



PRECIOUS WOODS

AGM PROVIDES FIRM FOUNDATION FOR THE FUTURE DEVELOPMENT

On 19 May 2011, the Annual General Meeting (AGM) of shareholders of Precious Woods Ltd. approved all motions proposed by the Board of Directors. This establishes a firm foundation for completing the turnaround in 2011 and implementing the five-year plan.

The conditional capital reserved for the issue of shareholder options was eliminated without replacement. At the same time, the conditional capital was increased from CHF 60 million to CHF 72.5 million for the issue of conversion and option rights. This enables Precious Woods to react to changes in financing requirements. The CHF 12.5 million increase in conditional capital corresponds to 250,000 new shares, meaning that a maximum of 1,450,000 shares can now be issued.

At the same time, the reduction in the nominal value from CHF 50 to CHF 1 per share restores Precious Woods' ability to access the capital market. A capital increase at the appropriate time can thus now be envisaged. This reduction in the nominal value will not lead to any outflow of funds, and will have no effect on the value of shares held. The company's equity remains constant. The only consequences of the reduction in nominal value will be the netting against loss carryforwards and the reposting of share capital to the company's reserves. The reduction in nominal value can also be used to eliminate half of the capital loss.

The Board of Directors has been scaled down and new members have been appointed: Daniel Girsberger and Rolf Jeker decided not to seek re-election, while Inge Jost resigned from the Board of Directors for professional reasons. Claude Martin is to chair the new 'Sustainability Advisory Committee', which will provide active and systematic support to the Board of Directors and Group Management on sustainability issues. Katharina Lehmann was re-elected as Member of the Board of Directors for a further three-year term. Marga Gyger and Markus Breitenmoser were elected to the Board of Directors for the first time, each for a three-year term. The new Board of Directors will thus be composed of the following members in future: Ernst A. Brugger (Chairman of the Board of Directors), Rudolf Wehrli, Thomas Hagen, Katharina Lehmann, Marga Gyger, Markus Breitenmoser. Ernst & Young was re-elected as the statutory auditor.

In addition, the decision made by the Board of Directors back in December 2010 to sell assets belonging to the Central America Business Unit, at market prices and preferably with a management contract for Precious Woods, was backed in a consultative vote. A sale to Precious Woods shareholders is also being examined in this regard. The capital thus freed up will be used in particular to ease Precious Woods' debt burden and to secure liquidity.

Chairman of the Board of Directors Ernst A. Brugger is highly motivated and confident: 'We would like to thank all our shareholders for the trust they have clearly placed in us despite this year's unsatisfactory results and the difficult situation. Precious Woods will only be able to complete its turnaround with the support of our shareholders and their farsightedness for long-term investments. This Annual General Meeting has established a firm foundation in this regard. It is now up to the Board of Directors, the



PRECIOUS WOODS

management team and employees of Precious Woods to forge a positive future. A first important step has been completed: Precious Woods has improved its liquidity with the successful placement of convertible loans in the value of CHF 5 million.'

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.

This press release by Precious Woods ("the Company") includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industry in which it operates. Forward-looking statements involve all matters that are not historical fact. The Company has tried to identify those forward-looking statements by using the words "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "project", "believe", "seek", "plan", "predict", "continue" and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.