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

Un-audited Quarterly Financial Report For the quarter ended 30 September 2012

UN-AUDITED QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2012

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RESULTS FOR ANNOUNCEMENT TO MARKET FOR THE QUARTER ENDED 30 SEPTEMBER 2012

				ECONOMI	C ENTITY
				30-Sep-12	30-Sep-11
	Percent	age Change	_	\$'000	\$'000
Revenue					
Revenue (Cash*)					
Revenue from establishment fees	Down	97.9%	to	301	14,439
Revenue from recurring fees	Down	16.6%	to	2,120	2,540
Revenue from product sales	Up	9.2%	to	2,865	2,625
Interest revenue	Down	6.1%	to	1,845	1,966
Other revenue	Down	19.5%	to	470	584
Revenue (Non-Cash*)					
Revenue from recognition of deferred fees	Down	0.5%	to	6,258	6,288
Gain on revaluation of biological asset	Up	41.8%	to	10,663	7,517
Total Revenue from ordinary activities	Down	31.8%	to	24,522	35,959
EBITDA					
Cash EBITDA	Down	-	to	(10,488)	5,959
Non Cash EBITDA	Up	255.5%	to	18,623	5,239
TOTAL EBITDA	Down	27.3%	to	8,135	11,198
Total Comprehensive Income for the Period After Ta	X				
Total Comprehensive Income for the Period (Cash**) Total Comprehensive Income for the period (Non	Down	-	to	(10,469)	989
Cash**)	Up	255.4%	to	13,036	3,668
Total Comprehensive Income for the Period After Tax	Down	44.9%	to	2,567	4,657
Plantation Product Sold					
Hectares of MIS product sold	_	_	to	0.0	0.0
Hectares of wholesale product sold	Down	-	to	0.0	580.0
The state of the s					

RESULTS FOR ANNOUNCEMENT TO MARKET FOR THE QUARTER ENDED 30 SEPTEMBER 2012

Earnings Per Share				30-Sep-12 (cents)	30-Sep-11 (cents)
Basic EPS (Based on Comprehensive Income)	Down	50.0%	to	0.92	1.84
Diluted EPS (Based on Comprehensive Income)	Down	56.7%	to	0.76	1.77
Cash Diluted EPS	Down	-	to	(2.36)	0.38
Earnings used in calculating cash diluted earnings per Net Profit/(Loss) After Tax (Cash) Comprehensive Income Net of Tax (Cash)	share			(7,915)	989 -
•				(7,915)	989
Net Tangible Assets per Share				30-Sep-12 (cents)	30-Jun-12 (cents)
Net tangible asset backing per ordinary share	Down	2.0%	to	64.78	66.10

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).

Definition of Cash / Non Cash Revenue - Comprehensive Income Net of Tax **

For the purpose of the above figures the term 'Cash' refers to profits recorded in the financial statements relating to the realisation of land revaluation reserve, due to actual land sales for the year. The term 'Non-Cash' refers to profits recorded in the financial statements relating to the realisation of land revaluation reserve due to an accounting reclassification of land as inventory (hold for resale), that should bring in cash resources in the future (e.g. on date of actual sale).

Commentary on Results

The consolidated net profit after providing for income tax of the Group for the quarter ended 30 September 2012 amounted to \$2.6m (2011: \$4.7m), a decrease of 44.9%. This decrease is mainly due to no revenue recognition from wholesale establishment fees compared to first revenue recognition of 580ha in the corresponding quarter.

Revenues decreased by 31.8% to \$24.5m. This was primarily due to a decrease in revenue from establishment fees. The Group recognised no establishment fees from wholesale investors for the quarter compared to the first revenue recognition of 580ha in the corresponding quarter. TFS is no longer recognizing revenue from wholesale (Beyond Carbon) sales until they settle.

Included in revenue from recurring fees for the corresponding quarter is \$431k that relates to services rendered in the previous financial year (timing issue), which is also the main reason for the variance in the fees between the two quarters. Revenue from recurring fees, after excluding the timing issue of \$431k remained consistent over the two quarters.

DIRECTORS' REPORT

Your Directors present the financial report of the economic entity for the quarter ended 30 September 2012.

DIRECTORS

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

Mr Richard Alston (Chairman) (Resigned 3 October 2012)

Mr Frank Wilson

Mr Ronald Eacott

Mr Adam Gilchrist

Mr Ian Thompson (Resigned 12 July 2012)

Mr Timothy Croot (Resigned 12 July 2012)

Mr Julius Matthys

Mr Stephen Atkinson (Appointed 12 July 2012)

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

DIVIDENDS PAID

Dividends paid or declared for payment are as follows:

No ordinary dividend declared.

PRINCIPAL ACTIVITIES

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

- promotion of sandalwood plantation investment to wholesale investors,
- promotion of sandalwood managed investment schemes to retail investors,
- management and maintenance of sandalwood plantations,
- manufacture and distribution of sandalwood oil and related products,
- ownership, sale 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 quarter.

REVIEW OF OPERATIONS

Operating Results

The consolidated net profit (including comprehensive income) of the Group for the quarter after providing for income tax amounted to \$2.6m (2011: \$4.7). This represents quarter earnings of 0.92 cents per share (2011: 1.84 cents). The Group recognised no comprehensive income in the current and corresponding period.

The total revenues and other income for the period were \$24.5m (2011: \$35.9m) of which \$10.7m (2011: \$7.5m) 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 \$7.5m (2011: \$5.3m). This increase in the tree revaluation gain was due to the increased number of trees the Group owns in its own right, 641ha compared to 312ha in the corresponding period. The impact due to the movement in the AU dollar/US dollar exchange rate was less favourable compared to the corresponding period. Revenue for the quarter also includes \$6.3m (2011: \$6.3m) in respect of fees earned during the quarter but yet to be invoiced in connection with the Group's deferred lease and management fee products. The after tax impact of this revenue recognition policy on the quarter net profit of the Group was \$4.4m (2011: \$4.4m). The \$0.3m establishment fees included in revenue relates only to the previous financial year's June 'MIS' sales, with the Group recognising no new wholesale establishment fees for the quarter compared to first revenue recognition of 580ha in the corresponding period. There were no new 'MIS' or wholesale sales recognized (2011: 580ha institutional sales) for the period. TFS is no longer recognizing revenue from wholesale (Beyond Carbon) sales until they settle.

DIRECTORS REPORT (Continued)

Rounding of Amounts

The economic entity 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.

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

On behalf of the Directors

F Wilson - Director

Dated this 30th day of November 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2012

	NOTE	30-Sep-12 3 mth \$'000	30-Sep-11 3 mth \$'000
Revenue	2	13,140	27,571
Other income	2	11,382	8,388
Raw materials and consumables used		(1,518)	(1,486)
Depreciation and amortisation expenses		(1,146)	(978)
Finance costs		(68)	(104)
Interest paid		(4,078)	(4,443)
Unrealised foreign exchange gain / (loss)		1,983	(8,566)
Salaries and employees benefits expense		(4,259)	(4,036)
Consulting and professional fees		(667)	(422)
Bad debts expense		-	-
Provision for impairment of receivables		(281)	-
Commissions		(287)	(3,075)
Marketing costs		(351)	(234)
Direct plantation and nursery operations		(4,605)	(2,494)
Rent / rates / lease costs		(1,759)	(1,937)
Water		(399)	(288)
Repairs and maintenance		(1,538)	(233)
Research and development expenses		(771)	(43)
Travel and accomodation		(321)	(288)
Insurance		(201)	(228)
Other expenses from ordinary activities	_	(690)	(554)
Profit before income tax expense		3,566	6,550
Income tax expense relating to ordinary activities		(999)	(1,893)
Profit for the period	_	2,567	4,657
Other comprehensive income Other comprehensive income for the period, not of toy			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period	_	2,567	4,657
Earnings per share			
Basic earnings per share (cents per share)		0.92	1.84
Diluted earnings per share (cents per share)		0.76	1.77

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	NOTE	30-Sep-12 \$'000	30-Jun-12 \$'000
CURRENT ASSETS			
Cash and cash equivalents	22(i)	56,480	55,124
Trade and other receivables	4	52,167	81,317
Inventories	5	41,400	38,899
Current tax asset		6,434	-
Other financial assets	6	_	1
TOTAL CURRENT ASSETS	_	156,481	175,341
NON CURRENT ASSETS			
Trade and other receivables	7	45,383	48,527
Other financial assets	8	11,820	12,035
Property, plant and equipment	9	70,980	68,801
Deferred tax assets		5,846	7,408
Biological assets	10	96,360	85,697
Intangible assets	11	90,314	84,056
Investments accounted for using equity method	12	674	674
Other	14	9,136	9,316
TOTAL NON-CURRENT ASSETS	_	330,513	316,514
TOTAL ASSETS	=	486,994	491,855
CURRENT LIABILITIES			
Trade and other payables	15	15,866	26,541
Financial liabilities	17	13	13
Current tax liabilities		-	195
Provisions	16	1,518	1,470
Unearned income	18	2,355	2,969
TOTAL CURRENT LIABILITIES	_	19,752	31,188
NON-CURRENT LIABILITIES			
Financial liabilities	19	144,572	146,490
Deferred tax liabilities	-,	48,013	42,933
Unearned income	20	3,200	2,354
TOTAL NON-CURRENT LIABILITIES	_	195,785	191,777
TOTAL LIABILITIES	_	215,537	222,965
NET ASSETS	=	271,457	268,890
EQUITY			
Issued capital	21	117,760	117,760
Asset revaluation reserve		8,048	8,048
Option/Warrant reserve		8,992	8,992
Retained earnings	_	136,657	134,090
TOTAL EQUITY	_	271,457	268,890

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2012

Note	Issued Capital \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Option / Warrant Reserve \$'000	Total \$'000
D-1	115 (07	117.020	0.107	470	242.101
Balance at 01.07.2011	115,687	117,830	8,106	478	242,101
Profit for the period		4,657	-		4,657
Total comprehensive income for the period		4,657	-	=	4,657
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	=	-	-	=	-
Warrants issued during the period	-	-	-	8,514	8,514
Dividends recognised for the period		-	-	-	
Balance at 30.09.2011	115,687	122,487	8,106	8,992	255,272
Balance at 01.07.2012	117,760	134,090	8,048	8,992	268,890
Profit for the period		2,567	-	-	2,567
Total comprehensive income for the period	-	2,567	-	-	2,567
Transactions with owners, in their capacity as owners, and other transfers Shares issued during the period	-	-	-	-	-
Dividends recognised for the period					
Balance at 30.09.2012	117,760	136,657	8,048	8,992	271,457

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE	2012 \$'000	2011 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	φυσ	\$ 000
Receipts from operations	33,008	8,943
Payments to suppliers and employees	(25,308)	(20,139)
Payments for land held for resale	(939)	(7,138)
Repayment of loans from growers	4,783	611
Interest received	1,845	1,966
Interest paid	(8,165)	(465)
Income tax paid	(984)	(1,515)
Net cash used in operating activities 22(ii)	4,240	(17,737)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant & equipment	10	11
Payments for plant & equipment	(2,457)	(1,415)
Payments for land development	· · · · · · · · · · · · · · · · · · ·	(221)
Receipts from investments	266	· · · · · -
Payments for investments	-	(2,008)
Payments for land & buildings	(698)	(2)
Net cash used in investing activities	(2,879)	(3,635)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	22,256
Repayments of borrowings	(3)	(22)
Dividends paid	(2)	(882)
Net cash provided by financing activities	(5)	21,352
Net increase / (decrease) in cash held	1,356	(20)
Cash at beginning of period	55,124	76,903
Cash at end of period	56,480	76,883

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE OUARTER ENDED 30 SEPTEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The un-audited financial report covers TFS Corporation Ltd and its controlled entities (hereafter referred to as "the Economic Entity" or "the Group"). TFS Corporation Ltd is a listed public company, incorporated and domiciled in Australia.

Basis of Preparation

These general purpose financial statements for the interim reporting period ended 30 September 2012 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards; including standard AASB 134: Interim Financial Reporting and the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2012. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The accounting policies have been applied consistently throughout the Group for the purpose of preparation of these interim financial statements.

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. As such, it does not contain information that represents relatively insignificant changes occurring during the quarter 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 2012, together with any public announcements made during the quarter.

The interim financial report has been prepared on an accruals basis and is based on historical costs, except for the Group's sandalwood tree plantations (which are biological assets) and land. This report does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue on 30 November 2012 by the board of directors of the responsible entity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE	30-Sep-12 \$'000	30-Sep-11 \$'000
NOTE 2: REVENUE		·
Sales revenue:		
Revenue from operating activities:		
Revenue from land sales and services	9,151	23,857
Revenue from product sales	2,865	2,625
Interest on loans	1,124	1,089
Total sales revenue	13,140	27,571
Other income:		
Interest received - Other persons	721	877
Profit / (Loss) on disposal of plant & equipment	(2)	(6)
Gain on revaluation of plantations	10,663	7,517
Total other income	11,382	8,388
Total revenue and other income	24,522	35,959
	30-Sep-12 \$'000	30-Jun-12 \$'000
NOTE 4: TRADE AND OTHER RECEIVABLES (CURRENT)	φυσυ	φυσυ
Trade Debtors	45,498	71,825
Provision for impairment of receivables	(443)	(451)
	45,055	71,374
Loans to growers	6,121	8,187
Bonds & deposits	7	5
Prepayments	984	1,751
-	52,167	81,317
NOTE 5: INVENTORIES (CURRENT)		
At cost:		
Land held for resale	33,455	32,516
Finished goods	7,104	5,077
Work in progress	54	52
Seedlings at cost	480	982
Seed stock	222	222
Harvested trees	42	42
Raw materials	128	94
Less: Provision for obsolete stock	(85) 41,400	(86)
•	•	•
NOTE 6: OTHER FINANCIAL ASSETS (CURRENT)		
Cash Deposit - Escrow Accounts	-	1_
	-	1

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

Note 7: TRADE AND OTHER RECEIVABLES (NON CURRENT) Less: Provision for impairment of receivables		30-Sep-12 \$'000	30-Jun-12 \$'000
Less: Provision for impairment of receivables - - Loans to employees under share acquisition plan 5.005 5.142 Less: Provision for impairment of receivables 2.2,570 2.280 Total Receivable (Non Current) 45,383 48,527 NOTE 8: OTHER FINANCIAL ASSETS (NON CURRENT) Cash Deposit - First Loss Account 4,215 4,430 Cash Deposit - Bank Guarantee Facility 2,708 2,708 Cash Deposit - MIS Custodian Accounts 4,897 4,897 Ash Deposit - MIS Custodian Accounts 44,897 4,897 NOTE 9: PROPERTY, PLANT & EQUIPMENT 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) Less: Accumulated depreciation 43,883 43,186 Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation 763 705 Total property, plant & equipment 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalidosop plantation at cost: - 2,812 <th>NOTE 7: TRADE AND OTHER RECEIVABLES (NON CURRENT)</th> <th></th> <th></th>	NOTE 7: TRADE AND OTHER RECEIVABLES (NON CURRENT)		
Loans to employees under share acquisition plan 5,005 5,142 Less: Provision for impairment of receivables 2,2570 2,2802 Total Receivable (Non Current) 45,383 48,527 Total Receivable (Non Current) 45,383 48,527 NOTE 8: OTHER FINANCIAL ASSETS (NON CURRENT) Cash Deposit - First Loss Account 4,215 4,430 Cash Deposit - Bank Guarantee Facility 2,708 2,708 Cash Deposit - MIS Custodian Accounts 4,897 4,897 Cash Deposit - MIS Custodian Accounts 4,1826 39,386 Less: Accumulated depreciation (13,966) (13,066) Cash Deposit - All Asset	Loans to growers	42,948	45,665
Coans to employees under share acquisition plan	Less: Provision for impairment of receivables		-
Less: Provision for impairment of receivables (2,570) (2,280) 2,435 2,862 Total Receivable (Non Current) 45,383 48,527 NOTE 8: OTHER FINANCIAL ASSETS (NON CURRENT) Cash Deposit - First Loss Account 4,215 4,430 Cash Deposit - MIS Custodian Accounts 4,897 4,897 Cash Deposit - MIS Custodian Accounts 4,897 4,897 NOTE 9: PROPERTY, PLANT & EQUIPMENT 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) Less: Accumulated depreciation 43,883 43,186 Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,472 Closing Balance 33,906 33,906 At market value:		42,948	45,665
2,435 2,862	Loans to employees under share acquisition plan	5,005	5,142
Total Receivable (Non Current) 45,383 48,527 NOTE 8: OTHER FINANCIAL ASSETS (NON CURRENT) Cash Deposit - First Loss Account 4,215 4,430 Cash Deposit - Bank Guarantee Facility 2,708 2,708 Cash Deposit - MIS Custodian Accounts 4,897 4,897 Ash Deposit - MIS Custodian Accounts 4,897 4,897 NOTE 9: PROPERTY, PLANT & EQUIPMENT 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) Less: Accumulated depreciation 43,883 43,186 Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost 763 70.5 Less: Accumulated amortisation 763 70.980 NOTE 10: BIOLOGICAL ASSETS 33,906 68,801 NOTE 10: BIOLOGICAL ASSETS 33,906 6,369 Additions 33,906 33,906 Additions 2,4725 Closing Balance 33,906 33,906 At market value: 70,980 33,906 33,906 At market value: 70,980 33,906	Less: Provision for impairment of receivables	(2,570)	(2,280)
NOTE 8: OTHER FINANCIAL ASSETS (NON CURRENT) Cash Deposit - First Loss Account 4,215 4,430 Cash Deposit - Bank Guarantee Facility 2,708 2,708 Cash Deposit - MIS Custodian Accounts 4,897 4,897 NOTE 9: PROPERTY, PLANT & EQUIPMENT 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) Less: Accumulated depreciation 43,883 43,186 Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Total property, plant & equipment 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: - 2,812 Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluati		2,435	2,862
Cash Deposit - First Loss Account 4,215 4,430 Cash Deposit - Bank Guarantee Facility 2,708 2,708 Cash Deposit - MIS Custodian Accounts 4,897 4,897 Cash Deposit - MIS Custodian Accounts 11,820 12,035 NOTE 9: PROPERTY, PLANT & EQUIPMENT Plant & Equipment - at cost 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) Less: Accumulated depreciation 43,883 43,186 Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation (763) (705) NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions 33,906 33,906 Additions 33,906 33,906 All market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of p	Total Receivable (Non Current)	45,383	48,527
Cash Deposit - Bank Guarantee Facility 2,708 2,708 Cash Deposit - MIS Custodian Accounts 4,897 4,897 I 1,820 12,035 NOTE 9: PROPERTY, PLANT & EQUIPMENT Plant & Equipment - at cost 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) Less: Accumulated depreciation 27,860 26,320 Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired 33,906 33,906 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 62,454 51,	NOTE 8: OTHER FINANCIAL ASSETS (NON CURRENT)		
Cash Deposit - MIS Custodian Accounts 4,897 4,897 NOTE 9: PROPERTY, PLANT & EQUIPMENT 41,826 39,386 Less: Accumulated depreciation 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Cash Deposit - First Loss Account	4,215	4,430
NOTE 9: PROPERTY, PLANT & EQUIPMENT 11,820 12,035 Plant & Equipment - at cost 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 24,725 Closing Balance 33,906 33,906 At market value: 33,906 33,906 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Cash Deposit - Bank Guarantee Facility	2,708	2,708
NOTE 9: PROPERTY, PLANT & EQUIPMENT Plant & Equipment - at cost 41,826 39,386 Less: Accumulated depreciation (13,966) (21,3066) Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Cash Deposit - MIS Custodian Accounts		
Plant & Equipment - at cost 41,826 39,386 Less: Accumulated depreciation (13,966) (13,066) 27,860 26,320 Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791		11,820	12,035
Less: Accumulated depreciation (13,966) (13,066) 27,860 26,320 Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	NOTE 9: PROPERTY, PLANT & EQUIPMENT		
Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 43,120 42,481 Total property, plant & equipment 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Plant & Equipment - at cost	41,826	39,386
Land & Buildings at fair value 43,883 43,186 Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) Less: Accumulated amortisation 43,120 42,481 Total property, plant & equipment 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Less: Accumulated depreciation		(13,066)
Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) 43,120 42,481 Total property, plant & equipment 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791		27,860	26,320
Land & Buildings at cost - - Less: Accumulated amortisation (763) (705) 43,120 42,481 Total property, plant & equipment 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Land & Buildings at fair value	43,883	43,186
Total property, plant & equipment 43,120 42,481 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Land & Buildings at cost	-	-
Total property, plant & equipment 70,980 68,801 NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: 0pening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Less: Accumulated amortisation	(763)	(705)
NOTE 10: BIOLOGICAL ASSETS Sandalwood plantation at cost: Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 0pening balance Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791		43,120	42,481
Sandalwood plantation at cost: 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Total property, plant & equipment	70,980	68,801
Opening balance 33,906 6,369 Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - - Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	NOTE 10: BIOLOGICAL ASSETS		
Additions - 2,812 Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 24,725 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	<u>*</u>		
Plantation re-acquired - 24,725 Closing Balance 33,906 33,906 At market value: - 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791		33,906	
Closing Balance 33,906 33,906 At market value: 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791		-	
At market value: 51,791 41,638 Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791		- 22.006	
Opening balance 51,791 41,638 Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791	Closing Balance	33,906	33,906
Gain on revaluation of plantations 10,663 10,153 Closing balance 62,454 51,791			
Closing balance 62,454 51,791			
Total biological assets 96,360 85,697	Closing balance	62,454	51,791
	Total biological assets	96,360	85,697

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

30-Sep-12

30-Jun-12

NOTE 11: INTANGIBLE A	SSETS				\$'000		-Jun-12 \$'000
Goodwill:							
Cost					20.	,034	20,034
Accumulated impaired losses						-	
					20,	,034	20,034
Supply agreements:							4=0
Cost Accumulated impaired losses						478	478
recumulated impaired rosses						478	478
Accrued Income Receivable					69,	802	63,544
Total intangibles					90,	314	84,056
NOTE 12: INVESTMENTS USING EQUITY METHOD	ACCOUNTED FOR						
Opening balance						674	647
Investment						-	8
Share of net profit for period						-	19
						674	674
NOTE 13: ASSOCIATED CO	OMPANIES						
Interests are held in the following	g associated companies:					C	
Name	Principal Activities	Country of Incorp.	Shares	Ownersh	ip Interest	-	amount of stment
Name	Timelpai Activities	meorp.	Shares	Sep-12	Jun-12	Sep-12	Jun-12
				%	%	\$'000	\$'000
Northern Development Corporation Ltd	Land Development	Australia	Ord	50	50	367	367
Gulf Natural Supply Co.	Sandalwood Oil Distributor	UAE	Ord	49	49	299	299
Santalis Pharmaceutical Inc.	Pharmaceuticals	USA	Ord	50	0	8	
						674	674
NOTE 14: OTHER ASSETS	(NON CURRENT)						
Water rights						1	1_
						1	1
Land preparation costs					10,	,945	10,945
Less: Provision for Amortisation	on				(1,8		(1,630)
					9,	,135	9,315
Total Other Assets					9,	,136	9,316
							

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE 15: TRADE AND OTHER PAYABLES (CURRENT)	30-Sep-12 \$'000	30-Jun-12 \$'000
NOTE 13. TRADE AND OTHER PATABLES (CURRENT)		
Unsecured:		
Trade creditors	8,745	7,710
Goods & services tax payable Dividends payable	(1,372) 62	1,166 64
Other creditors and accrued expenses	8,431	17,601
Warrants liability	-	-
·	15,866	26,541
NOTE 16: PROVISIONS (CURRENT)		
Employee entitlements	1,518	1,470
2mprojee enuterions	1,518	1,470
NOTE 17: FINANCIAL LIABILITIES (CURRENT)		
Secured:	12	12
Hire purchase liability	13 13	13
NOTE 18: UNEARNED INCOME (CURRENT)		
Unearned income	2,355	2,969
	2,355	2,969
NOTE 19: FINANCIAL LIABILITIES (NON CURRENT)		
Secured:		
Hire purchase liability	35	39
11% Senior Secured Notes	144,537	146,451
	144,572	146,490
NOTE 20: UNEARNED INCOME (NON CURRENT)		
Unearned Income	3,200	2,354
	3,200	2,354

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE 21: ISSUED CAPITAL	30-Sep-12 \$'000	30-Jun-12 \$'000
Issued ordinary fully paid with no par value		
279,621,829 (30.06.12: 279,621,829)	117,760	117,760
	30-Sep-12 No.	30-Jun-12 No.
Ordinary shares		
At beginning of the period	279,621,829	276,453,042
Shares issued during the year		
- 4 November 2011		3,168,787
At reporting date	279,621,829	279,621,829

(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 net 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 responses 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 period and past year ends are as follows.

	30-Sep-12 \$'000	30-Jun-12 \$'000
Total borrowings	144,585	146,503
Less: Cash and cash equivalents	(56,480)	(55,124)
Escrow accounts linked to borrowings		(1)
Net debt/(Cash)	88,105	91,378
Total equity	271,457	268,890
Total capital	359,562	360,268
Gearing ratio	24.50%	25.36%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

	30-Sep-12 \$'000	30-Jun-12 \$'000
NOTE 22: CASH FLOW INFORMATION		
(i) Reconciliation of cash		
Cash balance comprises:		
Cash at bank	56,476	55,120
Cash on hand	4	55.124
Cash balance as per statement of financial position	56,480	55,124
Less: Overdraft Cook belongs as per statement of cook flows	56,480	55,124
Cash balance as per statement of cash flows	30,460	33,124
	30-Sep-12 3 mth \$'000	30-Sep-11 3 mth \$'000
(ii) Reconciliation of operating profit after income tax		
to the net cash flow provided by operating activities.		
Operating profit / (loss) after income tax	2,567	4,657
Cashflows excluded from profit attributable to operating	2,307	4,037
activities:		
Depreciation and amortisation	1,146	978
Unearned Forex Profit relating to Investments/Borrowings	(1,914)	9,080
Net cash provided by operating activities before change		
in assets and liabilities	1,799	14,715
Changes in operating assets and liabilities:		
Provision for taxation increase / (decrease)	(6,629)	(770)
Provision for impairment increase / (decrease)	281	-
Provision for deferred taxation increase / (decrease)	5,080	4,108
Future taxation benefit (increase) / decrease	1,563	(2,960)
(Profit) / loss on sale of fixed assets	2	6
(Profit) / loss on sale of investments	85	- (27.545)
(Increase) / decrease in trade debtors	26,325	(37,545)
(Increase) / decrease in prepayments (Increase) / decrease in accrued income receivable	765 (6,258)	490 (6,288)
(Increase) / decrease in accrued income receivable (Increase) / decrease in grower loans	4,783	611
(Increase) / decrease in inventories	(2,501)	(8,122)
(Increase) / decrease in sandalwood tree market value	(10,663)	(7,517)
Increase / (decrease) in trade creditors and provisions	(10,625)	3,467
Increase / (decrease) in unearned income	233	22,068
Net cash flow from operating activities	4,240	(17,737)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE 23: 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:

- 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) Agriculture

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE 23: OPERATING SEGMENTS (Continued)

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 Group's 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 believe 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. These inter-segment loans are revolving facility with no fixed terms and repayable in full when the borrower is in a financial position to effect this. Depending on the inter-segment loan agreement the loan can be interest free or bearing interest at 11% per annum.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE 23: SEGMENT INFORMATION (Continued)

The Group's operations involve the management and operation of forestry plantations, cultivation and sale of agriculture produce, the provision of finance, and the production and sale of Sandalwood Oil and related products. All operations are conducted in Australia.

Primary Reporting in Business Segments.

Industry Segments	Plantation I 30/09/2012	Management 30/09/2011	Fina 30/09/2012	ance 30/09/2011	Sandalwoo 30/09/2012	d products 30/09/2011	Agric 30/09/2012	ulture 30/09/2011	Consol 30/09/2012	idation 30/09/2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue (all relate to external sales)										
Establishment Fees	301	14,439	-	-	-	-	-	-	301	14,439
Land Sales	-		-	-	-	-	-	-	-	
Plantation Sales	-	-	-	-	-	-	-	-	-	-
Lease & management Fees	2,120	2,540	-	-	-	-	-	-	2,120	2,540
Product sales	-	-	-	-	2,865	2,625	-	-	2,865	2,625
Sales of agriculture produce	-	-	-	-	-	-	-	-	-	-
Interest - External	721	877	1,124	1,089	-	-	-	-	1,845	1,966
Interest - Inter segment	-	-	-	-	-	-	-	-	-	-
Other - External	470	584	-	-	-	-	-	-	470	584
Other - Internal		-	-	-	107	-	-	-	107	_
Total segment revenue (Cash*)	3,612	18,440	1,124	1,089	2,972	2,625	-	-	7,708	22,154
Operating revenue (Non-Cash*)										
Accrued income recognition	6,258	6,288	-	-	-	-	-	-	6,258	6,288
Gain on revaluation of plantation	10,663	7,517	-	-	-	-	-	-	10,663	7,517
Gain on Setllement of trade debtor	-	-	-	-	-	-	-	-	-	-
Gain on agriculture produce - seed		-	-	-	-	-	-	-	-	_
Total segment revenue (Non-Cash*)	16,921	13,805	-	-	_	-	-	-	16,921	13,805
Total segment revenue	20,533	32,245	1,124	1,089	2,972	2,625	-	-	24,629	35,959

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE 23: SEGMENT INFORMATION (Continued)

Industry Segments	Plantation Management		Finance		Sandalwood products		Agriculture		Consolidation	
	30-Sep-12 \$'000	30-Sep-11 \$'000	30-Sep-12 \$'000	30-Sep-11 \$'000	30-Sep-12 \$'000	30-Sep-11 \$'000	30-Sep-12 \$'000	30-Sep-11 \$'000	30-Sep-12 \$'000	30-Sep-11 \$'000
Reconciliation of segment revenue to group revenue Inter segment revenue	ę.								(107)	-
Unallocated revenue									-	
Total group revenue from ordinary activities									24,522	35,959
Result										
Earnings before interest, tax, dep'n and amort'n										
(EBITDA) - Cash*	(11,989)	4,649	1,193	1,200	309	110	(1)	-	(10,488)	5,959
(EBITDA) - Non-Cash*	18,623	5,239							18,623	5,239
Inter segment earnings - Contributing to EBITDA	-	-			107				107	-
(EBITDA) - Total	6,634	9,888	1,193	1,200	416	110	(1)	-	8,242	11,198
D	. 4									
Reconciliation of segment EBITDA to group EBITL Inter segment revenue	JA.								(107)	-
Unallocated revenue										-
Total group EBITDA									8,135	11,198
Segment result before income tax	2,224	5,498	1,121	1,121	329	(70)	(1)	-	3,673	6,550
Reconciliation of segment result to group net profit	before tax.									
Inter segment revenue	· ·								(107)	-
Amounts not included in segment results but review	ed by board.								-	-
Unallocated expenses									-	-
Share of net profits of associates									-	
Net profit before tax from continued operations									3,566	6,550

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE 23: SEGMENT INFORMATION (Continued)

Industry Segments	Plantation Management		Finance		Sandalwood products		Agriculture		Consolidation	
	30-Sep-12 \$'000	30-Jun-12 \$'000	30-Sep-12 \$'000	30-Jun-12 \$'000	30-Sep-12 \$'000	30-Jun-12 \$'000	30-Sep-12 \$'000	30-Jun-12 \$'000	30-Sep-12 \$'000	30-Jun-12 \$'000
Segment Assets										
Segment Assets	460,604	467,365	53,799	58,627	31,717	31,418	38	124	546,158	557,534
Segment increases for the period:										
Capital expenditure	560	6,297	-	-	-	-	-	-	560	6,297
Acquisitions	2,458	3,284	-	-	140	883	-	-	2,598	4,167
	3,018	9,581	-	-	140	883	-	-	3,158	10,464
Reconciliation of segment assets to group assets Inter-segment eliminations Unallocated assets									(59,164)	(65,679)
Total group assets from continuing operations									486,994	491,855
Segment Liabilities										
Segment Liabilities	213,561	221,540	39,659	45,604	12,212	12,224	14	21	265,446	279,389
Reconciliation of segment liabilities to group liabilities to group liabilities.	lities								(49,909)	(56,424)
Unallocated liabilities Total group liabilities from continuing operations									215,537	222,965

Major Customers

The Group has a number of customers to whom it provides both products and services, with the biggest contributing 2.91% to the Group's external revenue. The next most significant customer accounts for 1.95% of external revenue.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2012

NOTE 24: EARNINGS PER SHARE	30-Sep-12 3 mth \$'000	30-Sep-11 3 mth \$'000
Earnings used in calculating basic and diluted earnings per share.	2,567	4,657
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	279,319	253,523
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share.	335,819	263,621

NOTE 25: SUBSEQUENT EVENTS

No events have occurred since balance date which have or may significantly affect the Group's operations, results of operations or state of affairs in future financial years.

NOTE 26: CONTINGENT LIABILITIES

A controlled entity has a replanting commitment in relation to sandalwood projects to ensure a tree mortality rate of no more than 25% at the end of the first year of the project. Possible associated costs associated with this replanting have not been provided for. These possible future costs are not considered to be material.

NOTE 27: SEASONAL OPERATIONS

TFS's major business activity is the promotion of Indian Sandalwood through either Managed Investment Schemes ("MIS") or wholesale to Institutional Investors. The nature of the MIS/wholesale 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 quarter year will not be an accurate indicator of the full year performance.

DIRECTORS' DECLARATION

The directors of the company declare that:-

- 1. The attached financial statements and notes, as set out on pages 5 to 21 are in accordance with the Corporations Act 2001,including:
- (a) comply with AASB 134: Interim Financial Reporting and the Corporations Act 2001; and
- (b) give a true and fair view of the consolidated entity's financial position as at 30 September 2012 and the performance for the quarter 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

F Wilson - Director

Dated this 30th day of November 2012.