

ASX Release

2 June 2014

Trading update and reaffirmation of guidance

- *New order received for 370 kg of pharmaceutical grade sandalwood oil*
- *Highest ever new plantings planned for 2014*
- *EKS harvest to be completed by end of June*
- *Reaffirmation of guidance to meet or exceed prior year earnings*

New order for pharmaceutical grade sandalwood oil

TFS Corporation Limited ("TFS", "the Company", ASX: TFC) today announced that it has received an order for a further 370 kg of pharmaceutical grade Indian sandalwood oil under the supply agreement that was signed in February 2014. The oil is expected to be shipped during June and July and will take the total orders from TFS's global dermatology partner to 470 kg (with a sales value of around AU\$2.3m).

The oil will be used for commercial scale production trials of the skin products licensed by TFS's joint venture, Santalis, to the global dermatology company. These trials are a precedent to the first over-the-counter products being launched in Q414.

Highest ever new plantings in 2014

As a result of the strong demand for the Company's financial products, TFS expects to establish around 1,600 hectares of new plantations during the current planting season. This will be the largest programme of new plantings ever achieved by TFS and is around 12% above the previous high of 1,432 hectares in 2012.

Harvest update

TFS has completed the harvest of the TFS owned portion of the EKS project. The processing of the wood to oil has been expedited to fulfil the 370 kg order referred to above. Over 100 kg of the pharmaceutical grade oil was consigned over the last week.

The MIS growers portion of the EKS project harvest is expected to be completed by the end of June. This wood is being itemised, stored and secured in Kununurra, awaiting auction in July.

Financial results for Q3 in FY14

TFS today released its financial results for the nine months to 31 March 2014 and reaffirmed guidance that the full year results would meet or exceed prior year earnings.

TFS's product sales are cyclical, with the majority of Beyond Carbon and MIS sales occurring in the month of June. As a result and consistent with prior years, TFS's earnings profile is heavily biased towards the final quarter of the financial year. Consistent with prior guidance, TFS remains well placed to meet or exceed prior year sales volumes in the current selling season.

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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 finished sandalwood products, TFS owns a significant proportion of the plantations in its own right and in 2008 acquired Mount Romance Australia (Mount Romance), the Albany-based sandalwood processor and oil distributor.

TFS was founded in 1997 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's first planting was in 1999 and it now manages the largest area of Indian sandalwood plantations in the world, with approximately 7,600 hectares planted of which TFS owns directly and indirectly approximately 2,400 hectares. TFS plantations are managed on behalf of both retail and institutional investors.

TFS commenced the first commercial harvest of its Indian sandalwood plantations in September 2013. 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. All plantations are grown on land that has previously been used for agricultural or horticultural production. As the first ORIA land owner to recycle its water, TFS was the winner of the 2006 State Regional Water Award. In 2012 and 2013 TFS subsidiary Mount Romance was awarded the Platinum Award by the Water Corporation for its Water Efficiency Management Plan (WEMP) and in 2014 the company received a Champion Award recognising its on-going commitment to water saving.

TFS is ranked as an industry leader in ethical and sustainable practices by Oekom Research, a leading international ratings agency.

In 2009, TFS entered the prestigious Forbes Asia Pacific's 'Best Under a Billion', which recognises the Top 200 companies from more than 25,326 publicly-listed firms in the Asia/Pacific region with revenue of less than US\$1 billion.

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 and continues to increase in price each year. The price of its heartwood has risen at a compounded rate of over 15% per annum since 1990.

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. Indian sandalwood has a well entrenched market throughout the world, particularly in the fast growing economies of India and China.