



ASX Release

16 January 2013

MARKET UPDATE

Successful Completion of Santalis Pharmaceuticals Initial Clinical Trials

TFS Corporation Limited (TFS) is pleased to confirm that its 50% owned joint venture entity, Santalis Pharmaceuticals, Inc, has announced that its first commercial product the Santalia™ acne treatment kit, available over the counter (OTC), has successfully completed its initial clinical evaluation and will be launched early in 2013. The completion of the clinical evaluation trial is consistent with previous market disclosures made by TFS in May 2012.

The 50 patient, open label, phase 2 clinical study was conducted by Dr Ronald L. Moy and the results were published in the December 2012 issue of the Journal of Drugs in Dermatology (<http://jddonline.com>). The study demonstrated that the Santalia™ acne treatment kit was highly effective in reducing patient lesion counts, with both minimal side effects and a high compliance rate supporting the clinical benefits achieved.

The Santalia™ Acne Treatment kit is the only one of its kind formulated with sustainably-grown, pharmaceutical grade East Indian sandalwood oil (EISO) and was designed to provide effective anti-bacterial and anti-inflammatory benefits without the drawbacks often associated with benzoyl peroxide-containing products, such as dryness and irritation of the skin. The Santalia™ acne treatment kit will initially be available through the company website (www.santaliashop.com, <http://www.facebook.com/santaliaskin>) and later through a number of private-label distribution partners.

Santalis was formed to develop a range of OTC and prescription drugs that can utilize EISO's unique anti-microbial, anti-inflammatory, and anti-proliferative properties. The Santalia™ acne treatment kit is the first of a range of proprietary, clinically-validated products that the company intends to launch in the area of dermatology, with eczema and sensitive skin formulations expected to reach the market in late 2013.

Santalis CEO, Dr. Paul Castella, stated that, "The clinical validation of our first OTC product is the first step in an expansive program to commercialize a range of EISO-based products to treat a number of widespread and significant disease conditions. We are fortunate that we are working with a uniquely suited botanical drug candidate, which demonstrates not only a wide range of unique pharmacological effects, but also a very beneficial safety profile backed up by an extensive history of human use. All of our efforts are strictly science driven, and our goal for the OTC product range is to provide a commercial foundation that will enable us to tackle a number of significant prescription drug opportunities for EISO."

MIS Update

TFS is pleased to announce the appointment of Mr Dylan Greenway as Business Development Manager, NSW. Dylan brings 14 years experience in the Financial Services industry to TFS, specialising in agribusiness, business development, financial planning and compliance. Dylan previously represented TFS distributing the 2010 MIS product and will report to Mr Duncan Caldwell, General Manager – Group Sales & Marketing Financial Products.

As the only large scale provider of MIS product remaining in the agribusiness sector, TFS remains committed to this area of its business and is in the process of making further Business Development Manager appointments in Victoria, South Australia and the Northern Territory as part of its program to put in place a nationwide sales / distribution team.

Appointment of Joint Company Secretary

TFS is pleased to announce it has appointed Mr Simon Storm as Joint Company Secretary.

Mr Storm is a Chartered Accountant with over 25 years of Australian and international experience in the accounting profession and commerce. He has held various senior finance and/or company secretarial roles with listed and unlisted entities in the banking, resources, construction, funds management, telecommunications and property development industries. In the last 10 years Mr Storm has provided consulting services covering accounting, financial and company secretarial matters to various companies in these sectors.

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ABOUT SANTALIS

Santalís Pharmaceuticals is headed by Dr. Paul Castella, who previously co-founded Viroxís Corporation in 2006 with Ian Clements, ViroXís' CEO. ViroXís pioneered the botanical drug development of EISO and is currently in phase II studies with an EISO-based HPV treatment. In order to develop other EISO based drugs outside of ViroXís' anti-viral focus, Santalis was "spun out" of ViroXís early on as a 50:50 venture with TFS, who contributed their EISO expertise and exclusive worldwide healthcare supply rights. Santalis is advised by a renowned group of industry and clinical experts, including Dr. Ronald L. Moy (past President of the American Academy of Dermatology; www.aad.org), Catherine Burzik (former CEO of KCI) and Gary Frashier (former CEO of OSI Pharmaceuticals).

ABOUT TFS

TFS Corporation Ltd (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 6,500 hectares planted. TFS plantations are managed on behalf of both retail and institutional investors.

TFS will be commencing the first commercial harvest of its Indian sandalwood plantations in 2013.

The company listed on the Australian Stock Exchange in December 2004.

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 2011 TFS subsidiary Mount Romance was awarded the Platinum Award by the Water Corporation for its Water Efficiency Management Plan (WEMP).

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 16.7% 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 India and China, two of the fastest growing economies in the world.