



To our shareholders and interested parties

Overall, the half-year results are good, demonstrating that Precious Woods continues to grow strongly. Compared to the same period a year earlier, total operating income was up 69%, from USD 25.0 million to USD 42.4 million. Net income amounted to USD 5.1 million versus a loss of USD 2.1 million in first half 2006. In the second quarter, the recently acquired Gabon-based companies already contributed substantially to the increase in turnover and net income. Precious Woods Europe performed better than expected. Precious Woods Central America's result was in line with our forecast, whereas our Brazilian subsidiaries did not meet our expectations. Revenues from emission rights and the generation of electricity were impacted by the shutdown of the power plant in Itacoatiara which lasted several weeks.

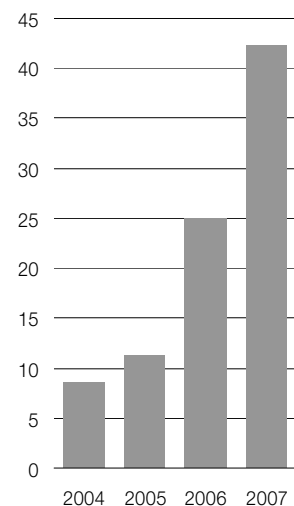
Half-year results

Net sales of timber and electricity increased by 77% from USD 21.2 million to USD 37.6 million, of which USD 13.3 million are attributable to the newly acquired companies in Gabon and the associated European sales and marketing operation. In addition, we also saw growth in our traditional business: At Precious Woods Europe, sales were up 18% on the prior year period, and both Precious Woods Amazon and Precious Woods Pará maintained sales to third parties. Precious Woods Central America achieved a fourfold increase in sales of timber, but volumes remained modest. Revenues from the sale of electricity

were down 27% as a result of the interruption to power plant operations. In the first semester there was a 11% gain in the fair value of the biological assets (plantations in Central America). The recorded value of the emission rights generated rose from USD 0.7 million to USD 1.3 million, as most of the proceeds from emission rights generated in the prior year were not recognised in the accounts until the second semester. Precious Woods actually generated fewer emission rights in the first half of 2007, owing to the interruption to operations at the power plant. The Group's total operating income increased by 69%, from USD 25.0 million

in first-half 2006 to USD 42.4 million in the current year. A four-year comparison illustrates even more clearly just how dynamic the growth of our company has been: In 2005, first-half operating income amounted to USD 11.3 million and in 2004, to USD 8.6 million.

Total operating income first semester (USD million)



In 2006, extraordinary costs and one-time write-offs in Brazil had a substantial negative impact on the gross margin. A year-on-year comparison therefore is not a meaningful measure of performance. In the period under review, the interruption to power plant operations and the delayed start of harvesting at Precious Woods Pará led to an unexpected loss of revenues. Nevertheless, expressed as a percentage of total revenues, the gross margin returned to

normal in first semester 2007 and now stands at 28.6%. Administrative and selling expenses developed under-proportionately, which is why the improvement at operating income level (EBIT) is greater than at gross margin level. The financial result had very little impact on the overall result, thanks to the successfully completed capital increase and positive exchange-rate effects, including hedging transactions which balanced interest charges. Some subsidiaries incurred a higher tax charge, whereas in this respect the Holding Company continued to benefit from accumulated losses. Net income after deduction of minority interests amounted to USD 5.1 million, compared to a USD 2.1 million loss in the same period a year earlier.

Precious Woods Brazil

On 20 March 2007, the power plant operated by Precious Woods Energia experienced a serious mechanical breakdown caused by the premature material fatigue of the coupling between the turbine and the generator. There were no injuries. Due to the scale of the necessary repairs, the turbine had to be transported to the manufacturers in São Paulo, and operations could only be resumed on 31 May 2007. A large portion of the damage is covered by insurance.

For Precious Woods Amazon, the second quarter is always the most difficult one, owing to the seasonal nature of operations. Before the first timber from the latest harvest can be utilised, it is

necessary to consume the remaining stocks of round wood from the prior year. The temporary shutdown of the power plant was used to carry out the annual maintenance works in the sawmill, which is why less sawn timber was produced in April. In May, harvesting began a week later than scheduled due to a slight delay in receiving the harvest permit, and was further hampered by adverse weather conditions. For this reason, Precious Woods Amazon also produced significantly less sawn timber for export in May than we had expected. In June however, both production and sales exceeded prior year levels. We seized the opportunities presented by the tightness in round wood supplies and strong local demand to reduce existing stocks and sell to local markets.

At Precious Woods Pará there was still sufficient round wood from the 2006/2007 harvest to supply the sawmill with raw material until June. In the second quarter, however, the choice of species and quality of the remaining logs is limited, meaning that fewer lucrative orders for sought-after timber species can be met. The new harvest should have begun at the end of May. At the time of printing this report we were not in possession of the harvest permit, despite having met all the necessary requirements. However, we are expecting the harvest permit within the next few days. As soon as we have the permit we will publish a corresponding news release on our website. The reason for the delay lies in changes to the

relevant legislation and the re-allocation of responsibilities among the various agencies involved. With the passing of a new concessions law in 2006, the former possession rights ("rights of use") to public forest became invalid. These are to be replaced with concessions. The administrative procedures to be followed when granting valid concessions have not yet been fully clarified, let alone well established. However, as far as our forest on the Rio Pacajá is concerned, we are at present awaiting not a definite concession, but an interim contract pending the definite allocation of the forest concession at a later date. Ultimately it is the existence of various, competing ideas about what should happen to the forest which is behind the delay. With its National Forestry Service, the Ministry of the Environment wishes to preserve the forest and gives full backing to the concept of sustainable forest management based on the new concessions. INCRA, the agency responsible for land reform and the settlement of landless peasants, would like to create space in the forest for settlers. Agricultural circles see huge opportunities in the cultivation of soya and energy crops. Settlers, agricultural workers and big farmers are electors with powerful lobbies, whereas trees have no vote. Understandably then, it is no easy task for the authorities to arrange once and for all for the forest to be used exclusively for forestry purposes, which is what happens once concessions are allocated.

Precious Woods Central America

The evaluation of the growth measurements taken in the spring of 2007 showed that it was necessary to downgrade a number of lots from the "excellent" to the "high" growth class. Management hopes that the ongoing intensive thinning programmes will provide a new stimulus for growth in these lots. On the other hand, a number of parcels could be upgraded from the "marginal" to the "low" growth class. Once again, sales of teak harvested from thinnings and sawn wood produced at the two small sawmills rose strongly. Where pochote is concerned however, it remains difficult to find customers wishing to purchase large volumes on a regular basis. The cost and yield profiles - which form the basis for valuing the biological assets - will be reviewed in the second half of 2007 and adjusted to take account of the new knowledge we have gained. This could result in changes in the fair value of the plantations.

Precious Woods Europe

The trading company based in Holland enjoyed an excellent second quarter. Compared to the prior year, turnover increased by 18%. This strong growth is solely attributable to higher prices, since the volumes sold were lower, due to problems in replenishing stocks. Procuring FSC-certified timber continues to pose a major challenge. Precious Woods Amazon supplied less timber in second quarter 2007 than in the same period last year and Precious Woods Pará will supply less timber in the third

quarter. Fortunately, it was possible to place orders with other FSC-suppliers for delivery in the third quarter. Furthermore, stock levels were reduced, as in the previous year. Even the procurement of non FSC-certified Brazilian timber (which still accounts for 30% of sales) is by no means easy.

Gabon

In the second quarter, the accounting policies of the newly acquired Gabonese companies were adjusted to conform to IFRS Standards and integrated into the accounts of the Precious Woods Group. The two new companies have already been fully consolidated in the half-year financial statements and the purchase price allocation has been completed. The results of the Gabonese operations are included in the financial information by segment in the segment "sustainable management of existing forests". At CEB, a preliminary audit was conducted in preparation for FSC-certification. As CEB has already been certified according to Keurhout and ISO 14001, FSC-certification is easier to accomplish than it is for a company that does not already possess a certificate. Nevertheless, obtaining first-time certification by the FSC is a rigorous process requiring a great deal of time and attention on the part of the company's management. Additional staff have been recruited to strengthen the forest crew in Bambidie (the hub of the forest operations) and there are plans to strengthen this still further. At the rotary veneer plant in Libreville, the maximum product width is being extended from

2.6 to 3.1 metres, making it necessary to temporarily suspend production in August.

Precious Woods Holding AG

The 2007 Annual General Meeting was held in the Congress House, Zurich on 23 May. Dr. Rudolf Straub retired from the Board of Directors - for reasons of age - after twelve years of active service. During this time, Precious Woods withstood a number of serious crises. Dr. Rudolf Wehrli, the former CEO of Gurit, was elected as a new member of the Board of Directors. The General Meeting approved all motions by a large majority, including a proposal to increase the share capital by 10%. Detailed minutes of the General Meeting can viewed on our website: www.preciouswoods.com. The capital increase was completed in June. The new shares were issued as a private placement and placed with institutional investors based in Switzerland and abroad.

In March of this year, Precious Woods was awarded the sustainability prize "Trophées de l'économie positive" at a ceremony in Paris. The "Trophées de l'économie positive" honour innovative companies whose products or services contribute directly towards the improvement of the environment and create growth which benefits all stakeholders. In July, SustainableBusiness.com re-endorsed the inclusion of Precious Woods in its Sustainable Business 20 (SB20) index of the World's Top Sustainable Stocks. The SB 20 list

comprises the shares of 20 innovative companies worldwide that are helping to create an environmentally sustainable society.

In addition to the significant increase in turnover, the half-year results show that the acquisitions of the past years have led to more stability and improved profitability. Precious Woods is currently enjoying a significant boost from the rising prices for timber.

First semester report 2007 Precious Woods Group

Consolidated balance sheet as of June 30, 2007 and December 31, 2006 (in USD)

ASSETS	June 30, 2007	December 31, 2006
Current assets		
Cash and cash equivalents	23 944 782	23 307 569
Trade and other receivables	13 817 107	6 788 275
Inventories	32 083 950	25 221 910
Other current assets	1 829 640	699 335
Total current assets	71 675 479	56 017 089
Non-current assets		
Property, plant and equipment	117 375 828	64 160 090
Biological assets – Central America	46 449 341	43 268 500
Intangible assets	34 562 925	12 649 659
Deferred income tax assets	570 166	494 403
Investment property	3 102 748	3 102 748
Investments in associates	1 637 545	1 029 763
Financial assets	11 634 745	1 600 025
Recoverable taxes	3 406 271	1 162 390
Other non-current assets	795 889	1 784 150
Total non-current assets	219 535 457	129 251 728
TOTAL	291 210 936	185 268 817
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	19 028 753	8 962 679
Current income tax liabilities	574 898	261 175
Borrowings	9 082 410	2 996 269
Current provisions	1 001 378	736 125
Total current liabilities	26 687 439	12 956 248
Non-current liabilities		
Borrowings	39 900 138	3 677 759
Deferred tax liabilities	21 102 928	9 529 702
Non – current provisions	1 757 947	855 780
Total non-current liabilities	62 761 013	14 063 241
Equity attributable to equity holders of the parent		
Share capital	122 566 957	108 884 199
Additional paid-in capital	62 186 455	46 879 304
Foreign currency translation	8 945 925	5 504 430
Retained earnings	664 916	-4 466 312
Equity attributable to equity holders of Precious Woods Holding Ltd.	194 364 253	156 801 621
Minority interest	4 398 231	1 447 707
Total shareholder's equity	198 762 484	158 249 328
TOTAL	291 210 936	185 268 817

Consolidated statement of income
for the periods ended June 30, 2007 and June 30, 2006 (in USD)

	June 30, 2007	June 30, 2006
Net revenue from trading sales	37 597 071	21 209 948
Revenue from emission reductions activities	1 327 136	708 019
Increase in fair value biological assets – Central America	3 429 242	3 091 592
Total operating income	42 353 449	25 009 558
Cost of sales	-30 244 103	-21 632 139
Gross profit	12 109 345	3 377 419
Operating expenses		
Administrative expenses	-6 693 218	-5 471 943
Selling expenses	-235 686	-145 074
Other operating income	243 734	177 067
Total operating expenses	-6 685 170	-5 439 950
Profit from operating activities	5 424 175	-2 062 531
Finance income	2 110 558	1 082 093
Finance expense	-2 429 523	-1 165 979
Finance costs - net	-318 965	-83 886
Share of profit on associates	328 647	
Net income /(loss) before taxes	5 433 857	-2 146 417
Income taxes	-323 282	-25 157
Net income /(loss)	5 110 576	-2 171 574
Attributable to:		
Equity holders of the Precious Woods Holding Ltd.	5 131 228	-2 103 867
Minority interest	-20 652	-67 707
Basic earning per share	1.30	-0.90
Diluted earning per share	1.24	-0.90

**Consolidated statement of changes in equity
for the periods ended June 30, 2007 and June 30, 2006 (in USD)**

	Attributable to equity holders of Precious Woods Holding Ltd.				Minority interest	Total equity
	Share Capital	Additional paid-in capital	Foreign currency translation	Retained earnings		
Balance, December 31, 2005	108 336 463	46 628 053	-1 614 277	-9 971 666	1 313 307	144 691 880
Capital increase	283 955	27 574				311 529
Costs of capital increase		-2 309				-2 309
Net income				-2 103 867	-67 707	-2 171 574
Foreign currency translation			5 675 016			5 675 016
Balance, June 30, 2006	108 620 418	46 653 318	4 060 739	-12 075 533	1 245 600	148 504 542
Balance, December 31, 2006	108 884 199	46 879 304	5 504 430	-4 466 312	1 447 707	158 249 328
Capital increase	13 682 758	15 720 848				29 403 606
Costs of capital increase		-413 697				-413 697
Net income				5 131 228	-20 652	5 110 575
Acquisition minority interest					2 971 176	2 971 176
Foreign currency translation			3 441 495			3 441 495
Balance, June 30, 2007	122 566 957	62 186 455	8 945 925	664 916	4 398 231	198 762 484

Consolidated statements of cash flow
for the periods ended June 30, 2007 and June 30, 2006 (in USD)

	June 30, 2007	June 30, 2006
Net income / (loss)	5 110 576	-2 171 574
Operating cash flows before working capital changes	6 479 698	-2 555 433
Net cash provided /(used) in operating activities	1 579 664	-2 293 152
Net cash used in investing activities	- 41 169 057	-2 970 492
Net cash from financing activities	41 068 175	-726 974
Translation effect on cash and cash equivalents	-841 568	250 571
Increase /(decrease) in cash and cash equivalents	1 478 782	-5 990 618
Cash and cash equivalents, beginning of the year	23 307 569	24 657 008
Cash and cash equivalents, per June 30	23 944 783	18 916 961

Condensed notes to consolidated interim financial statements

The unaudited interim half year report of the Precious Woods Group has been prepared in accordance with IAS 34 allowing the provision of a set of condensed financial statements. As such it focuses on new activities, events and circumstances and does not duplicate information previously reported.

1. Accounting Policies

The same accounting policies and methods of computation have been followed in the compilation of the half-year consolidated financial statements as of June 30, 2007 as in the most recent consolidated financial statements as of December 31, 2006 .

2. Seasonality

The first half year of the forestry operations in Brazil is characterized by the rainy season (January to May) during which no round wood is harvested and the round wood processing yields and sales are lower than can be achieved in the second half of the year. For the reporting period, the unfavourable seasonal effect was as expected, just as a favourable seasonal effect for the second half can be assumed in Brazil. As previously published, the net increase in biological assets of the plantations in Central America is calculated on an annual basis by subtracting the actual cost of the plantations from the change in their fair value. By design this calculation cannot be performed on a semi-annual basis. The net gain for the first half has therefore been derived from a full year valuation and divided by two.

3. Segment Information

Segment net sales and result are displayed in the following table (in USD).

Inter-group sales of USD 28 638 852 and USD 8 490 523 have been eliminated in the consolidation in 2007 and 2006 respectively.

Corporate activities in first half-year include personnel expense in the amount of USD 919 237 (2006: USD 712 818) and USD 78 984 for external audit and consulting (2006: USD 76 530).

The net change in fair value of the biological assets in Central America results from a gross increase of the fair value of biological assets in the amount of USD 3 429 242 (2006: USD 3 091 592) net of associated cost of sales in the amount of USD 1 340 001 (2006: 907 480).

	Plantations (Central America)	Sustainable management of existing forests	Timber trading In Europe	Carbon and energy	Corporate activities	Total
June 30, 2007						
Net change in the fair value of biological assets	2 089 241					2 089 241
Revenue from emission reduction activities				1 327 136		1 327 136
Segment net trading sales	575 852	15 450 473	20 529 822	1 040 923		37 597 070
Segment operating result	2 068 577	841 816	2 826 708	1 369 575	-1 682 502	5 424 175
Segment result	2 036 140	278 187	1 340 341	945 913	530 648	5 131 228
June 30, 2006						
Net change in the fair value of biological assets	2 184 112					2 184 112
Revenue from emission reduction activities				708 019		708 019
Segment net trading sales	146 638	2 192 906	17 438 356	1 432 047		21 209 948
Segment operating result	2 161 951	-5 050 731	1 682 072	456 291	-1 312 115	-2 062 531
Segment result	2 136 951	-5 220 658	459 491	433 413	86 936	-2 103 867

4. Change in Share Capital

The share capital of the Company increased from 3 006 623 shares to 3 346 448 by issuing of 300.000 shares during the placement in June 2007 and 39 825 shares originated from the exercise of options in the first half of the year. The capital increased by CHF 16 991 250 to the amount of CHF 167 322 400 at June 30, 2007.

5. Acquisition of Precious Woods Gabon

On April 11, 2007 the Group acquired two forestry companies in Gabon. Through this transaction Precious Woods increased its total forest operations by 600 000 hectares with forest concessions, roads and forest machinery. The transaction also included the acquisition of sawing installations, drying chambers, a rotary veneer plant and a small moulding facility. The acquired business contributed revenues of USD 13 271 912 and net profit of USD 2 064 198 to the Group for the period from acquisition to 30 June 2007.

Details of net assets acquired and goodwill are as follows:

Purchase consideration

in USD

Cash paid	29 155 859
Shares paid	8 044 470
Liabilities assumed	302 748
Direct Costs of Acquisition	409 111
Total purchase consideration	37 912 188
Fair value of net identifiable assets acquired (see below)	31 623 587
Goodwill	6 288 601

The goodwill is attributable to the high profitability of the acquired business, the synergies expected, the value included in the acquired customers, suppliers and know how.

Precious Woods Gabon performed a Purchase price allocation (PPA) in line with IFRS 3 (business combinations). The PPA resulted basically in the identification of intangible fixed assets and revaluation of Property, plant and equipment.

Assets and liabilities from the acquisition

in USD

	Acquiree's carrying amount	Fair value after PPA
Cash and cash equivalents	223 068	223 068
Property, plant and equipment	32 740 958	47 921 368
Intangible assets	3 814 036	16 375 193
Inventories	6 134 407	6 134 407
Financial assets	554 143	554 143
Receivables	4 695 392	4 986 334
Payables	-10 709 118	-10 833 797
Employees benefit liabilities	-147 185	-586 217
Borrowings	-20 500 779	-21 047 700
Net deferred tax liabilities	2 201 161	-9 315 704
Minority interests	-2 787 508	-2 787 508
Net identifiable assets acquired	16 218 576	31 623 587

Outflow of cash to acquire business, net of cash acquired

in USD

-cash consideration	29 155 859
-cash and cash equivalents in subsidiary acquired	-223 068
Cash Outflow on acquisition	28 932 790

6. Subsequent Events

There are no material subsequent events to report.

Company headquarters

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Stock Exchange Listing

The shares of Precious Woods Holding Ltd. have been traded on the SWX Swiss Exchange since 18.3.2002.

Type of share: Registered Share
Nominal value: CHF 50.00
Security number: 1'328'336
ISIN: CH0013283368
Ticker symbol: PRWN
Reuters: PRWZn.S

Annual General Meeting 2008

The 17th ordinary Annual General Meeting of Precious Woods Holding Ltd. will take place on May 21, 2008 in Zurich.

Cautionary note on forward-looking statements:
This report contains forward-looking statements that reflect Precious Woods current views with respect to future events. These forward-looking statements are based on assumptions and involve risks and uncertainties with regard to future global economic conditions, foreign exchange rates, regulatory rules, market conditions, environmental factors, the actions of competitors and other factors. These risks and uncertainties could cause actual results to differ materially from those contained in the forward looking statements. Precious Woods does not assume any obligation, to update information or forward-looking statements set forth in this document.

The Precious Woods half year report is available in both German and English. The printed English text is the definitive version.

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