standard on revaluing biological assets of TFS' own forest estate
Deferred Fee Assets	20.4	31.5	45.6	Accumulated fees from prior projects and 1 st inclusion of the 2009 project fees
Non-Current Assets	185.6	214.8	287.8	
Total Assets	285.8	333.9	466.3	
Creditors	19.3	20.8	22.7	
Debt / Financial liabilities	0.4	25.7	8.6	Short term debt replaced by long-term debt. FY11 contains the liability for the warrant issue
Current Liabilities	49.1	68.1	48.8	
Non-Current Debt	65.1	66.8	140.8	Increase reflects issue of Senior Notes
Non-Current Liabilities	101.7	70.4	175.4	
Total Liabilities	150.8	138.5	224.2	
Net Assets	135.1	195.3	242.1	
Net Debt	26.7	47.1	-2.8	Net cash reflects the addition of shareholder cash with ~\$67m sitting in escrow at 30 June.
Gearing Ratio (ND / ND+E) (%)	16.5	19.4	Net cash	
NTA per Share (cps)	60.0	76.9	80.2	At reporting date TFC is trading at an 11.5% discount to book value

Senior Notes Issue



- Senior Secured Notes of US\$150m settled in June 2011
 - Headline Interest rate 11% - competitive relative to other bond issues since the GFC commenced
 - Notes subscribed for by key global institutions
 - No maintenance covenants ensures operational flexibility
 - Provides substantial liquidity for business
 - Warrant issue reflects long-term incentive for bond holders – imputed cost is \$0.1534 cps
 - FX risk to be managed by establishment of an expert treasury committee advising the board
 - Hedging relies on natural hedges as TFS' functional currency for core operations is USD
 - Wholesale investment flows to be transacted in USD
 - Oil values are priced in USD on the balance sheet as well as in commercial sales
- Debt issue provides TFS with certainty around balance sheet and funding for development of land bank
- Developing a significant land bank ensures ability to develop wholesale investment flows on a multi-year contractual basis
- Sandalwood developments funded by debt will achieve returns above the cost of capital as TFS has proved historically

Hedging Philosophy



- Initial debt translation in balance sheet at AUD/USD 1.07 equates to AUD\$140m liability
- TFS is functionally a USD business with biological valuations on balance sheet denominated in USD and translated to AUD for reporting purposes
- Tree revaluations over time reflect growth in size of trees with other assumptions around productivity, oil price @US\$2,000 per kg, oil content, harvest costs and discount rates remaining constant
- Natural hedge on balance sheet mitigates exposure of the debt to FX risk
- By the end of the term of the Senior Notes, balance sheet exposure should be neutralised

Illustration of Net Balance Sheet Exposure via Natural Hedge

Date	Balance Sheet	\$Am	AUD / USD 1.07	AUD / USD 1.20	AUD / USD 0.90	AUD / USD 0.80	AUD / USD 0.70
	SSN Liability US\$150m		-\$140.2m	-\$125.2	-\$166.7m	-\$187.5m	-\$214.2m
30 June 2018	Tree Revaluation		\$126.4m	\$112.0	\$151.4m	\$171.2m	\$196.5m
	Net Position		-\$13.8m	-\$13.0m	-\$15.3m	-\$16.3m	-\$17.7m

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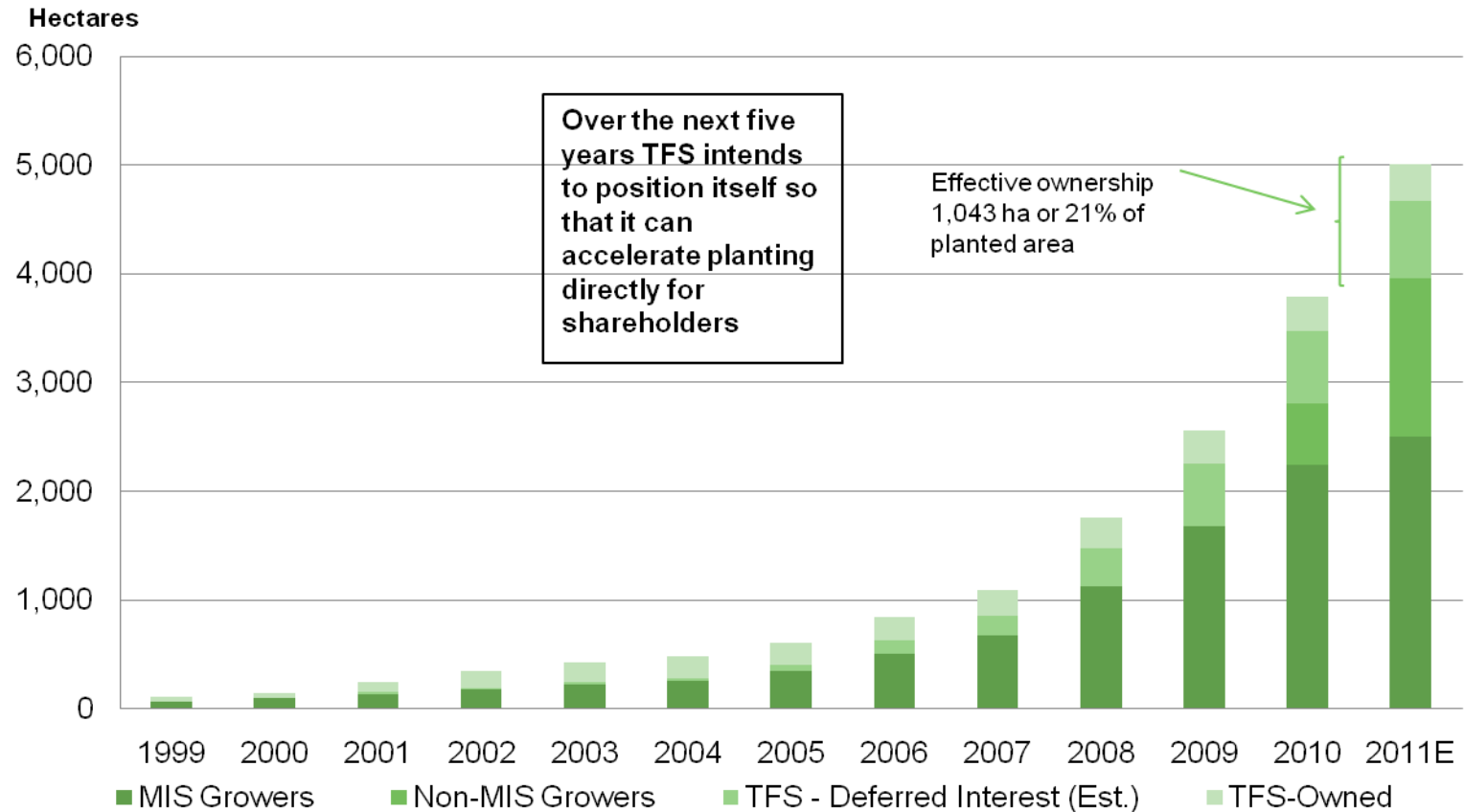
Plantations – Land Bank



Category	Owned Ha	Leased Ha	Wholesale Ha	Total Ha
Planted	1,327	2,225	1,451	5,003
Available	660	0	0	660
Unavailable	1,998	765	0	2,763
Total	3,985	2,741	1,451	8,426
Unavailable:				
1,500 ha relates to KR				
678 ha from Leucaena farm is being sub-leased to rice production				
	FY09	FY10	FY11	
Number of Trees owned by TFS	73,088	89,825	99,357	

- Planted acreage includes 337 ha on TFS' own account up from 306 ha pcp
- TFS owns ~35% of plantable estate and is reducing as portion of the total estate as land planted for the wholesale business becomes the prominent segment of the portfolio
- Due diligence on ~8,000 ha of CPC land suitable for Sandalwood is continuing. TFS has first right of refusal to purchase or lease at discretion of CPC. Negotiations continue
- New acquisitions in Queensland occurring with further acquisitions in Northern Australia likely. New provinces have undergone extensive due diligence and deemed to be suitable for Sandalwood. Area under consideration is significant

Plantations - Embedded Value



Potential Embedded Shareholder Value

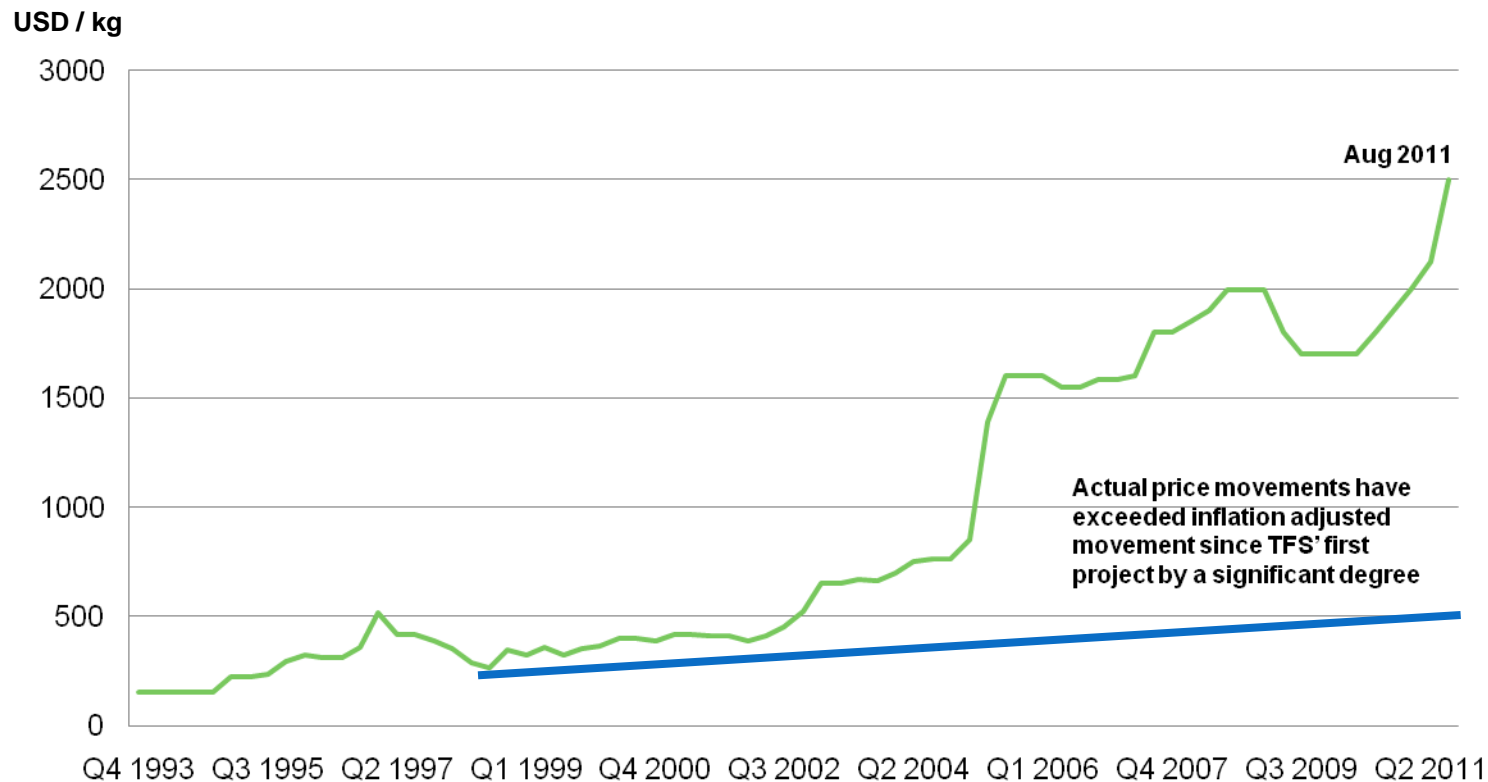


- TFS grows trees for shareholders as well as growers. Effective ownership of plantation estate by shareholders translates to real value as harvests come online
- **Illustration provided below is not a forecast but a guide to potential value to shareholders based on PDS assumptions. Calculation is based on oil only with no allowance made for by-products**
- Value to shareholders is measured in estimated annual revenue at the time of harvest with no account for price inflation, variability in yield or time value of money. Oil price assumed is an old spot price of A\$2,000 per kg Note that current spot price is ~A\$2,400 per kg. Assumes plantations are harvested 14 years after planting
- **Using this illustration as an assumption base suggests existing share price does not reflect embedded shareholder value over the next decade**

Ha Planting Summary	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
TFS Direct	40.3	2.0	53.8	59.0	26.7	16.0	9.9	4.5	19.0	43.8	25.3	16.1	20.7	337
TFS Deferred	1.1	5.0	8.1	3.4	1.5	3.8	34.6	61.5	64.1	169.5	221.1	91.2	41.0	706
	41.4	7.0	61.9	62.4	28.2	19.8	44.5	66.0	83.1	213.2	246.4	107.3	61.7	1,043
Potential Future Revenue	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
TFS Direct	31.8	1.6	42.4	46.1	20.8	12.7	7.8	3.4	14.0	32.3	18.7	11.8	15.2	258.6
TFS Deferred	0.9	3.9	6.3	2.7	1.2	3.0	27.3	46.4	47.3	125.0	162.9	67.2	30.9	525.0
	32.7	5.5	48.7	48.8	22.0	15.7	35.1	49.8	61.3	157.3	181.6	79.0	46.1	783.6

- Shareholder's equity interest (free carry on grower trees plus TFS' own trees) is likely to generate high margin returns given the cost base will not include external grower acquisition costs and most other costs already accounted for
- This illustration of future value excludes normal processing margins on grower plantations and future management fees from new sales

Indian Sandalwood Oil Spot Prices



Source: Datastream

- Price continues to reach record levels reflecting tight supply

Sandalwood Finished Products



Incense



Carving



Cremation



Pan Masala



Guly



Attars



Aromatherapy



Pharmaceutical



Fine
Fragrance



Soaps &
Toiletries



Agenda



- **Highlights**
- **Board & Management**
- **Business Model**
- **FPC Trial Results**
- **Financials**
- **Plantations / Products**
- **Outlook**

Outlook – FY12



- Positive operating cash flow to continue to build as Wholesale settlements catch up to sales
- Gearing to remain modest as a guiding management principle
- TFS has a strong pipeline of institutional investors for its wholesale investment products and with the funding now in place the company is well positioned to take advantage of land acquisition opportunities, both in WA and in other parts of Australia, to expand the business
- The development of a significant land bank ensures that TFS has the ability to develop wholesale investment flows on a multi-year contractual basis
- Improved pricing of wholesale product to assist margins
- The outlook for the Sandalwood market continues to be strong on the back of Indian demand for oil and wood.
- Dividend to be announced by the 10th October with payment date by 31st October. Payment date is expected to be much earlier than in TFS' history

Disclaimer



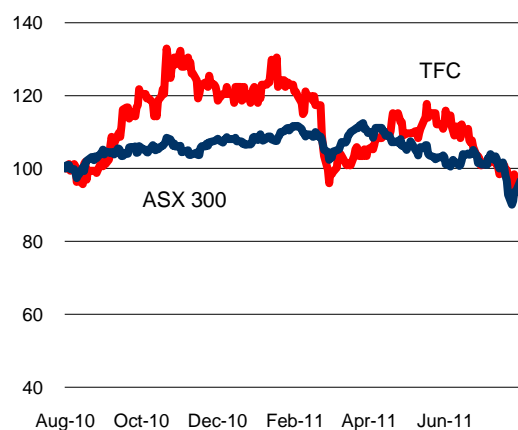
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Appendix A - Corporate Snapshot



TFS Ltd

ASX Code	TFC
Underlying Cash EBITDA FY11	\$34.7m
Net Debt FY11	\$64m
Total Shareholder Equity	\$248m
Employees - FTE	105
Shares on Issue	276.5m
Market Capitalisation	\$202m



Share Register Profile Aug 2011

Top 20	52%
Top 50	62%
Board / Employees	20%
Institutional	28%
Retail	52%

Board of Directors

Frank Wilson – Executive Chairman
Ian Thomson – Executive Director
Tim Croot – Executive Director
Richard Alston – Non-Executive Director & Independent Chairman elect
Adam Gilchrist – Non-Executive Independent Director
Ron Eacott – Non-Executive Independent Director

Appendix B - TFS Background



- Owner and manager of the world's largest ethical, sustainable, environmental and socially responsible Indian sandalwood plantations
- Backed by 15 years of Government trials. TFS first started plantations in 1999 and now manages ~5,000 ha
- Dominant position in the Indian Sandalwood market, with critical global supply coming on line in 2 years, just as supply from Indian forests is rapidly diminishing
- Vertically integrated with end market customers including some of the world's largest fine fragrance, cosmetic and pan masala companies
- TFS has a strong and stable management team with interests aligned with investors through personal commitment to the Sandalwood industry
- TFS benefits from factors that are difficult to replicate, leading to exceptionally high barriers to entry
 - specialised forestry expertise, concentrated water supply, suitable soil and climatic conditions, access to land, processing expertise

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