



## Sweet scented sandalwood flavour of month

Overseas demand has prompted Australian listed Sandalwood producer TFS Corporation to predict it will generate exports of \$1 billion over the next decade.

"We use the whole tree," TFS chief executive Frank Wilson told AAP during a recent tour of the company's Kununurra operations.

"The crops we're planting today will harvest 20 times what we were planting 15 years ago."

Almost 10 years after listing on the Australian Securities Exchange, TFS has just produced its first harvest and is filling orders from a major international pharmaceutical company focused on skin products.

As well as pharmaceutical applications, TFS is also targeting fragrance and cosmetics companies in North America, China, India and Europe.

And it's hoping for increased investor interest later this year once a client releases treatments for acne and eczema products.

The Perth-based company, which has operations throughout Australia, believes it will have a 15 year jump on competitors who seek to begin planting trees.

One fully grown Indian Sandalwood tree can fetch around \$7000, with the roots and trunk producing valuable oil, carving wood for the Chinese market and incense for religious purposes in India.

Survival rates were now much better than a few years ago and the trees were growing bigger and stronger, using a variety of host trees, Mr Wilson said.

Mr Wilson says the premium price for fine carving wood, which is highly prized for furniture in China, is around \$160,000 per tonne.

"Tables and cabinets sell for \$1 million in China," he said.

With prices like these, the incentive for thieves and black market traders is great.

Police in regional Western Australia have been kept busy in recent years, chasing criminals who have illegally harvested dozens of tonnes of Sandalwood in sophisticated operations.

And with one eye on the thefts, TFS is stepping up security at its Kununurra operations in north Western Australia.

"Security is becoming a bigger issue for us," Mr Wilson said.

"The risk is that organised crime gets involved at the forest point."

TFS has a total of 3.2 million trees on 8000 hectares of land in WA, Queensland and the Northern Territory and it's in the hunt for more land acquisitions after opening its Kununurra processing plant in September last year.

Mr Wilson concedes there has been a lot of trial and error involved in growing the trees, which he says require host trees to reach their full potential.

The company cultivates 600,000 seedling per year which need to cope with temperatures of 55 degrees as well as tropical storms and flooding.

Still, for Mr Wilson, a TFS director, former lawyer, professional AFL footballer and farmer's son, it hasn't been all plain sailing.

In November last year TFS' directors survived a board spill after more than a third of its shareholders voted against adopting the company's remuneration report for the second year due to the company's performance and corporate governance.

The company's share price has doubled since then, giving some of the dissident shareholders less ammunition ahead of this year's annual general meeting.

By Kim Christian