

## Momentum growing in Quintis class action

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Two of three potential shareholder class actions targeting troubled sandalwood company Quintis now have the backing of litigation funders as the company's disclosure issues appear headed for court.

Bannister Law, Slater and Gordon and Piper Alderman have confirmed they are investigating class actions, the first of which was flagged on May 12 after the company admitted its board and management had no idea Quintis lost a contract with Nestle's Galderma last year.

Bannister Law has secured litigation funding and on Friday said, "we believe there is a strong case to answer".

Litigation Capital Management is backing Piper Alderman, which is looking at whether the scope of its action could be widened to include shareholders who bought stock before December 15, 2016. That is the date before Quintis' licensing and supply deals with Galderma were terminated. Galderma appears to have dealt directly with Quintis' wholly owned Santalis subsidiary in the US.

Quintis, formerly known as TFS, said the Galderma deal was not material to its earnings, and in a statement it made in March, it had informed the market the deal had no minimum-supply component attached.

But LCM and Piper Alderman argue that sounds nothing like the assertions Quintis had made previously about what was billed as a 20-year deal for the supply of pharmaceutical-grade, sustainably grown Indian sandalwood oil to a prestigious customer.

"These statements are completely at odds with the many statements Quintis has made about the landmark significance of the Galderma contract," the pair said.

"The case as currently framed focuses on the failure by Quintis to disclose the loss of its long-term supply contract with Galderma and seeks to recover losses suffered by shareholders."

Slater and Gordon is still looking at the prospects for its own class action. Last week, Quintis withdrew its 2016-17 earnings guidance and slashed its forecast for product sales to \$25 million to \$35 million from a previous range of \$45 million to \$55 million. The company is facing a liquidity crisis and aiming to recapitalise amid the most critical time of the year for plantation sales to new sandalwood investors.

It had \$17 million in cash left at the end of May and faces an interest payment to bondholders due August 1.

The downgrade contained a further revelation that Galderma had not been shipped any oil since June 2015.

"Quintis has provided significant detail to the ASX with respect to the Galderma contract," Quintis said in a statement on Monday. "As stated, if the current board and current senior management had been aware of the termination at the time it was signed, it is likely that the company would have

made an ASX announcement to that effect.

"This is not because the company considers that the termination was information that a reasonable person would expect to have a material effect on the price or value of Quintis' securities, but instead to inform the market about the status of a contract that, whilst economically immaterial at less than 2.5 per cent of total sales, had previously been widely discussed."

Shares in Quintis remain suspended.

---- INDEX REFERENCES ----

**COMPANY:** GALDERMA PHARMA LTD; LITIGATION CAPITAL MANAGEMENT LTD; NESTLE LTD;  
PIPER ALDERMAN

**NEWS SUBJECT:** Business Lawsuits & Settlements (1BU19); Business Management (1BU42); Class Actions (1CL03); Consumer Protection (1CO43); Corporate & Business Law (1XO58); Corporate Events (1CR05); Corporate Financial Data (1XO59); Corporate Groups & Ownership (1XO09); Corporate Legal Management (1XO33); Legal (1LE33); Mergers & Acquisitions (1ME39)

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