



PRECIOUS WOODS

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Media Release

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Precious Woods: Economic crisis leads to unsatisfactory net result 2009

The economic crisis prompted a severe drop in the global demand for tropical timber by over 35%. In 2009 the Precious Woods Group achieved therefore a total operating income of USD 87.8 million. The Group posted a 19.8% sales decline at constant exchange rates for the year covered compared with the previous year. The operating result amounted to USD -8.5 million. One-offs led to costs in the amount of USD 12.1 million and consequently had a significant impact on the operating result (EBIT) of USD -20.6 million. The net loss after taxes, interest and one-offs amounted to USD 28.1 million. The Board of Directors and the Group Management responded to the extremely unsatisfactory business development by taking immediate measures aimed at adjusting costs, restructuring and strengthening the market presence. These measures will have a positive effect during the course of 2010 and 2011.

Net result for the year

2009 was a crisis year for the entire tropical hardwood and timber industry sector. Precious Woods was also unable to escape the negative market trends. The consolidated total operating income of the Precious Woods Group fell by 24.8% compared with the previous year (19.8% adjusted for exchange rate effects) to USD 87.8 million.

Particularly sharp declines were posted by Precious Woods Amazon. These are primarily attributable to the collapse in the export markets as well as the delays by the authorities in granting the harvesting permits. As a result of the decline in demand in the Netherlands and other primary European markets, the results posted by Precious Woods Europe were clearly unsatisfactory. The currency-related effects had an additional negative impact in the amount of USD 5.8 million. Sales from Gabon were maintained at a corresponding level thanks in particular to the successful turnaround in the veneer plant of TGI which also successfully obtained full FSC certification for the Chain of Custody (CoC). This makes the Precious Woods Group one of the first global forestry companies to obtain full FSC certification. The increase in biological assets in Central America continued the long-term trend. The Carbon & Energy business segment which is based in Brazil reported an overall reduction in net revenues in 2009 compared with the previous year as the result of the lower volume of biomass produced by the sawmill as well as softer wood species with a lower calorific value.



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The financial and economic crisis put great pressure on volumes and revenues in the tropical timber market. The markets only began to stabilise at the lower level in the fourth quarter 2009, first still weak signs of an upturn became evident towards the end of the year covered by the report and the start of the year 2010, particularly at Precious Woods Europe. Precious Woods therefore anticipates a slight recovery in the markets during the course of 2010.

One-offs

During the course of the restructuring existing problems from the past were rigorously cleaned up and, where necessary, charged to the 2009 result as one-offs. Brazil incurred significant one-offs (USD 6.1 million). These are attributable to non-recurring costs as a result of the exit from Pará, which has now been definitely completed, provisions for lawsuits and redundancy payments as well as other valuation adjustments at Precious Woods Amazon. One-offs at Precious Woods Europe totalled USD 2.7 million; these were caused by the restructuring of the trading company, the reduction in inventories and other non-recurring one-off costs in connection with the gradual shutdown of Precious Woods Manufacturing B.V. A provision in the amount of USD 1.3 million was also made at Precious Woods Gabon as a result of the export ban on logs imposed by the government at the beginning of 2010. Below the operating result (EBIT) other significant, non-recurring value adjustments and other costs in the total amount of USD 6 million are posted.

Measures

In 2009 and in the current fiscal year the Board of Directors and the Group Management have taken significant and wide-ranging measures mainly in order to adjust the cost structures to the changes in the markets, to rapidly implement the necessary restructuring as well as to strengthen the Group's market presence. With the combination of these measures Precious Woods is responding quickly and consistently to the changing developments in the markets. They create the necessary preconditions to exploit the opportunities of the years ahead. The strong balance sheet of Precious Woods is a great advantage in this respect. It remains very strong, the characteristic features of which are a high equity ratio (58%) and assets based on real values (land, forests, production sites).

Detailed information on the annual results can be found in the 2009 Annual Report which is being published today on www.preciouswoods.com. Direct link:

www.preciouswoods.com/index.php?option=com_content&task=view&id=330&Itemid=277&lang=en_US.ISO8859-1



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Conference call for analysts, investors and media – 2009 annual results

The telephone conference will be conducted by Ernst A. Brugger (Chairman of the Board of Directors, CEO a.i.) and Cornelia Gehrig (CFO). To participate in the conference please dial in at least 5 minutes before the start of the conference. The conference will be held in German. Questions can also be asked in English.

Tuesday, 27 April 2010

09:00 a.m. (CET)

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Precious Woods is an international company active in the sustainable management and use of tropical forests. The company's core activities include reforestation and sustainable management of tropical forests, timber processing and the trading of FSC-certified timber products. The generation of emission rights and electricity from recovery wood represent further integral elements of the company's business. The shares of Precious Woods Holding have been traded on the SIX Swiss Exchange since March 2002. Further information about Precious Woods is available at www.preciouswoods.com.