



Media release

Precious Woods: Positive Impact of Turnaround Measures

- Turnaround measures will have a positive impact on the 2012 result
- Significant progress in the resolution of the situation in Brazil
- Product distribution newly coordinated from Switzerland for the entire Group
- Participation in Central America continues to offer considerable potential

Zug/Zurich, 27 February 2012 – At today's Investor's Conference, the Precious Woods Group looks with confidence to the future thanks to the successful implementation of the turnaround measures initiated in 2010. Factors such as the current business outlook for Gabon, the active participation in Central America and the newly centralized sales organization in Switzerland all indicate that the success of the turnaround measures will finalize through 2012. In Brazil, significant issues from the past were either resolved or considerably alleviated; the turnaround will be completed in the current year with efficiency investments and sales strategy optimization. The Board of Directors and Executive Management are confident about the outlook for the future. The Group's annual results will be published on 26 April 2012.

Precious Woods Gabon: solid business performance

The activities of Precious Woods in Gabon/West Africa made a significant contribution to sales and operating results in 2011. Expansion of production capacities at the sawmill created a basis for future growth, facilitating the use of additional wood species. In parallel to this, measures are being explored to expand the concession base.

Precious Woods Amazon: resolution of situation in Brazil

Strengthening of operations: Ever since 2010, management and the Board of Directors have devoted their full attention to resolving the difficult situation in Brazil. Extensive operational progress has been made here, in particular a significant increase in productivity in the value chain, and major sales success in the local market. Further operational improvements have been initiated for 2012 with an objective to achieving a sustainable positive operating result.

Clarification of disputed land rights: One of the main turnaround measures was the clarification of land rights in Brazil. The total area of forest owned by Precious Woods amounts to 467,637 hectares (not including concessions), and in 2011 the new management succeeded in resolving several legal disputes, thereby increasing the area of "harvestable" forest held by Precious Woods Amazon by around 105,000 hectares to almost 300,000 hectares. The aim over the medium term is to secure further harvestable areas amounting to around 75,000 hectares.

Last year Precious Woods additionally succeeded in converting a purchase agreement dating from December 2007 and involving 39,000 hectares of land into a concession agreement with a duration of 50 years. This led the way to the resolution of a threatened legal dispute involving



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Precious Woods estates amounting to around 174,000 hectares, which had been claimed by a third party. Furthermore it eliminates the risk of potential land losses from the December 2005 purchase agreement with Reflorestadora Holanda. Additionally, there are plans to sell three outlying forest areas of around 45,000 hectares within the next two to three years.

Resolution of further legal cases: In mid-2011, Precious Woods Amazon succeeded in averting the threat of a tax fine of USD 12.8 million dating back to 2006. Two additional fines remain to be resolved over the medium term. One is a USD 8.7 million fine from the Brazilian environmental protection authorities from 2002, which according to Precious Woods' legal counsel can be avoided with a high probability. The second one is a threatened property tax fine of USD 13.3 million from 2007, for which Precious Woods anticipates costs of USD 1.6 million. This expected amount has been fully provisioned.

Liquidity neutral debt resolution with minority shareholder of BK Energia: In autumn 2011, Precious Woods agreed a cash-neutral solution for all parties concerned in connection with debts outstanding from 2005 relating to the purchase of the biomass power plant BK Energia. An agreement was reached with the current minority shareholder to search a buyer for all outstanding shares of BK Energia in 2012. If no buyer is found with a defined period, 40% of the shares of BK Energia will be transferred to the current minority shareholder to offset the outstanding debts. This would leave Precious Woods as a minority shareholder with the remaining 40% of the shares of BK Energia.

The success that has been achieved enables Precious Woods Amazon to look with confidence to the future; chances are good that the Group can resolve its outstanding issues from the past over the medium term.

Sales organization to be run centrally from Switzerland

As of the beginning of 2012, the Precious Woods sales organization is now run centrally from Switzerland with a view to optimizing the product/customer portfolio, improving margins and gaining market share in the emerging markets. The restructured sales organization will start to have a positive impact on the Group as a whole from 2012.

Active participation in Central America

Forestry activities in Central America, all but 25% of which Precious Woods divested in 2011 in order to secure its liquidity, continued to perform positively under its original management. Precious Woods will now play a proportionately active role in promoting a successful future.

Liquidity secured for 2012

The Board of Directors and Executive Management are confident that in 2012 the operational progress will translate into a clear improvement in the income statement. Furthermore, for the first time in several years, the company most likely does not need to raise new equity or loan capital in 2012. The annual result and the audit report will be published on 26 April 2012.

For additional information:

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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 wood waste represent further integral elements of the company's business. Shares of Precious Woods Holding Ltd have been listed on the SIX Swiss Exchange since March 2002. Additional information about Precious Woods can be found at www.preciouswoods.com.